

**ANDHRA PRADESH HEAVY MACHINERY AND ENGINEERING LIMITED
CSR POLICY**

1. Short title & Applicability

The Ministry of Corporate Affairs, Government of India has notified on 27th February 2014 that the provisions of Section 135 of the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Act will come into force with effect from 1st April 2014.

Accordingly, the Board has constituted Corporate Social Responsibility (CSR) Committee.

This policy, which encompasses the company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as the 'APHMEL CSR Policy'.

This policy shall apply to all CSR initiatives and activities taken up by APHMEL, for the benefit of different segments of the society, specifically the deprived, under - privileged and differently abled persons.

Any or all provisions of the CSR Policy would be subject to revision/ amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time.

2. CSR Vision Statement & Objective:

In alignment with vision of the company, APHMEL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

The main objective of the APHMEL CSR Policy is to comply with the provisions of the Companies Act 2013 and Rules made there under relating to the Corporate Social Responsibility.

3. Funding and Allocation:

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, APHMEL will allocate and spend atleast 2% of the average net profits (As per Explanation, average net profit shall be calculated in accordance with the provisions of section 198 of the Companies Act 2013)) of the company during the three immediately preceding financial years, as its Annual CSR Budget to ensure the compliance of the Section 135 of the Companies Act 2013. Any unspent/unutilized CSR allocation of a particular year, will be carried forward to the following year, i.e., the CSR budget will be non- lapsable in nature.

4. CSR Committee and its Responsibilities:

CSR Committee will be constituted by the Board from time to time as per the provisions of the Companies Act 2013. The quorum of the Committee shall be two members. The Committee shall meet atleast twice a year.

Responsibilities:

- a) Formulate and update our CSR Policy, which will be approved by the Board of APHMEL.
- b) Suggest areas of intervention to the Board of APHMEL.
- c) Approve projects that are in line with the CSR policy to meet the provisions of the Companies Act 2013.
- d) Put monitoring mechanisms in place to track the progress of each project.
- e) Recommend the CSR Projects and its expenditure to the Board of APHMEL who will approve it.
- f) To ensure that the CSR activities and its expenditure has been carried out by the Company as per the provisions of the Companies Act 2013 and Rules made thereunder.

5. Identification of CSR Activities:

All the CSR projects/ programmes shall be in consisting with the activities as specified in Schedule VII of the Companies Act 2013 are mentioned hereunder:

- i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- vii) training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;

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- viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
- ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- x) Rural development projects.
- xi) Slum area development. Explanation.—For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.”
- xii) Any other projects/programmes as notified by the Ministry of Corporate Office, Government of India from time to time.

6. Process of implementation:

CSR Projects / programmes/ activities will involve the following steps:

Projects / programmes/ activities will be identified by the Managing Director after examining the needs of the local public through self enquiry and the same have been submitted to the CSR Committee.

a) Identification of Project/Programme/Activity will be done by means of the following :

- i) All the requests/applications from Villagers/Gram Sabha's/Panchayat/ local authority/ Ward Members/NGOs/Trusts/Societies/Beneficiaries etc. shall be scrutinized Managing Director and then their need assessment would be arranged.
- ii) The need assessment/baseline survey shall be carried out through in-house expertise and recourses, if necessary.
- iii) However, in case of specialized CSR projects/activities for which in-house capacity is not available, the baseline survey/need assessment shall be carried out by specialized agencies.
- iv) After scrutinized by the CSR Committee, the finalized CSR project (s) / programme (s) shall be recommended to the Board for its approval.

b) Area of CSR activities :

Priority shall be given to the projects /programmes/activities are identified within radius of 5 (Five) Kilometers from the factory premises of the Company. However, the decision of the Board shall be final for selecting the Area of CSR activity.

7. Execution by the Company / External Agency:

APHMEL will seek to identify suitable Projects / programmes/ activities for implementation in line with the CSR objectives of the Company and also benefit the stakeholders and the community for which those Projects / programmes/ activities are intended.

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These CSR Projects/Programmes/Activities would be carried out either directly by the Company itself or through any of the following External Agencies, which have a permanent office / address in Andhra Pradesh with three years track record in the similar line, by entering into a suitable agreement.

8. Powers for approval.

Projects / programmes/ activities are to be identified by the Managing Director after examining the needs of the local public through self enquiry or requests from the others as mentioned above along with estimated cost and the same have been submitted to the CSR Committee. After scrutinized by the CSR Committee, the finalized CSR project (s) / programme (s) / activities shall be recommended to the Board for its approval.

In order to implement or execute the approved CSR projects / programmes / activities, the Managing Director is authorized to do all the necessary things including execution of required deeds and obtain licenses for such approved projects/ programmes / activities, if required, from the relevant Government / its authorities as approved by the Board.

Ownership of the assets, which are developed / procured under Corporate Social Responsibility, would vest with the concerned Government Departments/ Panchayats. Maintenance of assets created under Corporate Social Responsibility would be the responsibility of the concerned Government Departments/ Panchayats /local authority. Before any Capital investment is made, an undertaking would be taken from the representatives of local community that they would be responsible for maintenance of the Assets. Upkeep & Maintenance of these assets shall be the responsibility of the concerned Departments / Panchayats.

All the CSR projects/ programmes will be monitored by the Managing Director to ensure its proper implementation as approved by the Board and the status of the implementation of such CSR projects/ programmes/activities will be submitted to the CSR Committee and Board.

The Company has reserves a right to insert or modify or delete any of the terms of the CSR Policy from time to time as and when necessary for effective implementation subject to approval of the Board of Directors.

9. General:

Any surplus generated from CSR projects undertaken by us will be tracked and channelized into our CSR corpus. These funds will be further used in development of the CSR projects and will not be added to the normal business profits.
