



CENTURY ENKA LIMITED

(CEL)

Corporate Social Responsibility (CSR) Policy

DOCUMENT CONTROL

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Preparation/Revision History

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1	24/07/2014	1.0	Company Secretary	CSR Committee	Board of Directors
2	18/05/2021	1.1	Company Secretary	CSR Committee	Board of Directors
3	18/05/2023	1.2	Company Secretary	CSR Committee	Board of Directors

Issuing Authority

This policy document is approved by the Board of the Company

Author and Responsible Official

This policy document is to be maintained and updated by way of additions, deletions and modifications, only by the Legal and Secretarial Department subject to review of Chief Financial Officer and/or Managing Director and presented before the CSR Committee for review & recommendation to the Board for approval.

Every time the policy document is edited, the version increases by one unit and the version is to be mentioned in the Document Control section.

Applicability and Usage

This policy document applies to **Century Enka Limited**.

PREFACE

The formation of Century Enka Limited in the year 1965, was the result of keen interest taken by Mr. B.K. Birla in collaboration with AKZO Nobel of Netherlands. Over the years, it has emerged a reputed producer of high quality Nylon Tyre Cord Fabric (NTCF) used as reinforcement material in bias tyres and Nylon Filament Yarn (NFY) used mainly by apparel industry.

The Company's ethical practices, transparent businesses, strong corporate governance and focused employees have strived a success. The Company cherishes people and believes in inclusive growth to facilitate creation of a value-based and empowered society primarily in and around its area of operations.

The Company has its current domestic operations at Bharuch, Gujarat & Pune, Maharashtra and known for high quality, product innovation, fair business practices and customer satisfaction.

The Company's social development activities are in constant pursuit of making life better for communities with its various initiatives from time to time in the fields of health, education, livelihood, infrastructure, environment protection and disaster management

The Company is committed to:

- Allocate 2 % of Average Net Profits as required under Companies Act, 2013 towards Corporate Social Responsibility for the activities covered by categories mentioned in Schedule VII of the Companies Act, 2013;
- Have Transparent and Accountable system with periodic assessments;
- Concentrate on community needs and perceptions through social processes;
- Provide special thrust towards empowerment of women through a process of social inclusion;
- Spread the culture of volunteerism through the process of social engagement.

DEFINITION

- (a) "Act" means the Companies Act, 2013;
- (b) "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;
- (c) "Annexure" means the Annexure appended to this policy;
- (d) "Corporate Social Responsibility (CSR)" means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act, the Companies (Corporate Social Responsibility Policy) Rules, 2014, Schedule VII to the Act and notification & circulars issued from time to time in this regard;
- (e) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;
- (f) "CSR Policy" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
- (h) "Net profit" means the net profit of the Company as per the financial statement prepared in accordance with the applicable provisions of the Act.
- (i) "Ongoing Project" means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;
- (j) "Public Authority" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);
- (k) "Section" means a section of the Act.

STRATEGY

CEL to allocate atleast 2% Average Net profits as required under the Act for the planning and implementation of CSR. All CSR initiatives are to be recommended by the CSR Committee to the Board for approval.

Considering the importance of synergy and interdependence at various levels, the Company would adopt a strategy for working directly or through charitable trust or NGO or local government authorities or civil societies as appropriate.

Priority would be given to the villages in the immediate vicinity of the plant locations as Direct Influence Zone (DIZ). This could be expanded as per the local needs. However, programs could be expanded beyond this geographical preview and upscaled as Indirect Influence Zone (IIZ). All the interventions would be formulated based on need assessment.

INTERVENTIONS

One of the Company's plant is in the remote area where access to livelihood, education, sustenance for the population and Health care is a continued challenge. The poor infrastructure, education facility and seasonal source of earning are the major factors. In view of this, the Company plans interventions in the field of health, education, women empowerment, environment sustainability and disaster management. The key thematic interventions as per the Schedule VII of the Companies Act 2013 include:

- a. Promoting health care including preventive health care, health awareness programme, medical camp, distribution of medicine, malnutrition programme and other activities connected with health care.
- b. Promoting education including special education & employment enhancing vocational skill
- c. Livelihood enhancement projects
- d. Enhancement of crop productivity, crop diversification & Livestock management

- e. Promoting Gender equality, empowering women, old age home & day care centres and such other facilities for senior citizen.
- f. Measure for irradiating inequalities faced by socially and economically backward groups
- g. Ensuring environment sustainability, ecological balance, tree plantations, protection of flora & funa, animal welfare, conservation of natural resources and maintaining quality of soil, air & water
- h. Promotion of sports, providing sport infrastructure/ facilities.
- i. safe drinking water
- j. Rural infrastructure projects by creating infrastructure by constructing / funding recreation centre, public park, road, drinking water facilities, public toilets, lighting, community centre, public library, sanitation and other related activities
- k. Disaster management including relief, rehabilitation and reconstruction activities as permissible under the Act

CSR PROJECTS & EXPENDITURE

The Company plans CSR projects/programmes based on milestones, annual or ongoing projects maximum for three years. Accordingly, a location wise detailed project report will be prepared and placed before the CSR committee for its consideration and recommendation to the Board.

The CSR committee will take into consideration the CSR policy before recommending projects/programmes or making modification in CSR Projects/programmes during the year:

Website Disclosure

The Company shall place the composition of CSR Committee, CSR Policy and Projects/Programmes approved by the Board on its website.

Implementation Agency

The implementing agency, who undertake CSR activity, shall have a mandatory unique CSR Registration Number.

Engagement of International Organisation

The company may engage international organisations for designing, monitoring and evaluation of CSR projects/ programmes as well as for capacity building of company personnel for CSR activity.

Collaboration with other Company

The Company may collaborate with other companies for undertaking CSR projects/ programmes or CSR activities in such manner that the CSR committees of respective companies are in a position to report separately on such projects/ programmes or activities in accordance with the Act/ CSR rules.

Project Approval and Operation

- a) Project initially not approved as a multi-year project, can still be considered as Ongoing Project if duration of the project has been extended beyond one year by the Board based on reasonable justification.
- b) To satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it
- c) To monitor the implementation of the project with reference to the approved timelines and year--wise allocation
- d) to make modifications, if any, for smooth implementation of the project within the overall permissible time period
- e) the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year
- f) CFO or the person responsible for financial management shall certify to the effect.

Treatment of unspent amount:

the unspent amount relates to an ongoing activity, shall be transferred 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, within 30 days of the close of the financial year and such amount shall be spent by the company 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.

If the unspent amount is not relating to an ongoing activity, it should be transferred by the company to the fund specified in schedule VII, within a period of six months of the expiry of the financial year.

Treatment of Surplus fund arising out of the CSR activities

Surplus fund arising out of the CSR activities shall not form part of the business profit of the company and shall be ploughed back into the same project or 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, failing which, the company shall transfer the same to a fund specified in Schedule VII, within a period of six months of the expiry of financial year.

Setoff of excess amount

If the company spends an amount in excess of amount approved by the Board, such excess amount may be set off against the requirement to spend up to immediate 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, if any.
- (ii) the Board of Company file a resolution to this effect.

Capital Assets

The CSR amount spent by the company for creation or acquisition of a capital asset, which shall be held by implementing agency having CSR registration Number or beneficiaries of the said CSR project, self-help groups, collectives, entities; or a public authority:

Impact Assessment

when the obligation of spending average CSR amount of Rs.10 crore or more in the three immediately preceding financial years arise, the Company shall undertake impact assessment done by an independent agency. Impact assessment to be done in respect of CSR projects having outlays of one crore rupees or more, and 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. Impact assessment expenditure for a financial year shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

MONITORING MECHANISM

A combination of various mechanisms would be adopted for monitoring of CSR projects/ programs:

- i. Monitoring report shall be on a monthly basis by the respective CSR location In-Charge;
- ii. Quarterly monitoring report by the Location Head shall be submitted to CS/CFO/MD;
- iii. Half-yearly monitoring by CSR Committee;
- iv. Yearly monitoring by the Board.

CSR REPORTING

The Board's Report of the Company pertaining to financial year shall include an annual report on CSR as specified in Section 135 of the Companies Act, 2013 and rules made thereunder.