

CORPORATE SOCIAL RESPONSIBILITY POLICY

**-HARYANA STATE ROADS & BRIDGES DEVELOPMENT
CORPORATION LIMITED**

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1. Introduction:

Corporate Social Responsibility (herein after referred to as CSR) is strongly connected with the principles of Sustainability (i.e., an organization should make decisions based not only on financial factors and business outcomes, but also on the social and environmental consequences). Haryana State Roads & Bridges Development Corporation Limited (herein after referred to as the Company) wishes to contribute to harmonious and sustainable development of society and the Earth through its business activities. This Policy sets forth the Company's goals in complying with all the CSR-related provisions of the Companies Act, 2013.

2. Objectives of the Policy:

- 2.1 To behave ethically and contribute to sustainable development
- 2.2 To contribute to Society through the Company's Business
- 2.3 To comply with the provisions of Companies Act, 2013 and rules made thereunder
- 2.4 To act with utmost respect for human rights and pursue a high sense of corporate ethics
- 2.5 To promote social contribution activities as a good corporate citizen in order to make a better society
- 2.6 To build a bond and sense of harmony with the environment
- 2.7 To play an effective role in addressing issues such as access to education, health care and livelihood opportunities

3. Scope and Applicability:

This Policy is formulated based on the provisions of Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and notification made thereunder.

The Policy must be followed by such Directors who are appointed from the Board of the Company from time to time. The members of Corporate Social Responsibility Committee may modify this Policy if required with the approval of Board of Directors of the Company. The Board shall abide by this Policy.

4. Activities to be undertaken:

The Company is committed towards environmental and social safety and protection. In compliance of the Schedule VII of the Companies Act, 2013 and the Company's Policy any of the below mentioned activities shall be carried out by the Company to contribute towards CSR:

- 4.1Eradicating hunger poverty and malnutrition, promoting preventing health care and sanitation and making available safe drinking water.
- 4.2Promoting social business projects like giving medical and legal aid, treatment to road accident victims and provisions for aid and appliances to disabled persons.
- 4.3Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and disabled persons and livelihood enhancement projects.
- 4.4Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically disadvantaged groups.
- 4.5Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare and agro forestry, conservation of natural resources and maintaining quality soil, air and water.
- 4.6Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works for art; setting up public libraries, promotion and development of traditional arts and handicrafts.
- 4.7Measure for benefit of armed forces veterans, war widows and their dependents.
- 4.8Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.

- 4.9 Contribution to Prime Minister national Relief Fund or any other fund setup by the central government for socio-economic development and relief and welfare of the scheduled tribes, other disadvantaged classes, minorities and women.
- 4.10 Contributions or funds provided to technology incubators located within academic institution which are approved by the central government.
- 4.11 Rural development projects.

5. CSR Committee:

The Company's Corporate Social Responsibility Committee shall be constituted in accordance with the terms of reference, powers and functions covered under this Policy for the purpose of establishing a formal, purposive and transparent Committee for initiating, overseeing, recommending and reviewing the Company's CSR activities and projects undertaken by it from time to time.

The Committee shall ensure that the Policy & Practices in the Company reflect the highest standards of corporate governance and facilitate necessary compliances and appropriate disclosures periodically.

6. Composition of the Committee:

- 6.1 The Committee shall be constituted with three Directors, provided if the number of Directors in the Company falls to two, such two Directors shall be the members of the Committee
- 6.2 The Chairman of the Committee can be any member of the Committee
- 6.3 The members of the Committee shall be elected by the Board of the Company
- 6.4 Tenure of the membership in the Committee shall be based on tenure of the Directorship in the Company
- 6.5 The Committee shall be formulated with following Members:

S. No	Designation
1.	Whole-time Director (Whether Managing or Executive)
2.	Non-executive Directors
3.	Independent Directors

6.6 The Directors of the Committee may be changed by the Board of Directors as and when required.

7. Committee Meetings:

1.1 Frequency of the Meeting:

The CSR Committee shall meet in person **at least two** times in a financial year and one meeting shall be held to recommend CSR activities and to allocate the funds for CSR programs/projects and one meeting shall be held to review the activities of CSR and any other meetings at such appropriate times as is deemed necessary by the Committee.

1.2 Quorum and Place of the Meeting:

- 1.2.1 The quorum necessary for the meeting shall be a minimum of two Directors present in person.
- 1.2.2 The Meeting can be held at any place as the Directors decide.
- 1.2.3 Any person other than Directors of the Committee may attend the Meeting.

1.3 Notice of the Meeting:

- 1.3.1 Meeting shall be called by any Director or at the request of the Board of Directors of the Company.
- 1.3.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each Director of the Committee, any other person required to

attend and all other non-executive directors, not later than **seven days** before the date of the meeting.

1.4 Minutes of the Meeting:

- 1.4.1 Any authorized person shall minute the proceedings and decisions of all the meetings of the Committee including recording the names of those who are present and in attendance.
- 1.4.2 Draft minutes of Committee meetings shall be circulated promptly to all Directors of the Committee and should be signed by the Chairman of that meeting not later than 30 days after the meeting.
- 1.4.3 Once approved, minutes should be circulated to all other members of the Company's Board of Directors and shall be taken on record in the immediately subsequent meeting of the Company's Board of Directors.

8. Functions and Powers of the Committee:

- 8.1 Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in areas of CSR chosen by the Board from time to time.
- 8.2 The Committee shall recommend the projects/activities to be taken up during the financial year to the Company's Board of Directors.
- 8.3 To receive reports and review activities initiated or/and implemented by the Company from associated agencies and companies managing CSR operations of the Company across all areas.
- 8.4 Recommending the amount of expenditure to be incurred on the activities to the Board to ensure that the financial statements relating to CSR is correct, sufficient and credible.
- 8.5 Approval of payment to any independent professionals or consultants for any other services rendered for the purpose of monitoring and effectively implementing the CSR projects/programmes of the Company.

- 8.6 To prepare the Annual Company/Group Corporate CSR Report to be included in the Annual Report including website communications of the Company and ensure that it is a fair reflection of the Company's CSR approach, policies, systems and performance, is coherent and published in a timely manner.
- 8.7 To review the internal CSR program of the Company, ensure co-ordination between internal and external activities and ensure that the internal CSR function is adequately resourced and has appropriate standing within the Company.
- 8.8 Monitor and Review the CSR projects from time to time as may be required.
- 8.9 The Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.
- 8.10 To consider other matters as may be specified by the Board.

9. Execution of CSR Projects:

9.1 Outsourcing to External Trust or NGO:

- 9.1.1 The Company may make arrangements with Registered Trust or registered society or a company established under Section 8 of the Companies Act, 2013 or any Non-Governmental Organization organized for the principal purpose of carrying out CSR activities and, if so, the Company shall conduct the agreed upon CSR activity(ies) with such external organization.
- 9.1.2 The Company shall specify the CSR activity(ies) to be undertaken by such external organizations.
- 9.1.3 The modalities of utilization of funds on such projects and programs should be specified by the Company and be monitored.

9.2 Collaboration with other Body Corporate:

The Company may have collaboration with other companies for undertaking CSR projects or programs in such a manner that the CSR Committees of the both companies are in a position to report separately on such activities or programs in accordance with their respective CSR Policies.

9.3 Management to conduct the CSR projects/ programs:

The Company shall decide on the projects or programs carried out under this Policy with consultation with the CSR Committee. Such projects/programs shall be conducted by the Company individually.

10. Allocation for CSR:

- 10.1 The Company shall contribute for CSR activities in every financial year (after the adoption of this Policy) at least two percent (2%) of its average net profit earned during three immediately preceding financial years.
- 10.2 Based on the profits earned the Board of Directors may allocate for CSR activities more than two percent of the net profit earned during three immediately preceding financial year but shall not exceed 5 percent (5%).
- 10.3 In case, if the Company does not fall under Section 135 of the Companies Act, 2013 in any financial year, the Company may not allocate funds for CSR purpose in such financial year.

11. CSR Expenditure:

- 11.1 The amount allocated for the purpose of CSR projects/programs decided by the Board, shall be spent only for the purposes/activities mentioned under this Policy.
- 11.2 If the Company arrives at any surplus from the activities conducted under this Policy, such amount shall not be considered as business profit.
- 11.3 Such surplus should be utilized for the purpose of other CSR activities under this Policy only.
- 11.4 Expenses incurred by the Company's Parent or subsidiaries for CSR activities in India as routed through the Company shall be considered as CSR spend of the Company.

12. Computation of Net Profit:

The net profit for the purpose of CSR spending shall be computed according to Section 198 of the Companies Act, 2013. The following shall be taken into consideration for calculation of net profit for this purpose:

12.1 In making the computation of net profit, the following sums shall be deducted:

- (a) All the usual working charges;
- (b) Directors' Remuneration;
- (c) Bonus or commission paid or payable to any member of the company's staff, or to any engineer, technician or person employed or engaged by the Company, whether on a whole-time or on a part-time basis;
- (d) Any tax notified by the Central Government as being in the nature of a tax on excess or abnormal profits;
- (e) Any tax on business profits imposed for special reasons or in special circumstances and notified by the Central Government in this behalf;
- (f) Interest on debentures issued by the Company;
- (g) Interest on mortgages executed by the company and on loans and advances secured by a charge on its fixed or floating assets;
- (h) Interest on unsecured loans and advances;
- (i) Expenses on repairs, whether to immovable or to movable property, provided the repairs are not of a capital nature;
- (j) Outgoings inclusive of contributions made to any charitable funds etc.
- (k) Depreciation to certain extent;
- (l) The excess of expenditure over income, which had arisen in computing the net profits in accordance with this section in any year;
- (m) Any compensation or damages to be paid in virtue of any legal liability including a liability arising from a breach of contract;
- (n) Any sum paid by way of insurance against the risk of meeting any liability
- (o) Debts considered bad and written off or adjusted during the year of account.

- 12.2 In making the computation aforesaid, the following sums shall not be deducted:
- (a) Income-tax and super-tax payable by the Company under the Income-tax Act, 1961, or any other tax on the income of the Company;
 - (b) Any compensation, damages or payments made voluntarily, that is to say, otherwise than in virtue of a liability;
 - (c) Loss of a capital nature including loss on sale of the undertaking or any of the undertakings of the Company or of any part thereof not including any excess of the written-down value of any asset which is sold, discarded, demolished or destroyed over its sale proceeds or its scrap value;
 - (d) Any change in carrying amount of an asset or of a liability recognized in equity reserves including surplus in profit and loss account on measurement of the asset or the liability at fair value.

13. Implementation Process:

- 13.1 The projects to be undertaken by the Company under this Policy shall be identified in particular manner in consultation with the CSR Committee members.
- 13.2 The projects should be within the purview of the activities mentioned in this Policy.
- 13.3 The Board of Directors shall oversee each CSR project for effective implementation in consultation with the CSR Committee.
- 13.4 Time frame should be given for each projects/ programs undertaken.
- 13.5 The focus area of CSR activities by the Company shall include but not be limited to education and gender equality/women's empowerment.

14. Organizational mechanism and responsibilities:

- 14.1 The Board of Directors shall periodically review the performance of the CSR Committee, **at least annually** review its constitution and terms of reference to

ensure it is operating efficiently and recommend any changes it considers necessary.

- 14.2 Evaluate the performance of the CSR Committee and the individual members of the Committee.
- 14.3 Shall monitor the implementation of every project taken up by the Company including evaluation of the projects by an outside agency.
- 14.4 Give due consideration to laws and regulations, the provisions of the Companies Act, 2013, and any other applicable laws, as appropriate.

15. Management Commitment:

The Board of Directors, Directors of the CSR Committee, and directors of the HSRDC are committed to developing impactful CSR programs/projects to contribute to a harmonious and sustainable development of society and the Earth, and to encourage Company employees and their families to participate in such programs/projects to transform their local communities.

16. CSR Reporting:

- 16.1 The Company must prepare an annual report containing all the particulars of activities conducted during every financial year.
- 16.2 The annual report shall be in the format given in Annexure I to the Policy.
- 16.3 The Board of Directors must in its Report to the Shareholders disclose by way of a detailed report the composition of the CSR Committee, a description of the programs/projects initiated and implemented, ongoing status and impact of the CSR activities proposed and undertaken by the Company along with the accounts and accounting treatment thereof.

17. Information Dissemination:

The Board of Directors of the Company shall disclose the content of this Policy in its annual Report and the same shall be made available on the Company's website.

Annexure I:

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline of the Company's CSR Policy
2. Overview of the projects undertaken or proposed to be undertaken
3. Composition of CSR Committee
4. Average Net Profit of the Company for last three years
5. Amount allocated for the purpose of CSR
6. CSR expenditure made during the year
7. Details of CSR spent during the financial year
 - Total amount spent during the financial year
 - Amount unspent, if any
8. Manner in which the amount was spent during the financial year is detailed below:

Sl. No	CSR Projects/ activities identified	Section in which The projects Is covered	Projects or Programs Local area or other Specify the state and district where projects or programs was undertaken	Amount outlay per projects	Amount spent on the projects	Cumulative expenditure	Amount spent directly Or through implementing agencies
					Direct expenditure on projects or programs		
					Overheads		

Total							

9. Details of implementing agency

10. In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report

11. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Annexure II:**YEARLY PLAN OF ACTION:**

This annexure contains the plan of action for the Company for the financial year April 1, 2019 to March 31, 2020. This annexure shall be revised by the CSR Committee members for every financial year.

1. First Meeting of the Committee: The CSR Committee must meet in the financial year to adopt this policy and to recommend the activities to be undertaken during the year. In the first year of the contribution of CSR, the Company shall focus on the following activities –
 - Plantation of trees in order to be covered under 'Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare and agro forestry, conservation of natural resources and maintaining quality soil, air and water.' Clause of Schedule VII of the Companies Act, 2013.
 - Any other expenditure qualifying for CSR purposes as per provisions of Companies Act, 2013 and meant for welfare of the society.
2. Approval by Board of Directors: The board should meet and approve the activities recommended by the Committee and shall allocate the funds for CSR activities.
3. Review of CSR activities: The Committee shall review the activities undertaken at least once in every three months.
4. The Committee shall prepare a brief report of the progress of the activities undertaken and place the same before the Board.
5. The Committee shall meet in the first quarter of the next financial year to take a complete over view of the activities conducted during the year.
6. An annual report as per Annexure I shall be prepared by the Committee and the same shall be made as a part of annual report of the Company.