

57th Annual General Meeting of Century Enka Limited

held on August 24, 2023

- **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**
- Dear members, good afternoon, and a warm welcome to all of you to the 57th Annual General Meeting of Century Enka Limited being held through video conferencing and webcast. Hope you and your family members are safe and in good health. The meeting is being held through video conferencing in accordance with the circulars issued by the Ministry of Corporate Affairs and SEBI. The facility for attending the AGM through video conferencing is being provided to all the shareholder on first come first serve basis. For the smooth and seamless conduct of meeting the bridge of audio and video of members or interaction with the directors will be closed until they are allowed to speak at the AGM as per pre-registration. Please note that as per the requirement of the law, the proceeding of the Annual General Meeting will be recorded and the transcript will be uploaded on the website of the company. All directors are present, except Mrs. Rajashree Birla and Mr. Dev Bhattacharya and Ms. Krupa Gandhi is joining the meeting in some time, she is unable to join due to some technical error. Mr. S. K. Jain will chair the Annual General Meeting. He is chairperson of audit committee and nomination and remuneration committee. Statutory and secretarial auditor are also present. The quorum is present, till now total 37 member has already joined. We now invite our chairperson, Mr. S. K. Jain to initiate the proceeding. Over to you sir.
- **Adv. S. K. Jain – Chairman, Century Enka Limited:**
- Ladies and gentlemen, I'm joining the Annual General Meeting from my Pune office. It's given me an immense pleasure to welcome you to the 57th Annual General Meeting of Century Enka Limited held through video conferencing and webcast. The quorum is present and I declare the meeting to order.
- Ladies and gentleman now for statutory announcement, I pass over to Mr. Rahul Dubey, Company Secretary.
- **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**
- Thank you, sir. Good afternoon, dear members. This meeting is being conducted through video conferencing and webcast as per provision of the companies act 2013 and various circulars issued by the MCA and SEBI. That integrated annual report containing the board report including annexures, corporate governance report, business responsibility and sustainability report, independent auditor's report, financial statements and other reports along with notice of this meeting have already been circulated to the members at their registered email ID. I hope all of you have received a copy of the 57th Annual Report and AGM notice. With your permission I take the annual report as read. Since there is no qualification, observation, comments or remarks in the statutory auditor's report for the year

ended 31st March, 2023, I take liberty to not to read the report in the interest of time.

- In order to enable the shareholder to vote the resolution we have provided e-voting facility through NSDL platform. The voting commenced on Monday, 21st August, 2023 at 9am and end on Wednesday 23rd August, 2023 at 5pm. The voting rights were reckoned on shares held as on cut-off date 17 August, 2023. Since the shareholders are provided with e-voting facility, there will be no voting by show of hands at the meeting as per the statutory provision. In case you have not exercised your voting rights through remote e-voting facility, we request you to do so now while watching the AGM proceeding. Voting will remain open up to 15 minutes from closing of Annual General Meeting. The statutory document, registers and report which are required to be placed at the AGM for inspection are open for inspection electronically. Any member interested can take inspection through link provided on the website of NSDL under AGM Document tab in shareholders login. I now invite our chairperson, Mr. S. K. Jain to address the members.
- **Adv. S. K. Jain – Chairman, Century Enka Limited:**
- Ladies and gentlemen, good afternoon and welcome again all of you to this 57th Annual General Meeting of your company. I hope you and your families are doing well and keeping good health. We now will deliver our speech in brief in sake of the time.
- In FY23, we formally put towards our Group's purpose statement. Core to our purpose is the ambitious to enrich lives by building dynamic and responsible business and institutions that inspire trust. Armed with this unique vantage point, we'll navigate the ever-changing global landscape with resilience. The present state of global economy makes it evident that we are transitioning through a new normal. The Indian economic presents a robust picture at the current juncture with strong domestic impulse overpowering any negative spillover from the global slowdown. The resilience of domestic economic activity is reflected across several high frequency indicators, including bank credit, tax collections, vehicle sale, purchasing managers index numbers and away bills. Further the improved balance sheet of bank and corporates and entrepreneurial dynamism of technology based new economy set the stage for promising medium term growth prospects for the Indian economy. I've informed you about the performance of your company.
- FY23 was a challenging year for your company. With inflicted pressures at play discretionary spending experience a significant slowdown impacting the textile sector severely. Profitability was impacted by competitive pressures, particularly from Chinese import on a consolidated basis and revenue was marginally down by 1%, while EBITA was down by 43%.
- On the brighter side, I'm happy to report that our ambitious expansion project are progressing smoothly. These initiatives hold great promise for our future and we are diligently working towards their completions. Our ambitions is unwavering. To establish yourself as a leader in tyre reinforcement and man-made textile yarn industries. Prioritizing profitability growth, diversifications and capitalizations on

opportunities for expansion has consistently guided our strategic focus. In the current reporting period, we have embraced the values and purpose of the Aditya Birla Group.

- This year, we're taking a significant step towards our environmental, social and government ESG journey by setting ambitious targets. Throughout this process, we have prioritized our environmental responsibilities, acknowledged our obligations to our diverse stakeholders, and incorporated various aspects of governance, transparency and accountability.
- At Century Enka, we remain steadfast in our commitment to leading with the purpose and growing responsibility. We will continue to leverage our intellectual capital, embrace sustainable practices and prioritize the well-being of our employees, customers and communities.
- We extend our deep appreciation to all our stakeholders for their unflinching support and trust in us. I extend my sincere gratitude to our management for their unwavering commitment and dedications.
- Now, I will request Mr. Suresh Sodani, Managing Director to continue with the further proceedings.
- **Mr. Suresh Sodani – Managing Director & CEO, Century Enka Limited:**
- Thank you, sir. Good afternoon, dear members. Since this meeting is held through video conference and the resolutions provided in the notice I will put to vote by e-voting. There will be no proposing and seconding on the resolutions as you used to have in the physical meetings. I will now brief you on the resolutions that have been proposed for the approval of the shareholders in the notice of the Annual General Meeting.
- Item number one, to receive consider and adopt the audited standalone financial statements for the financial year ended 31st March, 2023 and the reports of Board of Directors and the Auditors there on.
- The audited consolidated financial statements for the financial year ended 31st March, 2023 and the report of auditors there on.
- Item two, to declare dividends on equity shares of the company for the financial year ended 31st March, 2023.
- Item number three, to appoint a director in place of Mrs. Rajashree Birla who retires by rotation and being eligible offers herself for the appointment.
- Item number four, to ratify the remuneration of cost auditors for the financial year ended 31st March, 2024.
- We will now invite the members who have registered themselves to ask any questions to the management. They will be unmuted and will be allowed to ask the question when called upon by the moderator.

- Members who have not registered themselves as a speaker, but still want to ask a question you may do so by posting question in the chat box available on the screen. We will respond to the queries of speaker shareholders and the queries received in chat box in one go.
- In the interest of time, I request all speaker shareholders to please keep the questions in brief and do not repeat the questions which have been asked by their fellow members. This will ensure that other members get a chance to speak at the AGM and raise the concern or any issue.
- Once the voting is completed, the scrutinizer will compile the results of both the remote e-voting and e-voting at AGM and will submit the final report to the company within two working days. The combined results will be placed on the website of the company and the website of NSDL. The results will be submitted to the stock exchanges. On the basis of the report of the scrutinizer resolutions will be considered as approved or rejected. May I now request the moderator to please invite the members one by one.
- **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**
- Thank you so much, sir. We have the first question from Mr. Kaushik Narendra Sahukar. Kindly unmute your audio and speak.
- **Mr. Kaushik Narendra Sahukar – Shareholder:**
- Hello?
- **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**
- Yes, we can hear.
- **Mr. Kaushik Narendra Sahukar – Shareholder:**
- Thank you, sir. Good afternoon to everyone. First of all, I'm honored to have the opportunity to address you all today, and would like to express my gratitude to the Board of Directors for having with this chance once again, thank you. First of all, I salute the Board of Directors for continuing VC mode of meeting, thereby allowing panel participation. Sir, I request you to continue the trend. I'm a satisfied shareholder of our company and I must commend the management for the remarkable efforts in creating wealth of the shareholders. However, I like to raise a couple of concerns.
- My primary concern pertains to the utilization of funds, savings on account of virtual mode of meeting. I believe it would be correct and fair to allocate a portion of this funds to the welfare of the shareholders, more particularly amongst speaker shareholders who actually participate in AGM as speakers, considering their valuable recognition and appreciation. It would be prudent to distribute a small memento among them on the occasional festivals. Dear sir, can you provide me with a breakup on account of virtual mode of meeting and cost record of physical work meeting if possible. I humbly request the board to consider my proposal and explore the

possibility of implementing the gesture of appreciation. By doing so I firmly believe that it will reinforce the positive rapport between the company and the stakeholders and contribute to the overall well-being of a corporate family. Also, sir, I thank you.

- My second concern is, as there many new market, product line or segment the company is considering for expansion. How is company adapting to changes in the textile industry landscape.
- My final concern is that the company has been hesitant in supporting individual's needs including myself. I have sent my credential in past and followed up constantly with the company, but it seems my request has not been heard. So not any differently abled person be considered as part of CSR activity? Pin for your support in substitution work including Form 15cb. Your assistance would mean a lot to me. If I can get help from such reputable organization like Century Enka, then who can I turn to. I'm resending my credential after our meeting in the hope of receiving justice and proactive consideration for design help and support. I want to clarify that I'm not seeking handouts of free money nor sympathy. I value my independence and self-reliance. I'm a Chartered Accountant. I hope you understand and respect my desire to maintain the independence. Thank you for considering my request. I firmly believe that with your support, I can make significant contribution to our organization and have a positive impact on society. I eagerly await your response and sincerely appreciate your time and attention you have given me today. Additionally, I would like to request the assistance in introducing me to your esteemed auditor as a fellow professional, I believe that the expertise and balance should be instrumental in glazing our future goals. Also, I register myself for the factory visit, if any. Thank you. Thank you so much.
- **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**
- Thank you so much, Mr. Kaushik. We have the next question from Mr. Mahesh Kumar Bubna kindly unmute your audio to speak.
- **Tech Support:**
- The person with the said name is not connected in the meeting.
- **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**
- We have the next question from Mr. Yusuf Yunus Rangwala. Mr. Yusuf? Mr. Yusuf, kindly unmute yourself.
- **Mr. Yusuf Rangwala – Shareholder:**
- Respected Chairman, respected dynamic Chairman and my fellow shareholders. Sir, I'm speaking from Mumbai, city of Mumbai, sir. My name is Yusuf Bhai Rangwala. Sir, first I thank our Suresh sir and his team for mailing and calling me whether you received or not. This shows how you are caring for the shareholder. Sir, this is our 57th Annual General Body Meeting and Century Enka does not require, this belong to our Hidalgo group, this belong to our Birla group. Only name is sufficient. Sir, how

much dividend did you give this year? I didn't receive my Annual Report, if possible, please send me the annual copy.

- Point number 1, what is the total number of staff in our factory? Point number 2, when did you give the bonus? Did you give bonus on the 50th year, the golden Jubilee year? I wish to know if you had issued bonus six years ago? I wish to know that (18:44-18:46 voice breaking) where is our product exported and who are the clients at present? And nothing more to add. (18:51-18:18:54 voice breaking) and I thank our secretariate team. If possible, to arrange a factory visit, I have never visited, if possible. Sir, this is my humble request. I would like to present a small poetry. (reciting the poem) saying that I want to wish you for all the festivals and I would like to appreciate NSDL. They are very hard working. NSDL is an excellent company. They don't have any problem in terms of financial. Their team is very hard working. Sir, if possible, I have a small request. Sir, yesterday I missed the meeting of HPL (19:26-19:28 voice breaking) If possible, please ask NSDL people to give me a phone call. This is my humble request to you sir. Nothing more to add. I end my speech praying to God. Sir, I would like to turn on my video, one second. One second sir. Sir, can you see?

– **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**

– No.

– **Mr. Yusuf Rangwala – Shareholder:**

– Can you see my video?

– **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**

– No.

– **Mr. Yusuf Rangwala – Shareholder:**

– Sir, can you see my video? Namaskar sir.

– **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**

– Thank you. Thank you so much, Mr. Yusuf. We have the next question from Ms. Subhana Sudhir Mehta. Kindly unmute your audio to speak.

– **Tech Support:**

– The person with the said name is not connected in the meeting.

– **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**

– We have the next question from Mr. Amrish Kumar Agrawal.

– **Tech Support:**

– The person with the said name is not connected in the meeting.

- **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**
- We have the next question from Ms. Suvarna Lata. Ms. Suvarna Lata?
- **Tech Support:**
- The person with the said name is not connected in the meeting.
- **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**
- We have the next question from Mr. Omprakash Kejriwal. Mr. Omprakash, kindly unmute and speak.
- **Mr. Omprakash Kejriwal – Shareholder:**
- Hello sir. Am I audible, sir?
- **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**
- Yes, you are audible.
- **Mr. Omprakash Kejriwal – Shareholder:**
- Thank you. Good afternoon, sir and good afternoon everybody attending this AGM. Myself Omprakash Kejriwal, the equity shareholder from Kolkata. Thank you, sir for providing me the platform to speak something before you. Thanks to our secretarial department for helping me in registration as a speaker shareholder. Sir, this is my second AGM, only due to virtual. Though I'm your very old shareholder. It is just an opportunity for me to join this AGM sitting in Kolkata. If possible, please follow these virtual AGM in next year also, so that more and more investor could join our AGM and express their views.
- Sir, in 2023, our revenue is Rs.2072 crore. Previous year, it was Rs.2098 crore. In 2023, our net profit is Rs.90 crore, almost half of previous year net profit that was Rs.184 crore. And so, our EPS is Rs.41.39, almost half of previous year it was 84.28. Sir, what is reason behind such type of steep fall in net profit. Our revenue is almost maintained but net profit is falling sharply. In current June quarter '23, our revenue is Rs.428 crore. 10% less than March quarter and almost 20% less than last year June quarter, which was Rs.568 crore and in June quarter our net profit is 14 crore, almost 1/3 of last year June quarter net profit of Rs.40.30 crore. Is there demand problem, sir. If there is demand problem, then it is a serious issue for our survival. Sir, please share your views because automobile sector is booming in India and so, tyre sector is booming, but our revenue is falling. It is really surprising because we are a big player in nylon tyre cord fabrics. So, sir, please share your views, how we will increase our revenue and profit.
- Thank you for maintaining dividend at the rate of Rs.10 per share. On page 10 and 11, sir you mentioned that you are entering into technical textile business which will be used in fishnets and seat covers. I have one query regarding this. Are you planning

to make net or fishnets and cloths for seat covers or else you only make yarn for these products? Please let me know your plan.

- On page 11 sir, you mentioned in nylon tyre cord fabrics business, by reusing the waste generated during the production process to manufacture commercial tyre coats, and you sold 29 tons during the year. You're planning to further increase its volume; then will you buy the waste from market to increase its volume. How will you increase please share your views.
- Sir, our share face value is Rs.10. So, I want to split this share into two is to one, so that more and more investor could join our company and more investor means more popular company. And it will be like a mini reward to the shareholder because our revenue is falling, profit is falling, so I will not request to issue your bonus share, though our equity is too small. We can issue bonus shares, but I will not insist for bonus share. But I will insist for split of shares. So please consider this one. And also, sir, I am your very old shareholder, so please organize a factory visit so that we can see our factory, how it works. At last sir, please maintain your smile and be cheerful. We are always with you as a longtime investor. Thank you. Thank you, sir.
- **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**
- Thank you so much, Mr. Omprakash Kejriwal. We have the next question for Mr. Kirti Shah. Kindly unmute your audio
- **Mr. Kirti Shah – Shareholder:**
- Chairman sir, good afternoon.
- **Mr. Rahul Dubey - Company Secretary, Century Enka Limited:**
- Good afternoon
- **Mr. Kirti Shah – Shareholder:**
- Chairman sir, I've sent an email, please do reply to that and second is you said our working capital is low, what is the reason for that? Chairman sir, we have a capital of 12 crore, sorry 22 crore and 1300 crore reserve then why you don't want to give bonus. We have a 22-crore capital against a 1300 crore reserve what do you intend to do for the benefit of shareholders? You need to specifically think about the shareholders benefit, because you are not splitting the shares nor are you giving bonus, then how will value creation happen. Such an old company and the price to book value is below 1. Today the price to book value is below 0.72, what is the reason for that? It does not look good such an old asset-based company, what should be the valuation as of today, price to book value is very low. Chairman sir, now you have invested 106 crores in the capital work in progress, where is that on which project and when will this be implemented and what will the capacity of the plant, if you can highlight that. When will the result and revenue will start generating revenue nicely and profitably, kindly highlight that. Chairman sir, day by day the profit margin is reducing what is the reason for that? Last full working year it was 4.36% net profit margin that has reduced to 3.07 in the march quarter and in the

June quarter it is 3.20. What is the reason your net profit margin is decreasing, please highlight that? Chairman sir, what are your ROE plans for the current year, kindly highlight that? Chairman sir, you need to think about shareholder benefits seriously, think about it and please reply to my email, wish you all the best. Thank you very much.

– **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**

– Thank you so much Mr. Kirti Shah. We have the next question from Mr. Nilesh Limaye. Kindly unmute your audio to speak.

– **Tech Support:**

– Sir, we have sent you a request to unmute. Kindly unmute and ask your questions.

– **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**

– Mr. Nilesh, kindly unmute. There seems to be a connectivity problem. We have the next question from Mr. G. Maheshwari.

– **Mr. G. Maheshwari – Shareholder:**

– Sir, I want to know what are the efforts taken by the company to reduce power cost? Thank you.

– **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**

– Thank you so much Mr. Maheshwari. We have the next question from Mr. Keshav Garg.

– **Mr. Keshav Garg – Shareholder:**

– Sir, thank you very much for providing me this opportunity. Sir, I want to take this occasion to highlight a few things to the board of directors. Sir, our dividend in 2001 used to be Rs. 5 per share, which has increased to Rs. 10 per share after 22 years. So, if we see, the dividend is increasing at a CAGR of 3.2%. Now sir, our share price way back in 2005 used to be Rs. 270, which is today Rs. 433. So, the CAGR of the past 18 years is 2.65%. Sir, so basically, if we add the dividend plus the capital appreciation, it is less than 6% over the past, roughly, 20 years, which is less than the rate of inflation in the country. Sir, so nothing more needs to be said to the shareholders of this company if the returns in the past 20 years are less than rate of inflation. Sir, then you can think about the returns that the shareholders have got, they have not got any return whatsoever. Sir, during this time, the share market, the index has increased from 3,000 points in SENSEX to around 65,000 points.

– Sir, now the biggest tragedy is that, despite the company being cash rich, despite the company having over 300 crores of net cash, which is approximately 1/3rd of our market capitalisation, which itself is basically 30% less than the net worth... sir, the net worth is around 1,350 crores, and market cap is around 950 crores. And sir, this 1,350 crores of net worth includes our substantial real estate holdings of 60 acres roughly of Raigad, 40-45 acres in Bhosari and 200 acres in Bharuch, at book value. And, market cap is less than 1/3rd of that book value. And sir, the promoter

shareholding is 25%. But despite that, the company is not considering share buyback. The last share buyback the company did was in 2006. Now, every conference call this matter keeps on being raised by various shareholders, but sir, the standard answer we get is that the board will consider. Sir, so if on this occasion, you can kindly tell us that is the board not doing a share buyback? It is beyond comprehension. There is only one logical answer, that maybe the promoters have plans to merge this company with Grasim, probably, so that all the benefits, all the real estate, net cash, everything will pass on to Grasim, where the promoter shareholding is higher than in this company. So, apart from that, there is no other reason why not to do a share buyback. Or sir, the second reason can be just inertia, that they are least concerned, that we are not bothered. I don't see what is the third reason. So, kindly enlighten your shareholders who are getting less than the rate of inflation since past 20 years, that why you aren't doing a share buyback?

- Sir, there is no point talking about the other operations and everything about the company. Even if the profits go up, what use is it? The cash will get added to our balance sheet. Anyway, the stock is trading at a discount to net worth, it will trade at a further discount to net worth. So, it will be of no benefit to the shareholders, until the board decides to do a share buyback. So my earnest request to you is, kindly wake up and kindly do a share buyback for the benefit of your shareholders. Sir, I don't think this is an unreasonable demand. Sir, thank you very much and best of luck to you.

– **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**

- Thank you Mr. Keshav Garg. We have the next question from Ms. Sweety Agarwal.

– **Mr. Sweety Agarwal – Shareholder:**

- Sir, good afternoon. Actually Sweety just got busy with some unavoidable meeting. I'm her husband and would like to speak on her behalf... if you allow me.

– **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**

- Yeah yeah, you can go ahead.

– **Mr. Sweety Agarwal – Shareholder:**

- Thank you so much sir. Sir, I have few questions. One is, during the year, the company has taken loans of over Rs. 60 crores, while the company has invested in corporate bonds and debentures of Rs. 80 crores. Sir, why is it so? And, can you please specify the corporates whose bonds have been purchased, and interest rates on these bonds? And, are these advances to the group companies?
- Secondly, you have mentioned about efforts towards anti-dumping duties to help the nylon yarn industry. Can you please explain the status of the same, and any other steps being taken by the government to protect the domestic nylon yarn industry?
- And lastly, does the company intend to sell the Mahad land or retain the same land? That will be my part sir. Thank you so much sir.

- **Mr. Rahul Dubey- Company Secretary, Century Enka Limited:**
- Thank you so much Ms. Sweety Agarwal. There are no further speakers. Now we request the Managing Director to reply to queries of the shareholders. Over to you sir.
- **Mr. Suresh Sodani – Managing Direct, Century Enka Limited:**
- Thank you all the shareholders for their valuable insights, comments and queries. We appreciate your participation in the Annual General Meeting, and taking time to ask questions to the board. I'll be replying to the queries and try to cover all the queries. But however, in case any point is not responded by me, please do write back to us so that we can send the reply in writing to you.
- There was a request from a speaker regarding the difference between a physical and virtual meeting. We will come back to you on the cost differential, as also your proposal of rewarding the speakers who attend and speak at the AGM with a memento. We will again take it up with the board and we'll try and do something on this. Earlier, when the physical meeting used to happen, it was easier to give a memento. It now becomes difficult because the shareholders are participating from various parts of the country. But, we will still take it up to the board and decide on the same.
- A question was there regarding the new product line. As already mentioned in the Annual Report, we have already ventured into manufacture of another reinforcement for the tyre industry, which is polyester tyre cord fabric. That is likely to get commissioned in Q4 of the current financial year, and it will help us in meeting requirements of reinforcement for the passenger car tyres, where nylon tyre cord fabric is not used. As you are aware, the passenger car sales has been increasing, and with an expectation of an increase in the middle-class in India with growth in the economy, we expect that the demand for passenger cars, as also tyres and the replacement market would be growing at a good pace. And, that is the reason to get into this line of business.
- A request was also there to have an introduction of the auditors. Our Company Secretarial Department would facilitate that.
- One of the shareholders had asked for... I understand, he could not receive the Annual Report and was not aware of the dividend. So, just for the shareholder's information, the dividend had been maintained at 100% at Rs. 10 per share.
- Also, a request for visit to the factory. So, the shareholders are welcome and can connect with our Secretarial Department to visit either of the factories at Pune or Bharuch, and we'll facilitate your visits.
- There was a query on the export sales. The total export sales in FY23 was 60.67 crores, mainly going to the United States of America.
- There was a request that we should continue with virtual AGM, like we have been doing for the last 3 years, and the next year as well. I'll just inform you, that this is subject to regulatory and statutory requirements by SEBI. And if allowed, we would

definitely want to continue virtual AGMs, so that shareholders from various parts of the country can join and participate in the Annual General Meeting.

- A question was first on why the performance of FY23 significantly lower on the profitability front compared to FY22? FY23 was 50% compared to FY22. I may first just inform the shareholders that FY22 was an exceptional year with benefits of pent up demand coming to our company, as well as many other companies and the economy in general, because of COVID in the previous year ended FY21. So, the FY22 profitability was significantly higher than the normal profitability being achieved by the company in past many years. However, we have tried to maintain those levels in the year ended FY23. A few reasons why the profit has fallen in FY23 is: There has been a fall in demand, mainly due to the war in Ukraine and general slowdown in the world economy, which impacted our exports of tyres. In fact, it also impacted the demand for our nylon tyre cord fabric. And secondly, with higher inflation in FY23, the discretionary purchases that impact the sale of our nylon filament yarn, was also impacted. Thirdly, with China having lot of issues with the domestic economies, there was lot of increase in imports from China, which impacted the margins in FY23 compared to FY22. And lastly, there was a very steep increase in power and fuel charges, mainly because the grid power that we purchase, were increased significantly, both in Maharashtra and Gujarat. As also, the fuel prices of LNG and all other fuels that we use in our operations, have been significantly higher than FY22. So, these were the broad reasons why the profitability almost fell by 50% compared to FY22.
- Similarly, in Q1 FY24, the sales have been lower, as well as the profitability has been lower, though almost it is in line with Q4, reflecting the trend that was seen in the last two quarters of FY23, both of lower demand, as well as margin pressure due to significant imports coming in from China particularly and South-East Asia, at much lower prices. We are making efforts to improve the margins. However, the geopolitical situations, as well as the situation in China is still not very conducive, and it will remain challenging to increase the profitability, as well as the top line in line with what we achieved in FY22, or even early part of FY23.
- Another question was in respect of technical textiles. We manufacture technical textiles yarn, which goes into non-fabric or non-apparel uses like fishnets, twines, ropes, backpacks. So, these are normally called technical textiles, because the deniers are higher and they have a much significantly higher strength compared to yarns used in the textile segment. We are supplying to manufacture fishnets. Similarly we manufacture... there was a query about NTCF that has been made out of reprocessed polymer, which is waste generated during our operations. We are the only company in India, and possibly in the world, which has developed a nylon tyre cord fabric based on depolymerised chips, which is chips made out of waste yarn. Which means that, it has to be processed back to the basic raw material like Caprolactam, and then converted into chips and then to the product, either nylon filament yarn or nylon tyre cord fabric. We are selling, both depolymerised chips, as well as nylon filament yarn for few years. But, it was only in the last year, that we worked with one of our large customers and developed nylon tyre cord fabric made from these chips, which can be said that we are trying to add to the circular

economy or we are trying to improve the green processes, as we are reducing our reliance on virgin raw material.

- Few shareholders have raised a concern regarding split of shares, as also the bonus shares. The board members are there, and I can assure you that these points are discussed at the board meeting based on our interaction during the earnings call after every quarter. And again, we will be taking it up. Such issues, obviously, cannot be concluded in an AGM, but we note your points with concern and with all due respect, we will definitely take it up with our board members, again, in respect of both shares split, as well as bonus shares. One shareholder had given a detail of the dividends and the share price movements in the last 20 years, and the returns that the shareholders have got, and the book value, as well as the market cap, and the request for share buyback. So, all the three points regarding share buyback, split of shares and bonus shares, the board members present are all hearing this, but it will be again taken up at the board meeting appropriately, and we hope we can give some positive response. But, that is obviously subject to the board taking the decision in the long-term interest of the company.
- I've already touched upon another member, who had also raised a point on reducing profit margin in both FY23 and Q1. I've already responded to that. There was also a question on what is the return on equity expected. While we do not give any forward-looking statements or projections for the current financial year, I can only state that, the demand side is still challenging, because the geopolitical situation, particularly in Europe, still continues. And China, with its slowdown, has an impact on the world economy, particularly in South-East Asia and India, which is a large market.
- Another shareholder had raised an issue with respect to efforts taken by the company to reduce power costs. We are taking multiple efforts, first on reducing the power consumptions. And some of our sustainable CapEx is directed towards that to retire some of the old and inefficient or power guzzling equipment, and to replace them by more power efficient equipment. And, we will continue on that journey of reducing per ton power consumption of the products. But, we are also working on reducing our dependence on high-cost power that we are drawing from grids at both, the Pune and the Bharuch plant. We have just commissioned the SPV where our hybrid power, which is a combination of wind and the solar power has commissioned, and we expect between 25-30% of the power requirement of Bharuch to be met by the hybrid power, replacing the high-cost power that we are drawing or continuing to draw for the last many years. And as I mentioned earlier, both the electricity boards have increased the power rates significantly over the last year, and we continue to have higher power rates. And, we will be evaluating similarly a low-cost option, preferably on the renewable side, for the Pune operations as well, so that we can get long-term benefits from a stable and low cost power for both operations.
- A shareholder had raised a query with respect to the loans that we have taken. I may inform that the loans have been taken to take benefits of TUF scheme which is applicable for certain textile related investments and on certain CapEx. And, these loans are basically to take these benefits. With an investment that we have made at

the full benefit, accrual is about 18 crores. And, that is why we have taken this loan, even though majority of the expansion has been funded by our own healthy cash position on the balance sheet. But, it was only to avail benefits of the TUF, which requires the loan has to be taken, hence we have availed of this loan.

- Another point was with respect to efforts made on anti-dumping duty on NTCF and NFY. I may inform the shareholders that we make continuous efforts through associations and various other forums, and are meeting executive, as well as wherever possible, the relevant ministries to pursue the case of anti-dumping on both, NTCF and NFY. The ministry, while we had got positive recommendations from the DGTR on continuance of anti-dumping duty, but the Finance Ministry, not only in case of nylon, but in case of most of the yarns and most of the intermediate products, has taken a view that we have not recommending... finally recommending the anti-dumping duty. And, there are cases which have been at appellate levels to challenge this notifications being issued by the Finance Ministry. However, we'll continue to take measures and we'll work with association members to look at all options, including raising of the basic custom duty applying of quantitative restrictions, implementation of BIS standards, and all available avenues to reduce the impact or quantum of imports that are coming in, particularly from China. We will continue to make efforts on that, and we hope that the government of the day would look at real challenges being faced by the domestic industry due to this high imports.
- There was a question with respect to Mahad land. We do not have any firm proposal to utilise that land for any production or any productive activity, as yet. However, we will keep evaluating, and as and when a firm decision is taken, it will be duly informed through the stock exchange and the other regulatory mechanisms.
- I believe, I would have covered all questions. However, in case any query or question has remained unanswered, I'd request you to write to our Secretarial Department. We'll respond to you individually in writing. I thank all the shareholders who have complimented the management and the board for the performance, even though it's not matching with FY22, but in line with the past performance in FY23. I also take this opportunity to thank the board members for their continued which the management receives. Since this was the last question, I now request the Chairperson to thank the members and close the meeting.
- **Adv. S. K. Jain - Chairman, Century Enka Limited:**
- Thank you, first to Mr. Suresh Sodani, for taking up queries of the shareholders appropriately. And since there are no other matters and all the queries have been answered, we can now close the meeting. In case some of the members have not completed their voting, I request them to complete their voting as quickly as possible. The voting window will remain open for the next 15 minutes. Thank you all for attending, and wish you all the best.

END OF MEETING