



APOLLO MICRO SYSTEMS LIMITED

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CSR POLICY

(I) PREAMBLE

With the notification of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and including amendments thereof till date every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

The said Corporate Social Responsibility Committee (“CSR Committee”) shall formulate a policy on Corporate Social Responsibility (“CSR”) and place before the Board for adopting the same by the Board. The same was initially adopted by the Board on 10th March 2017. The CSR Committee shall also review and amend the Policy from time to time in accordance with the amendments in the relevant laws and rules and shall place the same before the Board for its approval and adoption.

The Company, which is required to constitute a Corporate Social Responsibility Committee as state in Section 135 of the Companies Act, 2013 shall spend in every financial year atleast 2% of the average net profits of the Company made during three immediately preceding financial years. The amount of 2% as specified above shall be spend strictly as per the Corporate Social Responsibility Policy as approved by the Board in accordance with the recommendations received from the Corporate Social Responsibility Committee, duly constituted under Section 135 of the Companies Act, 2013.

The surplus arising out of CSR activities carried out by the Company and such surplus will not be part of business profit of the Company.

Further, the unspent CSR fund and set off of surplus funds shall be dealt as per the provisions of the Companies Act, 2013 and rules made there under.

(II) PHILOSOPHY

For Apollo Micro Systems Limited Corporate Social Responsibility is not just a statutory requirement under the Companies Act, 2013 but Apollo Micro Systems Limited recognizes it as its responsibility towards the society as a good corporate house.

Corporate Social Responsibility is strongly connected with the principles of Sustainability; 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 Apollo Micro Systems Limited to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

Apollo Micro Systems Limited recognizes that its business activities have wide impact on the society in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities, society at large and other organizations. Apollo Micro Systems Limited endeavours to make CSR a key business process for sustainable development. Apollo Micro Systems Limited is responsible to continuously enhance shareholders wealth; it is also committed to its other stakeholders to conduct its business in a more accountable manner that creates a sustained positive impact on society. Apollo Micro Systems Limited is committed towards aligning with nature; and has adopted eco-friendly practices.

Apollo Micro Systems Limited believes that in the strategic context of business, enterprises possess, beyond mere financial resources, the transformational capacity to create game-changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity. In line with this belief, Apollo Micro Systems Limited will continue crafting unique models to generate livelihoods and environmental capital.

As a corporate entity, Apollo Micro Systems Limited is committed towards sustainability. Ongoing dialogues with shareholders provide valuable approach with an objective that each business decision takes into account its social and environmental impacts and plans.

(III) PRESENT CONSTITUTION OF CSR COMMITTEE

1. Mr. Karunakar Reddy Baddam, Chairman
2. Mr. Raghupathy Goud Theegala, Member
3. Mrs. Sri Lakshmi Reddy Vangeti, Member

The Company Secretary of the Company will act as Secretary of the Committee.

The Board of Directors may nominate/ substitute any of its members to the Committee and the same shall be updated in the policy without any specific approval of Board for incorporating such changes.

(IV) ACTIVITIES TO BE UNDERTAKEN BY APOLLO MICRO SYSTEMS LIMITED

The Corporate Social Responsibility Committee Constituted for this purpose under Section 135 of the Companies Act, 2013 shall undertake the CSR activities, invest resources of the Company and do all such acts, deeds and things in any of the following areas:

- (a) 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;
- (b) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) measures 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;
- (g) training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
- (h) 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;

(i) (a) 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; and

(b) 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 Defense 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).

(j) rural development projects;

(k) slum area development;

(l) disaster management, including relief, rehabilitation and reconstruction activities; and

(m) such other activities as may be allowed and notified under the provisions of the Companies Act, 2013 read with rules made there-under from time to time.

However, following shall not be considered as the CSR activity, namely:

- (a) activities undertaken in pursuance of normal course of business of the company
- (b) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- (c) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (d) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019;
- (e) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- (f) activities carried out for fulfilment of any other statutory obligations under any law in force in India; and
- (g) any other activity as may be notified by the relevant Authority

(V) IMPLEMENTATION:

Every financial year the Board shall transfer an amount, which shall not be less than 2% of the average net profits of the Company made during three immediately preceding financial years to a separate account, which shall be specifically earmarked for the purpose of undertaking the Corporate Social Responsibility as enshrined in this Corporate Social Responsibility Policy.

The Investment in the Corporate Social Responsibility activity shall be project based or programs or activities (excluding activities undertaken in pursuance of Apollo Micro Systems Limited's normal course of business) as may be determined by the Board from time to time on the recommendation of the Corporate Social Responsibility Committee. The Board shall have absolute right to abandon any project/program/activity at any time, if it feels the project has lost its purpose.

The Board can undertake the Corporate Social Responsibility project/program or activity as approved by the Corporate Social Responsibility Committee on its own, or through Section 8 Company, or through registered public trust, or through registered society registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities or through any other form/means as may be allowed under the applicable laws and on collecting such documents as may be required in compliance of the said regulations. Such agencies could be made to work singly or in tandem with other agencies.

(VI) GOVERNANCE

In compliance with the requirements of Section 135 of the Act, the Company has constituted a robust and transparent governance structure to oversee the implementation of its CSR Policy.

(VII) RESPONSIBILITIES OF THE CSR COMMITTEE

- (a) Formulate and update the CSR Policy to the Board of Directors of Apollo Micro Systems Limited for approval.
- (b) Suggest areas of intervention to the Board of Apollo Micro Systems Limited.
- (c) Approve projects that are in line with the CSR Policy and recommend to Board.
- (d) Formulate, review and align monitoring mechanisms to track the progress of each project.
- (e) Formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the matter as specified in the Act.
- (f) Such other responsibility as may be assigned under the Act.

(VIII) REPORTING

- (a) The Corporate Social Responsibility Committee will place for the Board's approval, a Corporate Social Responsibility Plan delineating the Corporate Social Responsibility Programme to be carried out during the financial year and the specified budgets thereof. The Board will consider and approve the Corporate Social Responsibility Plan with any modification that may be deemed necessary. However, the Board is empowered to make changes to such Corporate Social Responsibility Plan from time to time at the recommendation of the Corporate Social Responsibility Committee.
- (b) The Corporate Social Responsibility Committee will assign the task of implementation of the Corporate Social Responsibility Plan within specified budgets and timeframes to such persons or bodies as it may deem fit.

The persons/bodies to which the implementation is assigned will carry out such Corporate Social Responsibility Programme as determined by the Corporate Social Responsibility Committee within the specified budgets and timeframes and report back to the Corporate Social Responsibility Committee on the progress thereon at such frequency as the Corporate Social Responsibility Committee may direct.

(IX) REVIEW MECHANISM

(a) The Corporate Social Responsibility Committee shall review the implementation of the Corporate Social Responsibility Programme once a quarter and issue necessary directions from time to time to ensure orderly and efficient execution of the Corporate Social Responsibility Programme in accordance with this Policy.

(b) The Board of Directors of Apollo Micro Systems Limited will review the CSR implementation including the ongoing projects, if any as per the applicable provisions of the Act quarterly basis based on the status report provided by the Corporate Social Responsibility Committee.

The Board of a company shall satisfy itself that the funds so disbursed for CSR activities have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

Apollo Micro Systems Limited shall include in its Annual Report the CSR activities/ project undertaken by the Company including the progress thereof as per the prescribed format.

Further if the Company is having an average CSR obligation of ten crore rupees or more (or any other amount as may be specified in the act from time to time) in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, Company shall undertake impact assessment, through an independent agency, in respect of all of the CSR

projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

(X) CREATION & MAINTENANCE OF ASSETS

The assets created under the CSR would be held by the concerned Section 8 Company/ Trust/ Society etc. implementing the CSR activities and the aforementioned shall also be responsible for its maintenance.

(XI) CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year. Administrative overheads” means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or Programme.

(XI) WEBSITE PUBLICATION

This Policy, Composition of the CSR Committee and CSR Projects shall be displayed on the website of Apollo Micro Systems Limited.

(XII) CONSLUSION

The above guidelines would form the framework around which the CSR activities would be undertaken.

The Board of Directors of Apollo Micro Systems Limited will review the policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.

Note:

Effective Date: 10th March, 2017

First Revision on: 12th February, 2021