



Century Enka Limited



**CREDIBLE
AND
CONFIDENT**

55th Annual Report
2020-21

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Investor information

Market Capitalisation as at 31 March, 2021	₹ 55,391 lacs
CIN	L24304PN1965PLC139075
BSE Code	500280
NSE Code	CENTENKA
Dividend Declared	80% i.e. ₹ 8/- per equity share of ₹10/- each
Book Closure for Dividend	Tuesday, 3rd August, 2021 to Thursday, 5th August, 2021
Record date (Cut-off date) for E-voting	Friday, 6th August, 2021
AGM Date	Friday, 13th August, 2021 at 2.30 PM
AGM Mode	Audio visual means



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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's Discussion and Analysis of this Annual Report.

Tribute to a Legend



लोकाः समस्ताः सुखिनो भवन्तु

May all beings in the world be happy

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.
He was always a beacon of inspiration.
We live by his values.

CHAIRPERSON'S MESSAGE



The management has laid out aggressive expansion plans for reinforcement products, which will enable your Company scale newer heights.



Dear Shareholders,

The year 2020-21 has been awfully challenging for each one of us. The COVID-19 pandemic upended the world and caused unprecedented disruption in more ways than one could have imagined. And yet, this year will define, for many years to come, the strength of our collective will, which saw us through. I have no doubt that this strength will help us face what lies ahead.

The world has been fighting the Covid-19 pandemic for over a year. In 2020, the global economy contracted by 3.3%, the largest contraction on record, at least since World War-II. Much of it was concentrated in the first half of our fiscal year FY21, as several countries enforced strict lockdowns. Economies bounced back in subsequent quarters, on the back of large fiscal stimulus packages and improved confidence levels following the start of the vaccination programme.

The latest IMF forecast suggests a strong 6% growth in global GDP in 2021. The occurrence of the second and third waves of Covid-19 in different parts of the world and reports of virus mutations have created downside risks to the outlook of a strong growth rebound.

India's Covid-19 case load has been the highest. We are all collectively struggling, to stem this extremely challenging, and huge calamity. The Government, NGOs, corporates and other key stakeholders, have coalesced to bring Covid-19 relief measures. Even at the cost of being repetitive, let us acknowledge our nation's doctors, medical and paramedical workers. They have and continue, to go beyond the line of duty, to bring succor to the Covid-19 afflicted. Our population and the size of our country is beyond comparison. Enormous challenges confront us. We can overcome them with a strong sense of solidarity.

The double-digit GDP growth expectations for India in FY22 have been pared. Disruptions to production and supply chains have, however, been far less severe during the second wave than during the first wave. Vaccination is expected to pick up pace in the coming months, which would support normalisation of mobility levels and of related economic activities. Continued accommodative monetary policy of the RBI and the expected increase in capex from the Government will be the other facilitating factors, helping the economy to steer through this difficult phase.

Quite in contrast to the near-term challenges, the longer-term prospects for the Indian economy continue to be robust. Various initiatives, including privatisation of public sector enterprises, monetisation of assets, implementation of National Infrastructure Pipeline, targeted investment incentives through the Production-Linked Incentives Scheme and the new Labour Code, are likely to spur a virtuous cycle of investments and growth in the medium-term.

Your Company's Performance

Your Company traversed the uncharted economic and social landscape drawn by Covid-19 remarkably well. Your Company's performance in the year 2020-21 was in fact better than the previous year.

The performance of your Company in the first half of the financial year was severely impacted as operations were suspended for nearly two months pursuant to Government directives of lockdown. The recovery in the second half was impressive. Your Company achieved record production and sales volume both in Nylon Tyre Cord Fabric (NTCF) and Nylon Filament Yarn (NFY). This became possible because of Proactive management of Covid-19. Your Company focused on several measures among which were training on Covid-19 appropriate behaviour, ensuring social distancing at workplace, appropriate change in shift schedules, work from home (WFH) wherever possible, frequent sanitisation, vaccination camps for employees and mass rapid tests to identify asymptomatic cases. The support, dedication, commitment and discipline of employees at every level was the key enabler in your Company achieving this remarkable operating performance even in tough times.

The second wave of Covid-19 has been a nightmare. Again, your Company's employees demonstrated amazing resilience and helped minimise the impact on performance. Besides our colleagues, we extended every effort to help communities fight Covid-19.

The sudden spurt in demand globally resulting in shortage of material for imports, restriction on tyre imports, anti-dumping duty on truck and bus radials bolstered the local demand for tyres. A good monsoon and increased Government spending on infrastructure boosted demand for farm and OTR (Off-the road) tyres. These factors resulted in an overwhelming demand for NTCF. Demand for NFY was also encouraging aided by empty pipelines and global supply disruption.

Like all other commodities, prices of our major raw materials rose significantly. Furthermore, robust demand for both NTCF and NFY enabled your Company pass on this increase to the customers. Given this notable performance, the management has laid out aggressive expansion plans for reinforcement products, which will enable your Company scale newer heights.

Transcending business, your Company's CSR initiatives are fixated on a holistic model encompassing education, healthcare, sustainable livelihood, inclusive of rural development and women empowerment processes. We remain deeply invested in making a difference to the lives of the underprivileged, as well as inclusive growth.

I most sincerely appreciate the guidance accorded by our Board of Directors. Our gratitude goes to all our stakeholders for reposing their faith in your Company. A special applause is in order for the entire team at Century Enka, all of whom have enabled us reach this far.

Here's wishing you and your loved ones good health for all times to come.

Best regards,

Rajashree Birla



COMPANY AT A GLANCE

Established in the year 1965, Century Enka Limited produces Nylon Tyre Cord Fabric (NTCF) for the tyre industry, High Tenacity Yarn (HTY) for technical textiles and Nylon Filament Yarn (NFY) for the apparel industry. The Company is the largest producer of nylon yarn in India and quality leader in all the product categories. The Company's two manufacturing facilities, one at Pune (Maharashtra) and the other at Bharuch (Gujarat), run on the best-in-class technologies. The Company is not only known for its advanced facilities and premium products, but also for being financially strong to overcome adversity. This credibility of the Company gets reflected in the confidence shown by a credit rating agency. A healthy corporate governance and reciprocating to societal and environmental needs form the core of the Company's sustainability agenda.

CRISIL
A+/STABLE (REAFFIRMED)
LONG-TERM RATING ▲

CRISIL
A1+ (REAFFIRMED)
SHORT-TERM RATING ▲

CREDIBILITY IN VALUE CREATION



Mission

- ▶ We aim to provide innovative, cost-effective and sustainable solutions, while following fair commercial practices
- ▶ By implementing total quality management, we ensure complete customer and stakeholder satisfaction



Vision

We aspire to be a leading and reliable organisation in the business of tyre reinforcement and man-made textile yarn.

RECENT STRATEGIC INITIATIVES



HEALTHY OPERATING PROFIT MARGINS

The Company through in-house re-engineering, has converted one of the idle polyester POY machine into Nylon Textile yarn and High Tenacity Nylon Yarn Machine.



MODERNISATION AND EXPANSION

The Company has approved the capital investment of ₹ 309 Crs to strengthen its competitive position in tyre reinforcement market through modernisation of plant and augmenting capacity by ~30% and ₹ 23 Crs to increase the capacity of draw texturised yarn and mother yarn.

The Company is also making efforts to develop export market for Nylon Filament Yarn (NFY) made from Green Polymer.

QUALITY PRODUCTS

NYLON TYRE CORD FABRIC (NTCF)

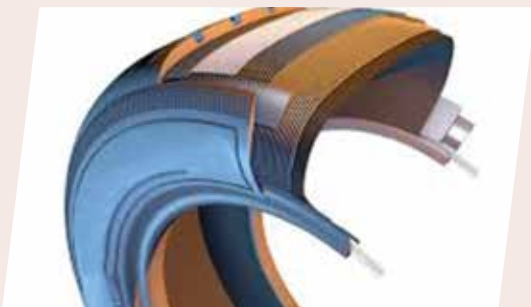
Applications: Bias tyres

58%

CONTRIBUTION TO THE REVENUE ▲

~23%

DOMESTIC MARKET SHARE ▲



NYLON FILAMENT YARN (NFY)

Applications:
Apparel, saree, dupatta and dress material

42%

CONTRIBUTION TO THE REVENUE ▲

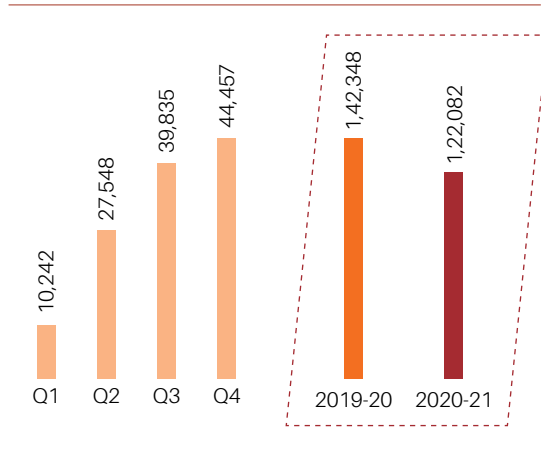
~25%

DOMESTIC MARKET SHARE ▲

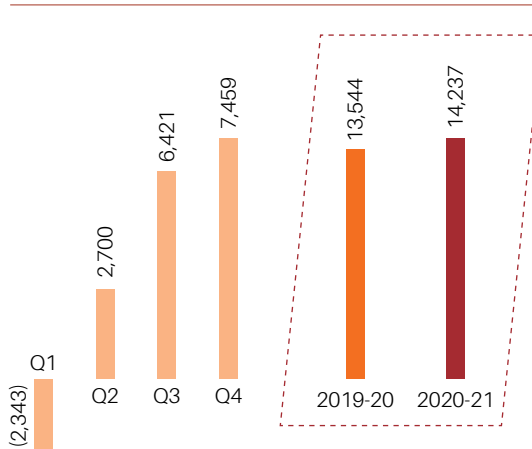


NUMBERS THAT GIVE US CONFIDENCE

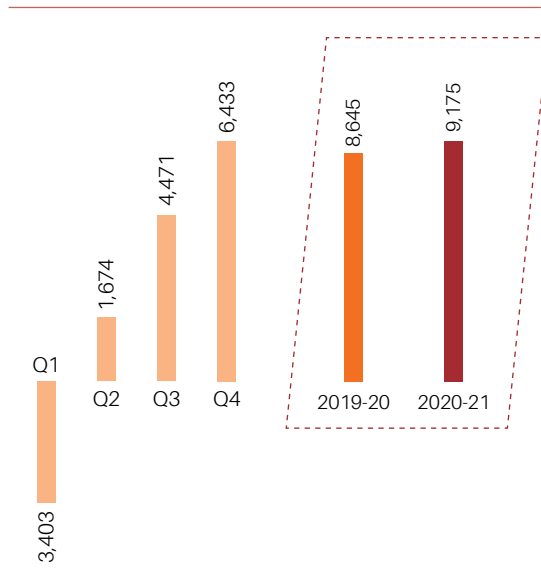
Revenue (₹/Lacs)



EBITDA* (₹/Lacs)



PBT** (₹/Lacs)



*EBITDA : Earnings Before Interest, Tax, Depreciation and amortisation






**PBT : Profit Before Tax



Fully Drawn Yarn (FDY) Machine



CONFIDENTLY ENHANCING VALUE ACROSS VALUE CHAIN

	KEY RESOURCES	OUTCOMES
 MANUFACTURED CAPITAL	<ul style="list-style-type: none"> ₹ 1,08,889 Lacs Equity capital ₹ 811 Lacs Debt capital Internal accruals 	<ul style="list-style-type: none"> ₹ 1,24,482 Lacs total income ₹ 32.46 EPS* 9.5% ROCE**
 HUMAN RESOURCES	<ul style="list-style-type: none"> 1,656 Number of employees Experienced management team 	<ul style="list-style-type: none"> Core strength Great adherence towards employees' well-being and safety Market leader
 NATURAL RESOURCES	<ul style="list-style-type: none"> Effluent treatment Investments in renewable energy generation equipment Well-organised environment management system 14005:2015 certified by BVQA/DQS audit agencies 	<ul style="list-style-type: none"> Zero water discharge Carbon emissions reduced
 INTELLECTUAL CAPITAL	<ul style="list-style-type: none"> ₹ 104 Lacs expenditure on research and development Process excellence Usage of modern machinery at facilities 	<ul style="list-style-type: none"> Cost optimisation Improved product quality
 SOCIAL AND RELATIONSHIP CAPITAL	<ul style="list-style-type: none"> ₹ 190 Lacs CSR spent Continuously engaging with all stakeholders 	<ul style="list-style-type: none"> Active participation in national and social development

VALUES SHARED WITH

SHAREHOLDERS

₹ 8

Dividend declared per share

SUPPLIERS

₹ 63,509 Lacs

Worth of raw material procured for manufacturing

EMPLOYEES

₹ 10,121 Lacs

Salary paid

ENVIRONMENT REGULATORS

Environment regulators
Fully compliant with all regulations
Sustainable livelihood approach

GOVERNMENT

₹ 19,121 Lacs

Taxes paid

*EPS: Earning Per Share. **ROCE: Return on Capital Employed

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

ESG is a vital part of business practices. The Company believes it leads to longevity, as it helps in attracting conscious investors to look at parameters that go beyond financial performance.