



Century Enka Limited



54th Annual Report
2019-20

TRUST &
QUALITY

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Investor information

Market Capitalisation as at March 31, 2020	₹ 260 crores
CIN	L2304PN1965PLC139075
BSE Code	500280
NSE Symbol	CENTENKA
Dividend Declared	₹ 8 per share
AGM Date	August 13, 2020
AGM Mode	Video conferencing

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Disclaimer: This document contains statements about expected future events and financials of Century Enka Limited, which are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

HOMAGE TO A LEGEND



Shri Basant Kumar Birla

(January 12, 1921 to July 3, 2019)

Former Chairman
CENTURY ENKA LIMITED

A Visionary. A Humanitarian. A legend.
His life was a rich tapestry of business acumen, arts, culture and philanthropy.
A beacon of inspiration. Always.
We live by his values.

उत्तिष्ठत । जाग्रत । प्राप्य वरान्निबोधत
(Arise. Awake. And stop not till the goal is reached)



Chairperson's Message



Your Company, given its legacy of performance and strong balance sheet, is well poised to overcome the challenges posed by the pandemic.

Dear Shareholders,

The world has witnessed unprecedented disruption over the last several months on account of Covid-19 and the associated lockdowns. Nations, society, corporations, and individuals are all being tested in ways that one could not have imagined at the turn of this decade.

The short-term impact of the pandemic is apparent by way of a collapse in economic activity, with the global economy estimated to contract by 4.9% in CY 2020, as per the recent forecast of the International Monetary Fund (IMF). The Indian economy is also tipped to contract in 2020-21 on account of the Covid-induced economic standstill in April and May.

Given the unparalleled nature of this crisis, governments across the economies have responded firmly and swiftly to cushion the blow. Stimulus aggregating to more than 1/10th of the global GDP has

been infused into the global system. The Government of India has also announced a series of bold and structural reforms as an antidote to the Covid-induced recession.

However, the magnitude and impact of the long-term scars inflicted by the pandemic are yet to be ascertained. Though, it is evident now that this pandemic will accelerate a few shifts that have already been at play—digitisation and de-globalisation.

As the world recalibrates to a new normal, businesses that are underpinned on sound fundamentals and robust leadership will emerge stronger.

Your Company, given its legacy of performance and strong balance sheet, is well poised to overcome the challenges posed by the pandemic.

Financial Year 2019-20 Performance

In 2019-20, your Company, like most other businesses, had to navigate a challenging economic landscape. This was on account of the economic slowdown that was further exacerbated by the early-stage impact of Covid-19.

The performance of your Company was impacted due to lower sales volume of Nylon Tyre Cord Fabric (NTCF) and pressure on Nylon Filament Yarn (NFY) margins. The slump in automobile industry led to de-growth in the tyre industry, which in turn resulted in low demand for NTCF, a reinforcement material in tyre production. In case of NFY, the sales volume for the year was higher compared to last year, but margins were under pressure due to high dumping of cheap material from China as well as other Asian countries. Volatility in prices of key raw materials like Nylon chips and Caprolactum also impacted margins for both the products.

Your Company is cognizant of the challenging business environment and has developed a clear strategic roadmap to offset the impact of the current economic disruption. This entails conserving cash, optimising the cost of production, reducing the impact of volatility in raw material prices, controlling fixed costs, and widening the pool of NTCF customers. I am pleased to report that your Company is making considerable progress on all these fronts. This is largely due to the tremendous resilience and agility demonstrated by the leadership team with the active support of all employees.

Going forward, your Company expects NTCF demand to pick up on the back of a good monsoon which in turn should lead to the revival of rural demand, and increased fund allocation to the infrastructure sector. The revival of NFY demand could take longer, due to non-availability of labour, and the lingering effect of the lockdown on consumer demand.

The pandemic is also a reminder of our responsibility towards the community at large. Your Company continues to engage deeply with local communities to make a meaningful difference in their lives. Our CSR efforts have been focused in the areas of education, rural development, health, and women empowerment. For several decades, this community spirit has been embedded in the DNA of your Company. This will never change.

The goodwill of all stakeholders, resilience and agility of our employees and the strength of the balance sheet, will ensure that your Company emerges stronger in the post-Covid world.

I would like to thank all stakeholders for their continued faith and support and extend my appreciation to all the employees for their unflinching commitment in these challenging times.

Best Wishes
Rajashree Birla

Overview

5 Pointers on Century Enka Limited

1

PRODUCTS AND APPLICATIONS

Nylon Filament Yarn (NFY)

Apparel, saree, dupatta and dress material



Contribution to the revenue

51%

Domestic Market share

25%

Nylon Tyre Cord Fabric (NTCF)

Bias tyres



Contribution to the revenue

49%

Domestic Market share

23%

2

WORLD-CLASS MANUFACTURING FACILITIES



The Company has two ISO 9001:2015 certified, state-of-the-art manufacturing facilities located at Pune (Maharashtra) and Bharuch (Gujarat). Both the facilities are well-equipped with modern machinery and adhere to strict environmental norms.

0%

Water discharge

3

INTELLECTUAL CAPITAL



The Company possesses over five decades of experience and is led by veteran leaders and visionaries. Their continuous guidance has enabled the Company to emerge as one of the leading manufacturers of NTCF and NFY product.

1595

No. of employees

4

STRONG CREDIBILITY



The Company is not only known for its quality products but also for maintaining a strong liquidity position. The testimony of the same is reflected in its positive rating by credit rating agency despite a weak consumer sentiment in the economy.

Crisil **A+ / Stable reaffirmed**

Long-term rating

Crisil **A1+ / Reaffirmed**

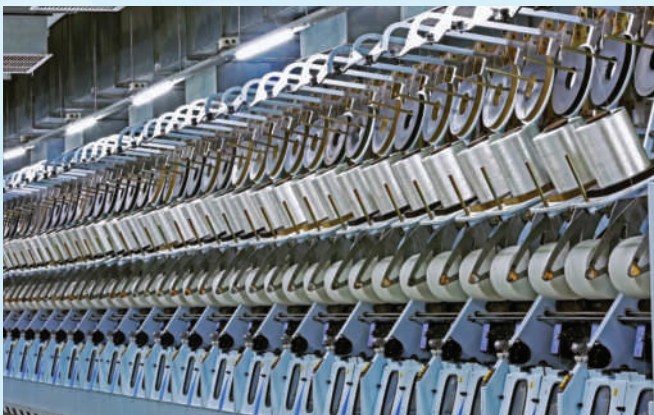
Short-term rating

5

GOOD CORPORATE GOVERNANCE



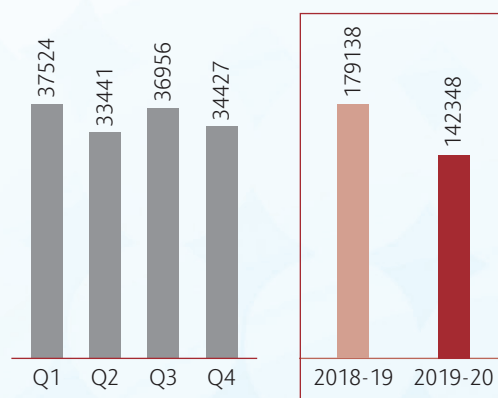
Century Enka has tailored itself according to the modern transformation with values of trusteeship. It adheres to the economic responsibility towards all its stakeholders by fairness and transparency in all its activities.



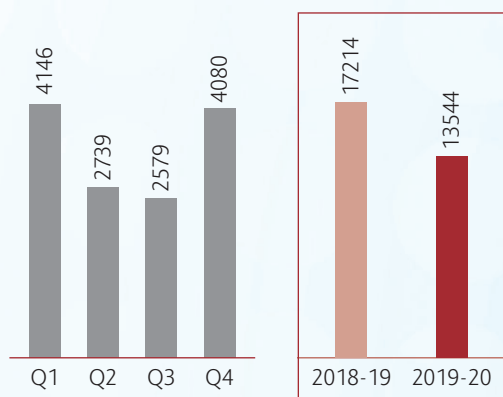
Our Performance in 2019-20



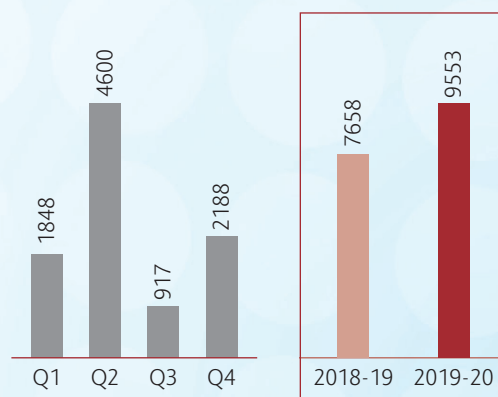
Revenue (₹/Lacs)



EBITDA (₹/Lacs)



PAT (₹/Lacs)



2.72

P/E* Ratio

0.02

Debt to Equity

43.72

EPS*

9.32%

Return on Net Worth

EBITDA: Earnings before Interest Taxes Depreciation and Amortization. PAT: Profit After Tax.
*P/E: Price/Earnings. EPS: Earnings Per share

Vision > Goals > Initiatives



Vision	Goals that will assist in achieving the vision	Initiatives taken in the last three fiscal years to achieve goals
We aspire to be a leading and reliable organisation in the business of tyre reinforcement and man-made textile yarn.	Cost rationalisation	<ul style="list-style-type: none"> • Successful implementation of open power purchase arrangement and enhancement of renewable energy • Strict inventory management
	Increase customer base	<ul style="list-style-type: none"> • Product diversification • Quality improvisation • Export initiation
	Improve plant efficiency	<ul style="list-style-type: none"> • Modernisation of the plant with new technology-based machines • De-bottlenecking
	Strengthen balance sheet	<ul style="list-style-type: none"> • De-leveraging • Strengthening retained earnings
	Premiumisation	<ul style="list-style-type: none"> • Offering value-added products for better realisation • Focus on high margin business

Corporate Social responsibility

1. Promotion of education and vocational skills enhancement

- Provided financial assistance for teaching staff at vocational training institute near Bharuch site
- Sponsored 30 volunteer teachers for primary schools in tribal area

₹ 45 Lacs

