

**Corporate Social Responsibility Policy**  
**of**  
**Andhra Pradesh Urban Infrastructure Asset Management Limited**

**I Background:**

**Andhra Pradesh Urban Infrastructure Asset Management Limited** (‘the Company’) has been an adopter of Corporate Social Responsibility (CSR) initiatives. Corporate Social Responsibility is strongly connected with the principles of sustainability. The Company has always endeavoured to conduct its business responsibly, mindful of its social accountability, respecting applicable laws and with regard for human dignity. An organization should make decisions based, not only on financial factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of the Company to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders. APUIAML, therefore, wishes to explore various strategic options to achieve its CSR objectives with Andhra Pradesh as its geographic focus, the State of its business presence. The underlying goal of all its interventions is to transform the lives of the community through result oriented, participatory approach. The efforts are directed towards achieving inclusive growth to reach out to the most vulnerable communities and help them build a better tomorrow. The Company believes in making a positive difference to the society.

**II CSR Vision statement and Objective:**

The overall objective of the Company’s CSR policy is to maximize the stakeholder’s engagement in its socio-economic development pursuits through sustainable programmes which are beneficial to the communities in the areas of its operations. APUIAML’s CSR vision is to improve the quality of lives of the community in the geography of its operations with focus on underprivileged women, youth and children.

**III Short Title & Applicability:**

This policy titled “the Company’s CSR Policy”, encompasses the company’s philosophy of giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for the welfare and sustainable development of the community at large.

This policy is in alignment with the provisions of Section 135 of the Companies Act, 2013 together with the Rules laid thereunder.

The Policy will apply to all corporate social responsibility activities or initiatives undertaken, developed, contributions made and reviewed by the Company within the purview of Section 135 read with Schedule VII of the Companies Act 2013 (“the Act”)

and Companies (Corporate Social Responsibility Policy) Rules, 2014 made thereunder (“CSR Rules”), upon the recommendation of the CSR Committee and approval of the Board.

**IV Effective Date:** This CSR Policy shall be effective from April 01, 2022 (i.e. From Financial Year 2022-23)

**V The Philosophy:**

The CSR Policy focuses on addressing critical social, environmental and economic needs of the marginalized/underprivileged sections of the society. This would reflect particularly in the field of education, healthcare, sanitation, community welfare, skill development, tribal education, employment generation, infrastructure development, promotion of national heritage & culture etc. We adopt an approach that integrates the solutions to these problems into the strategies of the company to benefit the communities at large and create social and environmental impact.

**VI Focus Areas and Objectives:**

The Company shall undertake the following activities under its CSR program:

1. Eradicating hunger, poverty and malnutrition in rural areas with a special focus on women, children, those affected by disability, displacement due to natural / manmade disasters.
2. Promoting health care including preventive healthcare, sanitation & hygienic practices & making available safe drinking water.
3. Promoting inclusive education for all with a special focus on children with disabilities, including opening centers for research in special education / inclusive education & remedial education for the disadvantaged.
4. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood, enhancement projects
5. Special focus on educating the girl child and the underprivileged by providing appropriate infrastructure including providing them rented accommodation and hostels, and groom them as future value creators.
6. Promoting gender equality, empowering women, setting up homes and hostels for girls, women, orphans & the senior citizens including special homes for foster care / life care of persons with disabilities in the community and setting up day-care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

7. Assist in skill development by providing education & vocational training, coaching for placement in appropriate employment models thereby empowering the disadvantaged sections towards a dignified life.
8. To provide support in Tribal education and other allied activities
9. Training to promote Tribal and rural sports, nationally recognized sports, paralympic sports and Olympic sports.
10. The Company may also collaborate with other companies for undertaking projects or programs or CSR activities provided that each Company can separately report on such program/projects in accordance with CSR Rules
11. 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 for women or to any funds set up by Central Government or Government of Andhra Pradesh including all recognized Defense Funds set up as a Measure for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows; and PM Cares. Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
12. Rural development projects & Tribal Welfare Projects and their allied activities.
13. 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.
14. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, 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.
15. 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 art and handicrafts;
16. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government

or State Government or Public Sector Undertaking or any agency of the Central Government or State Government or with any academic institution recognized by Government; and

17. Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Défense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
18. Disaster management, including relief, rehabilitation and reconstruction activities. The above list is illustrative and not exhaustive. The CSR committee of Board of Directors is authorized to consider other activities in conformity with the provisions of the Companies Act, 2013 and Rules framed thereunder. The activities will be specific to the village(s) depending on the assessed need of the people. All activities under the CSR should be environment friendly and socially acceptable to the local people.

## **VII Implementation:**

The CSR initiatives of the Company shall be implemented anywhere in India besides the demographic areas where the Company's offices and operations are situated and to implement the Company's CSR Programs through Company personnel or through external implementing agencies or through Societies, Trusts, Foundations and Section 8 companies from time to time. In such cases, the Company will specify the CSR programs which may be undertaken by those Trusts in accordance with their Objects and administrative and accounting processes laid down in the respective Trust Deeds/ Memorandum and Articles of Association.

## **VIII CSR Committee:**

### **Members:**

The Company's CSR Committee shall be comprised of the following members approved by the Board:

- 1) One Independent Director – Chairman of the Committee
- 2) Special Chief Secretary MAUD, GoAP – Member
- 3) Special Chief Secretary, Finance, GoAP – Member
- 4) One Nominee Director of IL&FS Investment Managers Limited – Member

Thus, the following members of the CSR Committee are approved by the Board on framing the CSR Committee, initially:

- 1). Sri. K V Nanchariah - Chairman of the CSR Committee
- 2). Smt. Y Srilakshmi, IAS - Member
- 3). Sri. S S Rawat, IAS - Member
- 4). Sri. Sanjay Mitra - Member

The terms of reference of CSR Committee shall be governed by the provisions of the Act and CSR Rules and any amendment thereunder.

**Powers for approval:**

CSR programs or CSR amounts spent or to be spent as identified by the company will be put up to the Board for approval with due recommendations of the CSR Committee

**Approval Process:**

The Approval Process would be a two-stage process:

**(a) Board Approval:** The list of such projects/programs/contributions to be made and corresponding budget outlays shall be approved by the Board on the recommendation of the CSR Committee. The Annual Action Plan for CSR shall be approved during each financial year.

**(b) Delegated Authority:** Post approval of the Board and the Committee all actual expenditures/payment for a specific project shall be jointly approved by Chief Executive Officer and Chief Financial Officer

The Board of the Company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Executive Officer & Chief Financial Officer shall certify to the effect and such certificate shall be placed at the Meeting of the CSR Committee and the Board.

The Committee shall entrust with following responsibilities:

- (a) Formulate and recommend to the Board of the Company the CSR Policy which shall indicate the CSR activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Act
- (b) Identify the focus areas for the CSR activities on a yearly basis and review the same on a periodic basis
- (c) Recommend the amount of expenditure on the activities referred to in (a) above
- (d) Monitor the CSR Policy of the Company and its implementation

**Action Plan:**

The CSR Committee shall formulate and recommend to the Board, an annual action plan which shall include the following, namely: -

- ❖ the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- ❖ the manner of execution of such projects or programs
- ❖ the modalities of utilization of funds and implementation schedules for the projects or programs;
- ❖ monitoring and reporting mechanism for the projects or programs; and
- ❖ reporting mechanism may further include reports of internal auditors / statutory auditors.
- ❖ details of need and impact assessment, if any, for the projects undertaken by the company.

Section 135(5) of the Act provides that the company should give preference to local areas around, geographically where it operates. However, with the advent of IT and the emergence of new-age businesses like process-outsourcing companies, e-commerce companies, and aggregator companies, it becomes difficult to determine the local area for various activities. Thus, the preference to the local area mentioned in the Act is only directory and not mandatory, and the Company needs to strike a balance between local area preferences with national priorities.

The company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programs as per this policy as well as for capacity building of its personnel for its CSR initiatives

The CSR Committee may recommend to the Board any alteration to Action plan based on the reasonable justification, at any time during the financial year or in future. The Board may approve any alteration to any action plan, either voluntarily or basing on any recommendation received.

**Governance:**

1. Every year, the CSR Committee will place for the Board's approval, a CSR Plan delineating the CSR Programs to be carried out during the financial year and the specified budgets thereof. The Board will consider and approve the CSR Plan with any modification that may be deemed necessary.
2. The Management will assign the task of implementation of the CSR Plan within specified budgets and timeframes to such persons or bodies as it may deem fit.
3. The persons/bodies to which the implementation is assigned will carry out such CSR Programs as determined by the management within the specified budgets and timeframes and report back to the management on the progress thereon at such frequency as the management may direct.
4. The management shall review the implementation of the CSR Programs half yearly and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Programs in accordance with this Policy.
5. Once every six months the management will provide a status update to the CSR Committee on the progress of implementation of the approved CSR programs carried out

during the six-month period. It shall be the responsibility of the CSR Committee to review such reports and keep the Board apprised of the status of implementation of the same.

6. At the end of every financial year, the CSR Committee will submit its report to the Board.

#### **Funding & Allocation:**

1. For achieving its CSR objectives through implementation of meaningful and sustainable CSR programs, the company shall allocate 2% of its average Net Profits calculated as per Section 198 of the Companies Act, 2013, as its Annual CSR Budget in each Financial Year, as per the provisions of the Companies Act, 2013 and rules made thereof as amended from time to time.

The Company shall strive to spend the approved amounts annually towards CSR activities.

In event the Company fails to spend the amount allocated as above, the Board of Directors shall specify the reasons for not spending such amount in the Directors' report of that financial year and, unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

2. **Unspent Amount :** Any amount remaining unspent, pursuant to any ongoing project, fulfilling such conditions as may be prescribed under the Act, undertaken by the Company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. Until a fund is specified in Schedule VII of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

3. Any unspent/unutilized CSR allocation of a particular financial year for ongoing projects will be transferred to a separate bank account of the company namely "Unspent CSR Account" within 30 days of the end of the financial year and utilized for the ongoing projects within a period of 3 years. The amount remaining unspent at the end of 3 financial years shall be transferred to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. A separate 'Unspent CSR Account' be opened for each financial year.

4. Any unspent/unutilized CSR allocation of a particular financial year not relating to ongoing projects shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of such financial year.
5. If a company is in default in complying with the provisions of sub-section (5) or sub-section (6) of Section 135 of Companies Act, 2013 the company shall be liable to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or one crore rupees, whichever is less, and every officer of the company who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less..

**CSR Expenditure:**

1. CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on CSR programs undertaken in accordance with the approved CSR Plan. The Company may spend CSR amounts directly or remit the amounts to any state or central government recognized funds under any CSR initiatives in India.
2. The administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year

**Surplus:**

Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

**Excess Amount:**

In event the Company spends an amount in excess of the requirements provided under clause (a), the Company may set off such excess amount against the requirement to spend under clause (a) for succeeding three financial years subject to the conditions that –

- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities and
- (ii) the Board of the company shall pass a resolution to that effect.

**Capital Asset:**

The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by either -



- (i) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number, or
- (ii) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (iii) a public authority:

**IX. Disclosure of the Policy:**

The composition of the CSR Committee, CSR Policy, significant CSR activities and achievements and Projects approved by the Board will be reported in the Company's Annual Report. The same shall also be displayed on the Company's website.