

CENTURY ENKA LIMITED

55th Annual General Meeting of Century Enka Ltd. Held on 13.08.2021

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

Dear Shareholders, good afternoon and a welcome to all of you to the 55th of Century Enka Ltd through video conference and web cast. Hope you and your family members are fine during this pandemic. The facility for attending the AGM through video conferencing is being provided to thousand shareholders on first-cum-first serve basis. For the smooth and seamless conduct of the meeting, the Bridge of audio and video of members for interaction with the directors will be closed until they are allowed to speak at the AGM as per the preregistration.

- Members are also provided with the webcast facility for attending the meeting. Please note that as per the requirement of law, the proceedings of the Annual General Meeting will be recorded and the transcript will be uploaded on the website of the company. The quorum is present. Total 40 shareholders have joined as on 2.30 p.m. I now invite our Chairperson Mrs. Rajashree Birla to initiate the proceedings. Over to you madam.

– **Mrs.Rajashree Birla - Chairperson, Century Enka Ltd:**

- I'm joining this Annual General Meeting from my office at Mumbai. It gives me great pleasure to welcome you to the 55th Annual General Meeting of Century Enka held through video conferencing and webcast. The quorum is present, and I declare the meeting to order. Now, I request respected board members to briefly introduce themselves.

– **Mr. S.K. Jain – Independent Director, Century Enka Ltd:**

- I'm Adv. S.K. Jain, I'm an Independent Director of Century Enka. I'm attending this meeting from my Pune office. I have received all the relevant documents.

– **Mr. Devajyoti N. Bhattacharya - Non-Executive Director, Century Enka Ltd:**

- I'm Devajyoti N. Bhattacharya, Non-Executive Director of Century Enka logging in from my residence in Mumbai.

– **Mr. Krishna S. Thar - Independent Director, Century Enka Ltd:**

- Welcome to all of you. I'm Krishna Thar, Independent Director and I'm joining the meeting from my residence at Mumbai.

– **Mrs. Krupa Gandhi- Independent Director, Century Enka Ltd:**

- Good afternoon I'm Krupa Gandhi, I'm an Independent Director of Century Enka and I'm joining this meeting from my office in Mumbai.

- **Mr. Suresh Sodani – Managing Director, Century Enka Ltd:**
- Good afternoon, I'm Suresh Sodani. I'm the Managing Director of Century Enka and I'm joining this meeting from the Century Enka office through video conferencing.
- **Mrs.Rajashree Birla - Chairperson, Century Enka Ltd:**
- Ladies and gentlemen, I pass you over to Mr. Rahul Dubey, Company Secretary.
- **Mr. Rahul Dubey - Company Secretary, Century Enka Ltd:**
- Thank you ma'am. Good afternoon dear members. The meeting is being conducted through video conferencing and webcast as per the provision of the Company Act 2013 and various circulars issued by MCA and SEBI. The integrated Annual Report containing the Board Report, Auditor's Report, Financial Statement and other reports along with the notice of the meeting have already been circulated to the members at their registered email id. I hope you all have received a copy of the report. With your permission, I take the Annual Report as read. Since there is no qualification, observation, comments or remarks in the Statutory Auditors and Secretarial Auditors Report for the year ended 31st March 2021, I take liberty to note to read the report in the interest of time. In order to enable the shareholders to vote on the resolutions, we have provided e-voting facility from the NSDL platform. The voting commenced at 9 a.m. IST on Tuesday, 10th August 2021 and ends on Thursday 12th August 2021 at 5 p.m. The voting rights were reckoned on the shares held as on the cut-off date, i.e. 6th August 2021. Since the shareholders are providing with e-voting facility, there will be no voting by show of hands at the meeting as per the statutory provisions. In case you have not exercised your voting rights through remote e-voting facility, I request you to do so now while watching the AGM proceedings. Voting will remain open up to 15 minutes from the closing of the Annual General Meeting. The statutory documents, registers and reports which are required to be placed at the AGM for inspection, are open for inspection electronically. Any member interested can take inspection through a link provided on the website of NSDL under AGM Documents tab in Shareholder login. May I now invite our Chairperson Mrs. Rajashree Birla to address the shareholders and deliver her speech.
- **Mrs.Rajashree Birla - Chairperson, Century Enka Ltd:**
- Ladies and gentlemen, I would once again like to welcome you to the 55th Annual General Meeting of your company. The year 2020-21 has been awfully challenging for each one of us. The COVID-19 pandemic up handed the world and caused unprecedented disruptions in more ways than one could have imagined. And yet, this year we 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. A 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 2nd wave than during the 1st wave. Vaccination has picked up pace 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 factors helping the economy to steer through the difficult phase. Quite in contrast to the near term challenges, the long term profits for the Indian economy continue to be robust. Various initiatives including privatisation of public sector enterprises, monetisation of assets and implementation of financial infrastructure pipeline, targeted investment incentives through the Production Linked Incentive schemes and the New Labour Code are likely to spur a virtual cycle of investments and growth in the medium term.

- Now, talking about your company performance. Your company traversed the uncharted economic and social landscape drawn by COVID-19 remarkably well. Your company performance in the year 2020-21 was in fact better than the previous one. I would congratulate the management for good performance in the 1st quarter of FY22, especially in these difficult times. The 2nd wave of COVID 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. Transcending business, your company's CSR initiatives are focused 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 under privileged as well as inclusive growth. I most sincerely appreciate the guidance accorded by our board of directors. Our gratitude goes to all of 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. Wishing you and your loved ones good health for all times to come. Now I would like to hand over the proceedings to Mr. Suresh Sodani, our Managing Director.

– **Mr. Suresh Sodani – Managing Director, Century Enka Ltd:**

- Thank you madam. Good afternoon dear members. Since this meeting is held through video conference and the resolutions provided in the notice have been put to vote by e-voting, there would be no proposing and seconding on resolutions as we used to have in the physical meeting. On behalf of the management of Century Enka, I welcome you to the 55th Annual General Meeting of the company. While I'm missing the warmth of meeting you personally, the good part is that we can meet virtually with any shareholders who may be living far.
- Performance of your company for the Financial Year 2021 has been satisfactory despite severe disruption caused by COVID-19. While the 1st half of the year was completely washed away by COVID related disruptions, in the 2nd half the company delivered stellar performance. EBITDA in the 1st half was only Rs. 4 crores compared to H1 FY20 of 69 crores. It scaled to a height of 138 crores in the 2nd half of the financial year compared to 66 crores of the 2nd half of FY20. EBITDA for the year was 142 crores compared to 145 crores of FY20. Good demand for tyres on account of restrictions on tyre imports, infra spent by government and good monsoons, ADD on imports of tyres coupled with increased international prices of NTCF due to supply disruptions, led to robust demand of NTCF. Demand for NFY was also good. It was second to sudden surge in demand and disruption in global supply chain.

Achievement of these results was possible only because of strong support by all the employees of the company who ensured that we operate our facilities at more than 100% capacity even in such difficult times. Encouraged by better results and overall economic environment, particularly the low interest rates and anti-China sentiments, the company has embarked on large expansion plans. This expansion will result in strengthening of the company's conversion facilities, modernisation of machinery and increase in its reinforcement material capacity by around 30%. Orders for major machinery placed and the expansion plans are on schedule.

- Now I will update you on the performance of the company in the 1st quarter of FY22. Performance of NTCF continued to be good on the back of robust tyre demand from replacement and exports, good demand for OTR and farm tyres, supported by infrastructure spend and good monsoon. OEM demand for tyres was subdued to the restrictions imposed to contain 2nd wave of COVID pandemic. These restrictions also impacted the demand for NFY which was a bit subdued. Lower demand also impacted margins in the NFY business. Overall, we achieved an EBITDA of Rs. 66 crores against Rs. 75 crores of the 4th quarter the previous year. Outlook for both NFY and NTCF for the rest of the financial year remains positive. I wish you and your families good health. These are difficult times. Take care of yourself and your loved ones. Thank you.
- I will now brief you on the resolutions that have been proposed for approval of the shareholders in the notice of the Annual General Meeting.
- Item 1. To consider the report of auditors and directors, and to receive and adopt the audited financial statements of the company for the year ended 31st March 2021.
- Item 2. To declare dividend on equity shares for the year ended 31st March 2021.
- Item 3. To appoint statutory auditors of the company and to fix their remuneration.
- Item 4. To appoint a director in place of Mrs. Rajashree Birla who retires by rotation and being eligible offers herself for reappointment,
- Item 5. To appoint Mrs. Krupa Gandhi as an Independent Director of the company.
- Item 6. To appoint Mr. Devajyoti N. Bhattacharya as Non-Independent, Non-Executive Director of the company.
- Item 7. To adopt new set of Articles of Association of the company pursuant to Company's Act 2013
- Item 8. To consider ratification of remuneration of cost auditors. This resolution has been withdrawn due to death of Mr. M. R. Dudani, the proprietor of M/s. M. R. Dudani & Co., Cost Accountants. The communication had been given to the Exchange and an addendum to the notice has been published in the newspapers.

- We will now invite the shareholders who have registered themselves to ask any question to the management. They will be unmuted and will be allowed to ask questions and called upon by the moderator. Members who have not registered themselves as speaker but still want to ask any question, may do so by posting questions in the chat box available on this screen. We will respond to all queries by the speaker shareholders and the queries received in the chat box in one go. In the interest of time, I request all the speaker shareholders to please keep themselves 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 any concern also. Once the voting is completed, the scrutiniser will compile the results of the both remote e-voting and e-voting at the AGM and will submit the final report to the company latest by 4 o'clock on Sunday, August 15, 2021. The combined results will be displayed 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 scrutiniser the resolutions would be considered as approved or rejected. May I now request the moderator to please invite the shareholders one by one.
- **Moderator:**
- Thank you so much sir. We have the first question from Mr. Shashikant Marathe. Please go ahead and ask your question.
- **Mr. Shashikant Marathe – Shareholder:**
- Am I audible madam?
- **Moderator:**
- Yes sir you can proceed.
- **Mr. Shashikant Marathe – Shareholder:**
- Yes. I Shashikant Marathe of Pune do wish all the participants of this e-meeting a good afternoon and request you to follow safety initiatives. Madam, you have done exceedingly well against all odds such as the pandemic and the lull in business. You did recover the loss to some extent on account of no operations at Pune for 2 months and for a month at Baruch. I thank you for maintaining dividend of Rs. 8 for this year. The Independent Directors ought to have recommended rise in dividend equal to savings in Dividend Distribution Tax. In spite of tapering revenue by 14.21% you and your team managed to post and 20.02. You have streamlined the administration and sales and miscellaneous expenses as the PAT as well as EPS fell year on year by over 25% each. Impediment from recently set up Baruch plant in respect of 20.28 spinning machines makes 20.30. The company ought to plan for appointment of new director and ensure the ratio is maintained at all times. It is a 20.41 under corporate governance. Though you are 20.44 for positivity, the 20.47 by both NSE and BSE ought to have been avoided. The new CS must set a benchmark to reduce shareholder's numbers by over 10,000 as their servicing cost arose Profits After Tax. We had a drain on foreign exchange transactions. Though the imports

were 40% of 2019, the exports reduced by Rs. 254 lakh and the year saw a negative amount of 33 crores. Have a relook at the R&D and set a benchmark for them to find out import substitutes quickly. For CSR our work is appreciated, but ensure no concentration on one region. Our income tax outgo for this year is high. Think of getting expert guidance from Mr. Banshi Mehta. We must appreciate the contribution by him as well as Mr. 21.55. You stated personal problems and health for 22.05 but remain silent for the other two directors. Their reasons for separations must be explained. We note with concern the rise in material cost for 22.20 via price rise. Let us not hurt our customers and such increase must be lower than our peers. We must 22.33 work hard to reduce manufacturing costs. I wish the new MD success in the challenging task ahead. He must ensure that the expansion is not delayed, and also ensure to see the profit after tax margin is raised by 2 percentage points. He must also ensure that other income is raised. Madam, with great 22.57 all over, you must take advantage and report higher financial results for 2021-22. I wish you and the company a bright future. Thank you very much.

– **Moderator:**

– Thank you so much Mr. Shashikant. The next speaker is Mr. Vaibhav. Please go ahead.

– **Mr. Vaibhav Badjatia– Shareholder:**

– Hello, am I audible?

– **Moderator:**

– Yes.

– **Mr. Vaibhav Badjatia– Shareholder:**

– Good afternoon everyone and thank you very much for providing me the opportunity to speak. I had already sent in my questions through email, but I would repeat for other shareholders here. I have 7 questions. 1) Given the shift to radial tyres and discontinuance of anti-dumping duty, what is the strategic rationale for further expansion plans of 309 crores in NTCF? 2) How the Capex of Rs. 309 crores will enable the company to reduce the cost of production? 3) What is the reason behind the fact that other countries have lower cost of production for NTCF, thereby enabling them to export at lower prices than India? What explains the competitiveness of other countries? Is it that they enjoy lower raw material prices, or are there some other factors? 4) What is the reason that only GSFC produces Caprolactam in India since it's the only source of raw material for us? Why other companies other than FACT mainly from the private sector are not entering into the Caprolactam production? What is the hurdle for this? 5) What is the duration of contracts with customers generally? 6) Is the price of the products fixed during the whole duration of the contract without much flexibility on both parties to change pricing? 7) And last, what is the total time taken in production from our raw material procurement to delivery of finished goods? I would appreciate if you could answer these questions point by point sir. Thank you very much.

- **Moderator:**
- Thank you Mr. Vaibhav. The next speaker is Mr. Keshav Garg.
- **Mr. Keshav Garg – Shareholder:**
- Ma'am, I hope my voice is audible?
- **Moderator:**
- Yes please.
- **Mr. Keshav Garg – Shareholder:**
- Yes. I had a few questions. What is the outlook for the present year in terms of top line and operative margins? Do you think that we can match the performance that we did in the 2nd half of last year? Also wanted to know, in the 1st quarter of this year FY22 whether there was any inventory 25.40? Sir, since the past 2-3 quarters we are doing around 400-450 crores top line and around 60-70 crores of EBITDA. So, is this quarterly runrate sustainable? And, are 15% operating margins sustainable? Sir, also wanted to understand, how much of the total Nylon Tyre Cord Fabric is being consumed by commercial vehicles. And also, since you are expanding capacity in this segment despite increasing radialisation, so does that mean that you are confident that either radialisation... basically the penetration of radialisation will not increase, or is there some export opportunity? Because, as of now, our exports are less than 3% of our revenues. So please shed some light on this issue. Also, sir there was an announcement of the company disposing off the Raigad property. How big is this property in terms of acreage, and what kind of expectation do you have in terms of the proceeds that we might realise from this? Sir also, the company was planning or making efforts to get into polyester tyre called Fabric for Tyre Reinforcement, and also they were some plans to get into some steel wire which is used in tyres. So, if you could just shed some light on these two businesses... what have we decided, whether to proceed or not? And sir, I also wanted to understand, our competitor SRF... I wanted to understand whether the whole industry is expanding capacity in Nylon Tyre Cord or are only we expanding? And sir, as far as SRF is concerned, I think they are already using a polyester tyre called Fabric. Sir, so these were my major questions. Thank you very much. Best of luck.
- **Moderator:**
- Thank you so much Keshav. Now I request Mr. Dhananjay Lokapur.
- **Mr. Dhananjay Lokapur – Shareholder:**
- Yes. Good afternoon Madam Chairman, board members, Company Secretary and all the shareholders. Thank you for your speedy response to my email and for giving me an opportunity to speak today. First, my compliments to the management for making steady progress towards resolution of pending litigations. Since no provisioning is done in the balance sheet, I assume our liability is restricted to 7

crores or thereabout. Second, Profit and Loss performance – Rs. 20 Earnings per Share in the past 2 quarters is impressive given the challenges. My question here is, how sustainable are these numbers going forward? How much of it is coming from volume and how much through price inflation? Third, the Cash Flow statement shows that the operating cash flow is higher than the net profit which is a better indicator of profitability and the fact that you guys are running a very tight ship. And lastly, I wanted to talk about the balance sheet. The current assets are 850 crores. If I subtract 150 crore current liabilities, the net current assets are 700 crores. If I further subtract the non-current liabilities of 100 crores, we end up with net net current assets of 600 crores. This does not include the value of land and machinery. The current market cap of the company is only 900 crores, which is very close to the liquidation value of the company. It is quite surprising that in a market where investors are complaining of high valuations, a profitable cash generating debt free company is trading at or close to its liquidation value. I believe it would be an error to miss out on an opportunity to buy back stock at this price. This would indicate strength, confidence and optimism in the company's future without any tax penalty on long term shareholders. Does the board believe in this thought process? Thank you.

– **Moderator:**

– Thank you Mr. Dhananjay. I now request Mr. Hariram Choudhary to ask his questions.

– **Mr. Hariram Chaudhary - Shareholder:**

– Unmute me madam. Hello. Now I'm unmuted. I'm opening my video and now I'll be speaking. Respected Chairperson Rajashree ji, 31.14 Managing Director Sodani ji, my name is Hariram Chaudhary. I'm speaking from my home at Santacruz. I'll speak only for 3 minutes and I support all the resolutions. Rajashree ji, being the PRO in 31.27, in convey our regards to you and we remember your presence at our award function. Now I come to CSR. Now the Birla family is known for their CSR. They are a philanthropic family. I would like to know for COVID affected people, what have you done? Have you provided PPE kits? Have you provided a COVID centre? Have you provided ICU beds? Have you provided ventilators? Have you provided oxygen concentrators? And have you provided ambulances? Have you provided food for migrant workers? Kindly let us know about that. We are very anxious to know about that. Kindly let us know who is the Chairman of the CSR Committee and who are the members of the CSR Committee? How much amount did you spend for COVID affected people and how much amount did you total spend for CSR activities, and whether this amount is more than 2%? Now I have some suggestions here. When you have a vaccination drive here in Mumbai, kindly invite all those who are present here today. They may not be more than 40... anyhow, all may not come. So, they may also be invited for vaccination and the face mask (not the ordinary mask) may be provided. One suggestion is that a Diwali get together may be had after Diwali. 4th November is the date of Diwali. In the 2nd or 3rd week of November we can have a get together of all those who are present today. And if that is not possible, then atleast the speakers may be invited. So this is my suggestion to the Chairperson and

the Managing Director. And kindly let us know whether we have adopted digital technology? What technology have we adopted? And what are the provisions of the Prime Minister Narendra Modi has adopted like Digital India, Swachh Bharat? Or is that still in development? Have we adopted any of these programs? And 'Ease of doing business', whether it is helping us? You can kindly tell us about solar power and water harvesting. I will be disciplined and therefore I will conclude by conveying my best regards for all round progress and prosperity of the company. My name is Hariram Chaudhary. Thank you Rajashree ji and Suresh Sodani ji. Hariram Chaudhary is my name. I have concluded.

– **Moderator:**

– Thank you Mr. Hariram. Our next speaker is Mr. Amit Kumar.

– **Mr. Amit K. Banerjee – Shareholder:**

- Hello. Good afternoon to everyone. My name is Amit Kumar Banerjee from the city of Kolkata. Respected Chairperson, other board members present, today we have the occasion of the 55th Annual General Meeting of the company. I am a long standing shareholder of the company. Thanks for getting connected, opportunity to speak on such a wonderful occasion today. As regards the performance is concerned, as visible in the balance sheet under review, ma'am, revenue from operations about Rs. 1,221 crores. It is lower in comparison with the last year. It was Rs. 1,423 crores and the net profit comes Rs. 71 crores. It is also about decreased 26%. Though of course, and I am very happy being a shareholder in spite of whatever the things, situations maintaining a consistent dividend, Rs. 8 per share. Last year we also got it. Market price of the share price today is about Rs. 448, which is very remarkable. During the year, you see in the month April 2020 the price was Rs. 143 only, and ending the year March 21, it was only Rs. 286. Today's price is Rs. 448, it is a very good appreciation. The CSR activity from the builder groups is very good. It is a nice one, about 190 lacks all spent during this year for the welfare measures. Ma'am, I would like to know what are the key challenges, what are the plans, steps taken to make our company back into good profitability and capital expenditure for next two years? I support all the resolution placed today. I believe under your able leadership with your team management, we will definitely overcome certain rakes working together, will add more value and will maintain transparency at all levels. Lastly, but not least I would say definitely I thank our company secretary also, Mr. Rahul Dubey and his secretarial team Ms. Jyoti Sau, and they were very sincere and cordial. I also thank all team members for smooth conducting such a wonderful meeting today, video conferencing today. Myself, Amit Kumar Banerjee from Kolkata. Over to you. I am concluding this time, ma'am. Thank you.

- **Moderator:**

- Thank you so much Mr. Amit. Now for the questions I would like to call Mr. Pawan Nahar.

- **Mr. Pawan Nahar – Shareholder:**

- Yes, thank you. First. I have a request to make to the management and the Chairperson. Ma'am all the builder companies do a quarterly or half yearly conference call. I mean, I would really request that the same practise is adopted at

Century Enka. Can I actually, right now itself get a yes or no on this before I go ahead? I have requested a yes or no on this before I go ahead for the other questions.

- **Mr. Suresh Sodani – Managing Director, Century Enka Limited:**

- Yes we are starting investor relation services in the company.

- **Mr. Pawan Nahar – Shareholder:**

- Yes, so it will be very nice if you do quarterly, or half yearly is also good enough conference calls. Okay. The other thing I wanted to ask was in this first quarter, our competitor SRF has made a comment in fact, it is there in the presentation where they have mentioned certain NTCF capacities have been shut down globally, or there is some consolidation and they have been able to renegotiate with in brackets, a better terms with their customers. So, I would like to hear from the company, if what is their stand, what is the company's stand on this? And if our outlook, which SRF at least has said the outlook on NTCF is even better than the first quarter, which was very good. The next thing I would like to ask them is that is the Rs. 60 crores EBITDA sustainable in our opinion. Finally, I would really request if the questions of Vaibhav Badjatia and Keshav Garg are answered as they were really excellent questions. Thank you so much.

- **Moderator:**

- Thank you so much. Next I would request Mr. Anant Mundra to please put forward his questions.

- **Mr. Anant Mundra – Shareholder:**

- Thank you for allowing me this opportunity to speak today. I would just like to reiterate what earlier speaker said, that it would be really nice if the company can conduct a regular conference calls. Apart from this, I think most of my questions have already been addressed by Mr. Vaibhav Badjatia and Mr. Keshav Garg. So I would request the management if they can please answer those questions. Thank you.

- **Moderator:**

- Thank you so much sir. As there are no other speakers. now I would like to handover the proceedings to Mr. Suresh Sodani, Managing Director. Mr. Suresh Sodani – Managing Director, Century Enka Limited:

- So, thank you all the participating shareholders for very valuable questions, suggestions and compliments to the team. Thank you and look forward to your guidance. I will now try and respond to all the various queries, suggestions, questions that have been raised. I will try to cover each and every point that has been raised. However, in case any point or any question remains unanswered, please

do connect with us, do send it to us. We will respond to you in detail in writing. There was a question I think on the dividend of Rs.8. That is the company follows a very stable dividend policy and it has been also circulated and approved by the Board of Directors and the company tries to maintain dividend over a longer period of time even during the volatility times as well. There was a query on why our net profit was lower while the EBITDA was still higher. That was because in the previous year there was a write back of deferred tax liability of Rs. 41.2 crores because the company switched to alternate way of income tax which has been introduced by government of India. And hence, there was a...but at the operating level, FY21 better than FY22. Another query was with relation to the impairment provision at Baruch plant for old POY spinning machines. These machines are no longer used for last many years and after a technical assessment, it has been found that, these cannot be used for any current products or the future products the company intends to produce. And, hence the impairment has been taken and, whatever machines could have been converted or have been converted are being used for technical textile. Regarding, the fines imposed by NSE and BSE with respect to (44.10) appointment of new director, I would like to read the shareholders on the event. Vacancy of a new director arose on the sad demise of (44.21). As per our understanding, we appointed new director within the timelines prescribed under statute. However, NSE and BSE (44.29) concerns with our understanding therefore, levied fine on us. We are pursuing legal remedies in this regard. I want to assure all the shareholders that we ensure that the company remains compliant with all the relevant clause.

- One point was regarding the foreign exchange outgoes whereas very little foreign exchange are (44.51). Since most of our raw materials are imported in absence of quality and quantity suppliers in the domestic market for caprolactum, spin finish and other raw materials our outgo on foreign exchange is always higher than the exports. And since there will be a robust domestic market for NTCF as well as NFY most of the sales happen in domestic market. For CSR, we follow stable policy in line with the growth, and the CSR activities are done nearby the plant according to the CSR spends and is concentrated around the plants. There was a query. The Board has already acknowledged excellent work done by (45.47) Mr. Chitlange and Mrs. Sangwan. (45.52) have retired due to health reasons. Mr. Chitlange moved to a larger role in the group, and Mrs. Sangwan left the directorship due to the health issues. We will be speaking more on the expansions, that we have already announced as part of our speech but I can assure all the shareholders that the expansions are on track and we expect them to complete as per schedule. There were questions on why we are expanding in NTCF. There is a (46.45). I must inform the shareholders that, even in today's market or for years in past, almost 20%-25% of the total domestic demand is met by imports. Also the pace of (47.03) of medium and heavy commercial vehicles is moderate and our expectation is that the same will get, even the (47.11) from NTCF which is (47.15) can get compensated by the increase in demand for two and three wheeler OTR and farm tyres, and this is the reason that we have planned a CAPEX of Rs. 309 crores. This CAPEX also includes our entry into polyester tyre cord fabric which will be used in making tyres. In terms of capacity, we would be adding about 30% of combined capacity between NTCF and PTCF, and we expect that most of the capacities would not lead to any significant

increase in the fixed cost. Hence, there will be a savings in fixed cost per ton or per unit of the products.

- Concessions on anti-dumping duty on NTCF and NFY. While NFY definitely (48.15) as the antidumping duty has been removed because there are cheap imports and very large capacities in China which is the primary exporter to India. We have not seen any impact or we do not foresee any significant impact on removal of antidumping duty in the NTCF and we are competitive with foreign players on NTCF. Further there is a very good demand internationally as well (48.43), which has led to international price improvement in NTCF. There was a question on why only GSFC is producing caprolactum in India. There were two players in India producing caprolactum GSFC and FACT. FACT has stopped this production a few years back. I think unviability of operations. However, they are restarting and most likely it should start from today, and they would come back to the full capacity as per our interactions with the management at FACT and they will become another local supplier for caprolactum. There are no other facilities or known expansion of caprolactum as the local demand in India is not interesting enough for other petrochemical producers to get into this product. There was a question on duration of contracts. For our NTCF business, the duration to the customer is mostly on a yearly basis. The pricing formula wherein we are able to pass through the raw material prices. I NFY it is normally on monthly basis and based on the market demand and market conditions.
- In terms of the time taken for procurement of raw materials to the delivery of finished goods, it can range between a month to two and half months depending on the source of the raw material, because the domestic raw material availability is about seven days or just when we start with FACT will be for ten days, whereas imported can be one, one and a half months, sometimes it is two months. So the total period would range from one month to two and half months, taking into account the inventory that we maintain for raw materials, the in-process stock and the finished goods. Regarding the outlook for the current year and whether performance of Q4 or current quarter of FY22 can be repeated, we do not give any specific guidelines on profitability. But we are quite optimistic of the performance of the company in the current financial year for both the product segments NTCF and NFY. There was a question on the size of the Raigad property. It is about 68.77 acres. We cannot speak anything beyond that, because it is not there in the public domain. As and when anything fructifies or is (51.32) it will be released through the (51.34). There was a question on PTCF, which I already shared that we intend to get into the PTCF segments and the Board of Directors have considered and sanctioned to start the PTCF manufacturing, which to a large part is also common in terms of the downstream facilities with NTCF, and that will give us an entry into the (52.01). There was a suggestion on buy back. Since the company has sufficient cash on the balance sheet and also it is more efficient compared to dividend after the change in the dividend taxes. The Board takes into cognizance all these matters, especially the utilization of cash on and for future projects, and proper decision is taken. We have a very enlightened Board which discusses all these matters and then a proper decision is taken.

- There was a question on demand-supply in NTCF. As I mentioned earlier, the country imports about 20% to 25% of the total demand and continues to do so even today. The domestic demand for NTCF has increased except for a blip in the previous year because of COVID related issues. And we expect that, the demand from local suppliers will continue to grow. This is based more on the expansion plans that have been announced by the tyre manufacturing company which will increase the (53.37) production and hence the increase in the requirements of NTCF. As mentioned, we are very optimistic on other product segments which is OTR, farm tyres and two and three wheeler tyres, which will continue to use NTCF. We have already, given the perception on the benefits of the expansion. So all expansions are (54.10) more only if they meet the requirements of a minimum hurdle rate of return on investments and as per the capacity, which will add up 30% of the capacity, current capacity. Another question was related to the change in product mix for expansion. While we do not share the break up in terms of since we operate in one segment and only (54.37). However, given that we are increasing our capacity, mainly in the NTCF as share of NTCF in the total revenue would definitely go up compared to the current years. Level of competition post the COVID, I feel that the company, under able guidance of the Board of Directors and the management team, both locations have done a tremendous job. And, we have come out stronger on this COVID-19 disruption with a sound balance sheet, high morale and a very supporting team and stakeholders in this difficult time. There were some questions on caprolactum capacities in China. Capacities in China are more or less balanced. In fact, many times China imports Caprolactum from Korea because they have a very big domestic market for downstream activities related to caprolactum in both NTCF and NFY segment. And, we expect competitive dynamics to remain similar in what it has remained in the previous three quarters as respect to China.
- As far as, there was a question on, the debt levels, the peak debt levels post expansion. While as you have seen that we have sufficient cash on balance sheet to meet, to take care of our entire CAPEX requirement, however to avail benefits of the state government and central scheme, we may opt for certain loan just to take those benefits. But the peak level of debt is likely to be around Rs. 100-Rs.135 crores. I will now come to certain other questions. There was a question regarding the (57.24) case, wherein an order passed by the commissioner to recalculate the demand at Rs. 7 crores, against Rs. 209 crores earlier. We have taken a legal opinion and, that is the reason we feel that our case is strong and no provision has been made (57.45-57.48 **disturbed audio**) while the department has prepared an appeal against the order of the Commissioner, we also have filed an appeal for even the Rs. 7 crores we feel is not liable to be paid. But the entire amount, the basic amount has been paid and we are quite hopeful that the final judgment will be in favour of the company. As regards, buy back of shares I have already responded to the members. However, I think I mean, it is difficult for the management to comment on, why or what is the reason for market capitalization to be low. But I believe post our announcement of expansions, there is an interest in the company, which will make the company bigger, stronger, and more sustainable in its lines of business. We also intend to expand our product portfolio to de-risk the business, and I believe that, or as the Board, we believe that good times lie ahead for the company and the market

capitalization should reflect our actions taken by the Board and the management. There was a question regarding CSR activities done at both the plants, especially during the COVID times. We have distributed food packets in both the waves right from April in 2020, as well as in the current first quarter of the financial year and, support has been given to all people, especially also in terms of whatever help can be provided. While we continue to do our CSR activities, as you would have seen we are donated an ambulance in the previous year to an organization an NGO in Pune for utilization of getting medical services in the nearby rural areas. The total CSR spend is already mentioned, it is Rs. 190 lakhs which is about almost 2% of the net profit. So we have met the requirements and there has been no transfer of funds to the requirement of account as per the norms. There was a question on SRF presentation regarding NTCF. While there is consolidation of NTCF as per reports in China, but we have not seen any stoppage of NTCF facilities, and, in fact, there are reports again, not necessarily confirmed that some players are looking at expanding NTCF facilities because of surging demand even in domestic Chinese market. So NTCF it looks very positive and, in line with the improved international prices, Century Enka has also been able to encash on improving the margins on the product and which has I think reflected in our Q1 results despite subdued NFY markets which are more customer facing and severely impacted because of local lockdowns and closure of content wholesale and retail markets.

- Regarding CSR committee, there was a question on CSR committee. So Mr. S K Jain is the chairman of that committee. Other members are Mrs. (1.01.59) and myself. There was another question on what is the share of commercial vehicles segment in the consumption of NTCF. It is about 36% almost 1/3rd of NTCF consumption both in commercial vehicles and a large portion goes in, similarly a portion goes in OTR on tyres and two and three wheelers. There has been no volume or gains on stocks in the first quarter of FY22. And this has also resulted due to stable pricing of Caprolactum in the international markets. I think I have already covered question on why company could do well in Q1 FY22 despite the second wave. I think first and foremost (1.03.28) I think credit goes the staff and workmen at both the sites to ensure that the plant run at full capacity during these difficult times. We did not shut any of the plants in Q1 FY22 due to COVID and the only reason for lower output in NFY was market and not related to COVID. And second, as I already mentioned, we continue to see robust demand and margins from the NTCF segments based on various factors which were continuing from the second half of previous year, like good tire demand, import restrictions, and monsoon and infrastructure spend. Further query was on PLI scheme for technical fibres. The scheme for technical textiles has not been finalized and company will take a corporate decision regarding participating in them once the product forming part of the PLI schemes are known. There was a question on entry into PTCF as well as the steel tyre chord. We have already mentioned that the company and the Board of Directors have approved an entry into polyester tyre chord fabric and, as regard to the steel tyre chord while the this product was studying, for various reasons, we have not proceeded on any concrete steps on this segment as yet. However, the company would be looking at opportunities to go in the reinforcement market and since that market will (1.05.34) common baskets of products which are required for the tire companies and if

suitable and meeting all parameters all the proposals will be considered. I believe to my noting most of the queries and suggestion, questions would have been addressed. However if any question specification has not been addressed. Please do write to us. We will revert back to you in writing with our response. I thank you so much for patient hearing. I now request the Chairperson to the shareholders and close the meeting.

- **Mrs. Rajashree Birla - Chairperson, Century Enka Limited:**
- Thank you Mr. Suresh Sodani for taking up all the questions. And since there are no other matters and all the questions have been answered, we can conveniently close the meeting. In case some of the shareholders have not completed their voting. I request all of them to complete the voting as quickly as possible. The voting window will remain open for the next 15 minutes. Thank you all for attending this virtual AGM, and hopefully we will have a physical meeting next year. Thank you all for attending, and I wish you all the best.

End of File