



CENTURY ENKA LIMITED

Annual Report 2010-2011



QUALITY driven!



Mr. B.K. Birla - Chairman



B K BIRLA GROUP OF COMPANIES

The Group Logo - As represented by the 21st Century Atlas

Atlas, the Titan - Collective Strength

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolise the Group's own collective strength. It reflects the combined qualities of astute and dynamic management, while emphasising the Group's tenacity, consistency, reliability and overall leadership.

The Sun - Enlightenment and Growth

The Sun, as a source of infinite energy and inspiration, is used here in conjunction with the Atlas head to represent the vitality and powerful presence of the Group - both in its industrial prowess and its financial, technological and intellectual skills.

The Earth Segments - Diversified Activities

Each of the latitudes around the Titan represent various sections - industrial, agricultural, financial and other activities of the Group. As with the infinite variety of the world, so is the strength of the Group, made up of its diverse activities.

The Globe - Global Vision

The Group's global presence and vision is reflected in the entirety of the Earth's sphere.

The Base - Solid Foundations

The strength of the entire edifice depends upon the strength of the foundation embedded in the bedrock, represented here by the Group Name.

The Symmetry - The Resilience, Versatility and Stability

Seen in its entirety, each of the elements - Atlas, the Sun, the Earth divisions, the Globe and the Base, together sum up a well conceptualised and balanced conglomerate.

Strong Foundation

Sustained Growth

Proven Leadership



Forty Fifth Annual Report 2010-11 CENTURY ENKA LIMITED

BOARD OF DIRECTORS

Mr. B. K. Birla (Chairman)
Mr. R. A. Shah
Mr. B. S. Mehta
Mr. S. K. Jain
Mr. G. M. Singhvi (Whole-time Director)

SECRETARY

Mr. C. B. Gagrani

AUDITORS

Messrs. Price Waterhouse

SOLICITORS

Messrs. Crawford Bayley & Co.

BANKERS

Bank of Maharashtra	HDFC Bank
State Bank of India	The Royal Bank of Scotland N.V.
Axis Bank	

HEAD OFFICE

'Bakhtawar', 7th Floor
Nariman Point
Mumbai-400 021.
Tel. No. 022-4321 5300 / 2202 7375
Fax No. 022-4321 5353 / 2287 3952

REGISTERED OFFICE

Century Arcade, 2nd Floor
Narangi Baug Road
Pune - 411 001.
Tel. No. 020-2616 6511
Fax No. 020-2616 6511

KOLKATA OFFICE

Birla Building, 7th Floor
9/1, R. N. Mukherjee Road,
Kolkata-700 001.
Tel. No. 033-2243 6003

FACTORIES

Bhosari, Pune-411 026
Tel. No. 020-66127300/27120423
Fax No. 020-27120113

Raigad Processors
Plot No. C-61, Part-A, MIDC Area,
Mahad-402 309, Dist.: Raigad
Tel. No. 02145-232136
Fax No. 02145-232142

Rajashree Polyfil
Rajashree Nagar, Post: Umalla-393120
Dist.: Bharuch
Tel. No. 02640-308555
Fax No. 02640-308510

Konkan Synthetic Fibres
Plot No. C-61, Part-B, MIDC Area
Mahad-402 309, Dist.: Raigad
Tel. No. 02145-232138
Fax No. 02145-232360

SHARE TRANSFER AGENT

LINK INTIME INDIA PRIVATE LIMITED

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078
Tel. No.: 022-2594 6970; Fax No.: 022-2594 6969

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 45th Annual General Meeting of the Shareholders of CENTURY ENKA LIMITED will be held at Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune-411 002 on Friday, the 1st July, 2011 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider the Report of the Auditors and Directors and to receive, consider and adopt the Audited Statements of Accounts for the year ended 31st March, 2011.

2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr.R.A. Shah who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr.B.S. Mehta who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

By Order of the Board

Place : Mumbai

Date : May 02, 2011

C. B. GAGRANI
Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Register of the Company will remain closed from Friday, the 17th June, 2011 to Monday, the 27th June, 2011, both days inclusive on account of Annual General Meeting and Dividend payment.
3. The payment of dividend, if declared at the said meeting, will be made to those shareholders whose names shall appear on the Company's Register of Members on 27th June, 2011 or to their nominees. In respect of shareholding in dematerialised form, dividend will be paid to the beneficial owners as per details to be furnished by the Depositories for the purpose. Dividend Warrants will be dispatched or credit will be given under National Electronic Clearing Services (NECS) / Electronic Clearing Services (ECS) as the case may be on or after 5th July, 2011.
4. Members desirous of getting any information about the accounts and operations of the Company are requested to address their query to the Secretary at the Registered Office well in advance so that the same may reach him at least 10 days before the date of the meeting to enable the Management to keep the required information readily available at the meeting.
5. (i) The unclaimed dividend upto financial years 1994-95 have been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those shareholders who have so far not claimed their dividend for the financial years upto 1994-95 may claim their dividend from the Registrar of Companies, Maharashtra, Pune by submitting an application in the prescribed form.
(ii) Those members who have not encashed dividend warrant for the financial years 2003-04 to 2009-10 may return the time barred dividend warrant or write to the Company's Share Transfer Agent, M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 for issue of duplicate dividend warrant.
(iii) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year 2003-04 and thereafter which remain unclaimed for a period of 7 (seven) years will be transferred to the Investor Education and Protection Fund (the Fund) constituted by the Central Government under Section 205C of the Companies Act, 1956. **Unclaimed Equity**



Dividend for the financial year 2003-04 will fall due for transfer to the said Fund on 29th July, 2011.

As regards unclaimed dividend for the financial years 1995-96 to 2002-03, the same have already been transferred to the said Fund.

It may kindly be noted that once the unclaimed dividend is transferred to the abovesaid Fund of the Central Government, no claim shall lie in respect thereof.

6. Dividend in respect of shares held in dematerialised form shall be credited to the beneficial owner's bank account directly through NECS / ECS wherever NECS/ ECS facility is available subject to availability of bank account details / core banking account number and 9 digits code number. In case the said details have not been provided to the concerned Depository Participant or there is any change, the same may please be intimated to the concerned Depository Participant immediately.

Shareholders holding shares in physical form and desirous of availing NECS / ECS facility, should provide the bank details / core banking account number and 9 digits code number in NECS / ECS Mandate Proforma. Shareholders who have already given their Bank details to avail NECS / ECS facility should furnish the same only if there is any change.

The NECS / ECS Mandate Proforma can be obtained from the Company's Share Transfer Agent, M/s. Link Intime India Private Limited at the address mentioned hereinbelow in Note 7 or can be downloaded from the Company's website www.centuryenka.com.

7. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. The shareholders who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's **Share Transfer Agent, M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078** for nomination form quoting their folio number. Shareholders holding shares in dematerialised form, should write to their Depository Participant for the purpose.
8. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company's Share Transfer Agent at the address mentioned hereinabove in Note 7 to consolidate their holding in one folio.
9. Members who are holding shares in physical form are requested to notify change in address, if any, to the Company's Share Transfer Agent at the address mentioned hereinabove in Note 7 quoting their folio number. Shareholders holding shares in dematerialised form, should intimate change of their address, if any, to their Depository Participant.

Important Communication

The Ministry of Corporate Affairs, vide its Circular No.18/2011 dated 29th April, 2011, clarify that as a measure of "Green initiative in Corporate Governance" it will be in compliance, if the Annual Report (i.e. documents listed in section 219(1) of the Companies Act, 1956) is sent through e-mail. To support this green initiative, members holding shares in demat form are requested to provide their e-mail ID to the depository through their concerned depository participant and members holding shares in physical form are requested to provide e-mail ID to the Company's RTA, M/s.Link Intime India Pvt. Ltd. by filling the form available on the Company's website and also update the e-mail address as and when there is any change.



DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011

Dear Shareholders,

We have pleasure in presenting the 45th Annual Report and Audited Statements of Accounts of the Company for the year ended 31st March, 2011. The overall performance of the current year was satisfactory inspite of high raw material and fuel oil prices and lower sales of Nylon Tyre Cord Fabric (NTCF). The lower off-take of NTCF by the tyre companies was mainly due to labour unrest at their factories and high level of imports of bus & truck tyres in the third quarter of the financial year that forced tyre companies to cut their production.

FINANCIAL RESULTS

	Rs. / Lacs	
	This Year	Previous Year
Sales / Income from Operations (Less Excise Duty)	134433	123087
Profit before Depreciation, Interest, Exceptional Items and Tax	17792	22437
Add / (Less):		
Depreciation	(6115)	(6106)
Interest (Net)	(1058)	(741)
Taxation (Net)	(2683)	(5238)
Voluntary Retirement compensation	—	(336)
Net Profit	7936	10016
Add: Balance brought forward from previous year	18616	11629
Profit available for appropriation	26552	21645
Less :Dividend	1420	1311
Tax on Dividend	231	218
General Reserve	1500	1500
Balance carried forward to next year	23401	18616

DIVIDEND

We recommend a dividend at the rate of 65% (i.e. Rs. 6.50 per Equity Share of Rs.10/- each) for the year ended 31st March, 2011 (Previous year 60% i.e. Rs.6/- per Equity Share of Rs.10/- each).

COURSE OF BUSINESS AND OUTLOOK

As required under Corporate Governance, the Management's Discussion and Analysis Report which is forming a part of this report, is a reflection of the current state of business. It also

deals with the opportunities and challenges faced by your Company and the outlook for the future.

Your Company would like to add that in view of high crude oil prices in the international market, the prices of raw material and fuel oil are likely to remain firm in the current financial year and may cause pressure on profit margins. However, with the recently completed capital expenditure of about Rs. 200 crores, your Company is hopeful of improved performance in the current financial year.

With growing Indian economy and good demand growth in end-used products i.e. synthetic textile and automobile tyres, the long-term outlook remains positive.

EXPANSION & MODERNISATION

The trial runs in connection with capacity expansion of Nylon Tyre Cord Fabric (NTCF) by 7500 tons per annum have been completed and process conditions are being stabilised for regular commercial production as per the requirements of tyre companies. It is expected to achieve full capacity utilization within 3 months. 13 MW gas based power plant has been successfully commissioned at Pune site. There is some delay in installation of 4 MW LNG gas based power plant at Bharuch. The same is now expected to be commissioned by the third quarter of current financial year.

Most of the modernisation and de-bottlenecking projects undertaken by the Company have been completed. The installation of new Nylon Polymerisation capacity is on hold and will be reviewed in due course.

HUMAN RESOURCE DEVELOPMENT AND ENVIRONMENT

The report on Management's Discussion and Analysis includes its observations on human relations, approach to human resource development, safety, health and environment.

The Company provides a fair and equitable work environment to all its employees, and with support from their seniors, is fully engaged in developing their skills. The Company is continuously working to create and nurture an atmosphere which is highly motivated, result-oriented and adaptable to changing business environment.

The Directors place on record their appreciation for workmen, staff and management in bringing improvement at all levels in factories and offices of the Company and effective response to changing environment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in a separate statement attached hereto and forming part of the report.



CORPORATE GOVERNANCE

Your Company reaffirm its commitment to Corporate Governance and is fully compliant with the conditions of Corporate Governance stipulated in clause 49 of the Listing Agreement with the Stock Exchanges. A separate section on compliance with the conditions of Corporate Governance and a Certificate from the firm of practising Company Secretaries dated 2nd May, 2011 in this regard is annexed hereto and forms a part of the Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 and on the basis of explanation and compliance certificate given by the executives of the Company, and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the directors had prepared the annual accounts on a going concern basis.

DIRECTORS

In accordance with Articles of Association of the Company, Mr.R. A. Shah and Mr.B. S. Mehta, Directors of the Company will retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

Messrs. Price Waterhouse, the Auditors of the Company will retire from the office of the Auditors and being eligible offer themselves for re-appointment. Their remuneration for the current year is to be fixed by you.

COST AUDITORS

The Cost Accounts records maintained by your Company for the products - Polyester and Nylon are subject to yearly audit by qualified Cost Auditors. Your Company has appointed M/s. N.I. Mehta & Co., a firm of Cost Auditors for conducting the audit of such records for the financial year 2010-11.

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company. Any member, who is interested in obtaining such particulars about employees may write to the Company Secretary at Registered Office of the Company.

For and on behalf of the Board of Directors

B. K. BIRLA
G. M. SINGHVI
(Directors)

Place : Mumbai
Date : May 02, 2011

ANNEXURE TO THE DIRECTORS' REPORT

(Additional information given in terms of Notification 1029 of 31.12.1988 issued by the Department of Company Affairs)

(A) CONSERVATION OF ENERGY

The Company is engaged in the continuous process of energy conservation through improved operational and maintenance practices :

a) Energy Conservation measures taken :

1. Optimisation of compressors for low pressure applications.
2. Replacement of existing chillers with energy efficient chillers.
3. Optimisation of vacuum system in dryers.
4. Optimisation of air handling units to reduce air flow and cooling load.

5. Replacement of conventional screw by barrier screw in spinning machine.
6. Stoppage of one cooling tower pump by optimising cooling water consumption.
7. Replacement of existing reciprocating compressor with centrifugal compressor.

b) Additional Investment and Proposals, if any, being implemented for conservation of Energy.

1. Further optimisation of compressors for low pressure applications.
2. Further replacement of existing chiller with energy efficient chiller.
3. Installation of vapor absorption chiller to recover process waste heat.
4. New PTA conveying system in POY plant.



c) Impact of Measures at (a) and (b) above for reduction of energy consumption and on the cost of production of goods :

The above measures have resulted in reduction in consumption of electricity and fuel oils with consequent reduction in the cost of production.

d) Total energy consumption and energy consumption per unit of production as per prescribed Form - A given hereafter.

(B) TECHNOLOGY ABSORPTION

Efforts made in Technology absorption as per Form - B

a) Research & Development (R & D)

(i) Specific areas in which R & D is carried out by the company :

1. Productivity enhancement of spinning machines and depoly plant.
2. Development of new products.
3. Development of indigenous spin finish for improving quality of yarn.
4. Further development of fully drawn yarn with alternate route on Nylon POY spinning machines.
5. Modifications in spinning machines to improve operability of machine.
6. Further development and indigenisation of spares through local vendors.
7. Modifications of paper tube of winding machine for better performance and cost reduction.

(ii) Benefits derived as a result of the above R & D

1. Reduction in operating and maintenance cost.
2. Improvement in quality, customer satisfaction and enlargement of market base.

(iii) Future Plan of Action

1. Productivity enhancement of draw winder machines.
2. Development of new products.
3. Conversion of self quenching technology to cross flow POY spinning for specific application.

(iv) Expenditure on R & D

Rs. Lacs			
		2010-11	2009-10
1. Capital	(See Note Below)		
2. Recurring		195	105
3. Total		195	105
4. Total R & D expenditure as a percentage of total turnover		0.13%	0.09%

Note: The Company has spent Rs.75 lacs (Previous year Rs. 48 lacs) and shown as normal Capital Expenditure, although it is also used for R & D activities.

b) Technology Absorption, Adaptation & Innovation

(i) Efforts in brief, made towards technology absorption, adaptation & innovation

1. Adoption of technology for air texturising process.
2. Retrofitting to existing spinning winding machines for productivity increase.

(ii) Benefits derived as a result of above efforts

1. New product development.
2. Improvement in capacity utilisation.

(iii) Future Plan of Action

1. Adoption of technology for natural gas for power generation and process heating
2. Development of universal station for polyester plant DCS.

(iv) Information regarding imported technology

[Imported during the last 5 years (from the beginning of the financial year)]

1. Technology imported : NIL
2. Year of import : Not applicable
3. Has the technology been fully absorbed : Not applicable

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

Due to poor off-take and lower sales realisation in case of Polyester Chips in domestic market, special efforts were made to export some quantity to countries like Bangladesh and USA. The Company was successful in exporting Polyester Chips and some quantity of Nylon Filament Yarn & Nylon Chips worth Rs.425 lacs during the year. The Company is in the process of identifying more value added products for export market in the current financial year.

2. Total foreign exchange used and earned is contained in Schedule I item 17(c),(d),(e) and (f) in notes on Accounts.



(PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956)

FORM - A (SEE RULE 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION	Current Year 2010-11	Previous Year 2009-10		Current Year 2010-11	Previous Year 2009-10
POWER					
1. ELECTRICITY			(b) (i) Solid Biomass Briquettes Consumption		
(a) Purchased			Quantity (Kgs)	-	1080310
Units (KWH)	112033250	61934866	Total Amount (Rs. in Lacs)	-	41.08
Total Amount (Rs. in Lacs)	6307.68	3488.85	Rate/Unit (Rs.)	-	3.80
Rate per Unit (Rs.)	5.63	5.63	(c) Purchased		
(b) Own Generation			Units (Ton)	55224	37401
(i) Through Generators			Cost per unit (Rs.)	1365	1236
Units (KWH)	89217801	136967127	3. OTHER FUEL (Used for Process Heating)		
Units per Litre of fuel oil	4.41	4.51	(i) Furnace Oil		
Cost per unit (Rs.)	5.93	4.99	Quantity (Kgs)	5396382	7157130
(ii) Through Gas Engines			Total Amount (Rs. in Lacs)	1391.49	1577.53
Units (KWH)	350199	-	Rate/Unit (Rs.)	25.79	22.04
Units per SCM of Natural Gas	4.67	-	(ii) Heat Purchase		
Cost per unit (Rs.)	5.09	-	Units (K.Cal in Lacs)	188878	13914
(iii) Fuel Consumption (For Own generation)			Total Amount (Rs. in Lacs)	325.86	25.05
- F.O./ L.D.O.			Cost per unit (Rs.)	172.52	180.03
Quantity (Kgs)	20220222	30400041	B. ENERGY CONSUMPTION PER UNIT OF PRODUCTION		
Total Amount (Rs. in Lacs)	5293.78	6830.73	PRODUCTS (With Details) UNIT		
Rate/Unit (Rs.)	26.18	22.47	1. ELECTRICITY (Kwh/Ton of Product)		
- Natural Gas Consumption			(a) Synthetic Textile Yarns	1720	1701
Quantity (SCM)	74909	-	(b) Industrial Yarn / Fabric	3526	3444
Total Amount (Rs. in Lacs)	17.82	-	(c) Polyester Chips	129	127
' Rate/Unit (Rs.)	23.79	-	2. STEAM (Tons / Ton of Product)		
2. STEAM			(a) Synthetic Textile Yarns	1.6	1.7
(a) (i) Furnace Oil Consumption			(b) Industrial Yarn / Fabric	2.5	2.6
Quantity (Kgs)	5225091	5292673	(c) Polyester Chips	0.3	0.3
Total Amount (Rs. in Lacs)	1394.85	1174.69			
Rate/Unit (Rs.)	26.70	22.19			
(ii) Own Generation					
Units (Ton)	120671	142166			
Units per Ton of fuel	23.96	21.72			
Cost per unit (Rs.)	1156	855			

Note: Previous years figures have been regrouped and rearranged, wherever necessary.

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. OVERALL REVIEW

During the year under review, the Company's overall performance was satisfactory inspite of several restraining factors. The prices of raw materials namely, Purified Terephthalate Acid (PTA), Mono Ethylene Glycol (MEG) and Caprolactam as well as Furnace oil used for captive power generation continued upward trend and were at all time high in the fourth quarter of 2010-11 as shown in Exhibits 1,2,3 & 4 below. Shortage of PTA in the domestic and global market affected Polyester Chips production. Sales of Nylon Tyre Cord Fabric (NTCF) were also affected because of lower demand and sustained higher level of imports from China and Taiwan.

2. INDUSTRY STRUCTURE, DEVELOPMENT & OUTLOOK

In 2010-11, all commodity prices including petroleum

derivatives increased sharply and so did raw material prices. Cotton was in short supply globally and prices doubled during the year. This gave impetus to growth in demand for competing fibres - polyester and nylon yarns. Major investments continued to be made in polyester yarn on the back of sustained double digit growth in polyester yarn demand. Nylon textile yarn market also expanded, however surge in imports is a cause of concern. Shortage of PTA forced polyester chips producers to operate at lower capacity.

Demand for NTCF was affected as there were lock-outs at two major tyre companies in the first half of 2010-11 coupled with sustained higher level of NTCF imports from China and Taiwan. Large imports of truck & bus tyres resulted in substantial surplus availability of tyres in the third quarter of 2010-11. As a result, most of the tyre companies

Exhibit -1

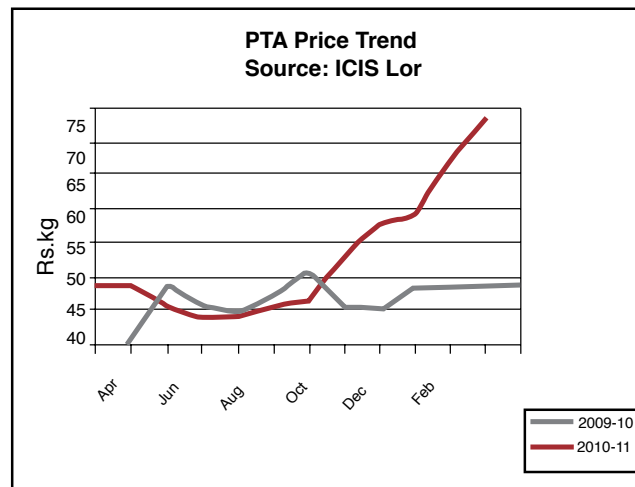


Exhibit -2

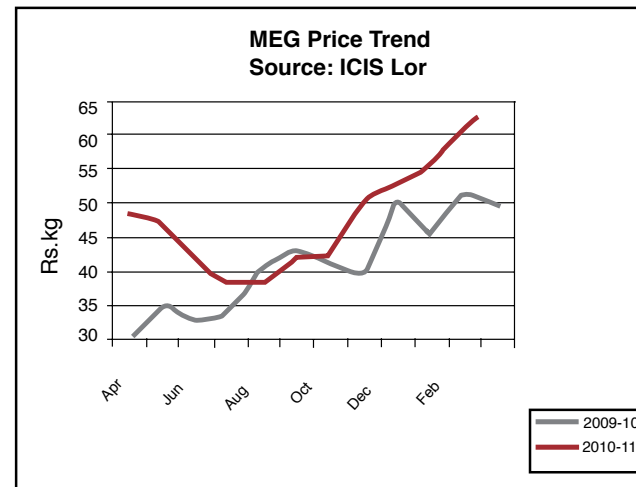


Exhibit -3

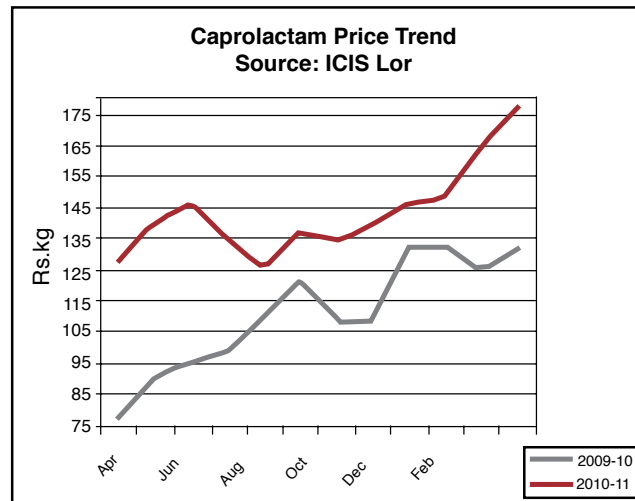


Exhibit -4

