

56th Annual Report
2021-22
(1st Integrated Report)



Century Enka Limited



TRUST
C  **MMITMENT**
VALUE CREATION 

TRIBUTE TO A LEGEND



यत् भावो तत् भवति ।

You become what you believe

SHRI BASANT KUMAR BIRLA

12th January 1921 - 3rd July 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.

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For online version of this annual report, please visit:

<https://www.centuryenka.com/investor-relations/index.html>

Investor Information

Market Capitalisation as of 31 st March 2022	₹1,216 crores
CIN	L24304PN1965PLC139075
BSE Code	500280
NSE Symbol	CENTENKA
Dividend Declared	100% i.e., ₹10/- per equity share of ₹10/- each
Book Closure for Dividend	Tuesday, 9 th August 2022 to Wednesday, 10 th August 2022
Record Date (Cut-off date) for E-voting	Thursday, 11 th August 2022
AGM Date	Thursday, 18 th August 2022 at 2:30 pm (IST)
AGM Mode	Audio-visual means

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 a 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 several 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.



Corporate Overview





Trust. Commitment. Value Creation.

Our product and processes reflect unmatched quality, that ensures customer satisfaction. Through our customer-centric approach to production and manufacturing, we have tailored ourselves to build a legacy of trust and commitment. We now step towards integrated reporting to enhance our communication, way of telling our story of value creation and to continue maintaining the faith, our stakeholders have in us.



About the Report

'Trust. Commitment. Value Creation' is our first Integrated Report with reflections on detailed insights as well as our achievements in the FY22. In our mission to be a responsible and reliable organisation in the industry, we aim to demonstrate our financial and non-financial performance. This demonstrates our strong leadership, culture, practices and strategy, and showcases our value creation process to the stakeholders. During the reporting period, there have been no significant changes in the organisation's size, structure, ownership or supply chain. Since it is our maiden Integrated Report, there are no restatements of information during this reporting period.

>> Reporting Guidelines and Frameworks

This Report is prepared as per the International Integrated Reporting Framework (January 2021) of International Integrated Reporting Council (IIRC). The performance across Environment, Social and Governance (ESG) aspects is disclosed in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The financial and statutory data presented in this Report is as per the requirements of the Companies Act, 2013 (including the rules made thereunder); Indian Accounting Standards; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and the Secretarial Standards.

>> Reporting Boundaries

The data includes the activities of our Company, figures of which are consolidated in the Financial Statements of the Report. There is no subsidiary company/network firm/network entity for our Company. This Integrated Report covers the business activities of Century Enka Limited for the financial year 1st April 2021 to 31st March 2022. Our sustainability journey towards shared value creation encompasses operations in Pune, Maharashtra and Bharuch, Gujarat. Exclusions have been provided in the respective sections. We aspire to report our ESG initiatives and efforts on an annual basis through our integrated reporting practice.

>> Materiality and Scope

Our Report is defined by the outline of the material topics derived and further described in our six <IR> Capitals. We endeavour to ensure that this Report addresses the impact and use of the capitals on our strategy and business model. We have also considered the key risks and valued inputs from the Stakeholder Engagement and Materiality Assessment (SEMA). The Report content and presentation are based on issues material to Century Enka Limited and our stakeholders. The material issues are mustered from various channels and forums of engagement across the organisation and from external stakeholders. We have identified our ESG material issues and have incorporated them in the long-term plans. There are no changes in reporting, given that we begin our integrated reporting journey from FY22.

>> Statement of Responsibility

Our Board strongly believes that Century Enka's 2021-22 Integrated Report addresses all material topics, offers a balanced and comprehensive vision of our strategy and the organisational ability to create long-term value. Our Board also acknowledges the elements of this Report, which are prepared under the recommendations of senior management based on the inputs received from various key functional teams.



Navigation

To effectively connect the information, cross reference, concise the communication, and to make it easy for our readers, we have used below icons for navigation.

Our Stakeholders



Government
and Regulators



Contract
Labourers



Employees



Future
Generation



Communities



Investors



Analyst and
Rating Agencies



Customers



Supply Chain
Partners

Capitals Linked



Financial
Capital



Intellectual
Capital



Manufactured
Capital



Natural
Capital



Human
Capital



Social and
Relationship
Capital



Contact

For more information/queries or to provide your valuable feedback about our Report, you may contact our Investor Cell on 020-66127304.

Chairperson's Message

I would like to express my gratitude to all the stakeholders for your immense support and trust on us.



Dear Stakeholders,

I hope you and your families are doing well and keeping good health. The year gone-by has indeed been taxing, given the raging pandemic. FY22 has been a tough year globally. It was no different in India. Just when there was hope for getting back on the recovery track, the emergence of new and deadlier COVID-19 variants put the brakes which resulted in a severe economic disruption. Fortunately, its impact on the economy was not as crippling as the first wave, with vaccinations gaining pace.

The economy witnessed a turnaround from Quarter 2 onwards. Backed by massive fiscal and monetary initiatives, robust consumer spending, and a better business front, we witnessed the resurgence of the economy. India's GDP is estimated to have expanded over 8.5% in FY22 vis-à-vis a contraction of 6.6% in FY21.

The resilience of our employees and the team at CEL bolstered the growth of your Company, and reported a remarkable progress compared to the previous year. FY22 has been a record year for your Company with highest ever volumes in both the products i.e. Nylon Tyre Cord Fabric (NTCF) and Nylon Filament Yarn (NFY) along with overall profitability. I am happy to record that work on the ambitious expansion projects undertaken by your Company is well under way.

Our vision is to be the leader in the business of tyre reinforcement and man-made textile yarn with a clear focus on compliance, preserving the capital and value creation for investors and stakeholders through responsible sustainable business. Profitable growth, diversification, and opportunity-based expansion is always on your Company's radar. While doing so, we are extremely environment-sensitive, conscious of our obligations to our multiple stakeholders,

and factoring all aspects of governance, transparency as well as accountability.

This year, our Company has taken a step forward in our Environmental, Social and Governance (ESG) journey. We have engaged with key stakeholders to understand issues material to them. This has helped in charting the direction for our sustainability endeavours. This year's Integrated Annual Report presents the financial and ESG performance of your Company.

I would like to thank all of our colleagues for their invaluable commitment and dedication, and all of you, our stakeholders for your support. The trust and faith reposed by all of you in your management is deeply valued.

Here's wishing you all a great year ahead. Best regards,

Rajashree Birla
Chairperson



Managing Director's Message

This year, we have prepared an ESG roadmap which will help us in meeting our sustainability commitments. We seek your continued trust, support and valuable feedbacks.



Dear Stakeholders,

As you are all aware, the outbreak of COVID-19 adversely affected the global economy. With the pandemic lasting for almost two years now, the economies learnt to brave it and find solutions for growing business operations. Despite the ambiguity and unpredictability of FY22, we achieved the highest volumes and profitability. Our proactive unending endeavours enabled us to successfully navigate supply chain disruptions and achieve excellent operating results. With a sense of pride, we report that Apollo Tyres Gold Partner Award, 2021 for supply chain excellence was conferred upon CEL.

Our enduring aim is to offer innovative, cost-effective, and sustainable solutions. We continue to provide consistent quality while leveraging technology and creating value for our stakeholders.

Robust performance

In FY22, we achieved the highest-ever production and sales volume. Our domestic market share for NFY was around 25% while that of NTCF was 23%. Our revenue for the financial year increased by 72% year-on-year at ₹2,098 crores. Profit before Interest, Depreciation and Tax (PBITD) was at ₹285 crores with a growth of 100% year-on-year and PBITDA margin of 13.6%. Profit after tax (PAT) stood at ₹184 crores soaring over 150% with PAT margin of 8.8%.

The demand for NFY is on the rise, given their wide ranging applications. Its properties compared to other textile yarns render this material more popular among customers.

To strengthen our competitive position in the Tyre Reinforcement market, we are diversifying into Polyester Tyre Cord Fabric (PTCF) used in Passenger Radial Tyres. Alongside modernising our plant and augmenting our capacities is under way.

Sustainability review

Sustainability being our key focus, we are moving towards reducing our carbon footprint. Our eco-friendly range contributes to create fashionable clothing with low environment impact.