



# Century Enka Limited

## COMPANY BACKGROUND.....

- Century Enka Limited was established in 1965 by Late Shri B. K. Birla in collaboration with AKZO Nobel of Netherlands.
- The company has grown to become one of the largest producers of Nylon Filament Yarn (NFY) and Nylon Tyre Cord Fabric (NTCF) in India.
- The company produces a wide range of High-Quality Nylon Yarns for varied applications including fish-twines, conveyor belts, sports and active wear, sarees, intimate and foundation wear, etc.
- It also makes customised Nylon tyre cord fabric for reinforcement of tyres which are used in motorcycles, scooters, light commercial vehicles (LCVs), medium & heavy commercial vehicles (MHCVs) and off the road (OTR) vehicles.
- The company's brand 'Enkalon' stands a testimony to the high quality of material which gives a soft, lustrous and elegant feel to the finished fabric.
- The Company's two state-of-the-art manufacturing facilities are located in Pune, Maharashtra and Bharuch, Gujarat, with a capacity of ~86,000 MTPA.

## BUSINESS MIX (9M-FY24).....

- **Nylon Filament Yarn (NFY) [50%]** – Nylon filament yarn is a long continuous lustrous fibre. It has a high capacity to produce. It has sub-products as Nylon Mono Filament and Multifilament Yarns. Has various kinds of sub products and capacity utilization depends on which products are made.
- **Nylon Tyre Cord Fabric [50%]** – Century Enka provides high quality Nylon tyre cord fabrics for reinforcement of tyres and this provides high margins and forms majority of the revenues. MRF Tyres is the largest customer followed by Apollo Tyres, Ceat, Goodyear, etc.

## KEY STRENGTHS.....

- The demand for synthetic yarns is increasing due to their wide range of applications. Company due to its long experience is well suited to take advantage.
- The company is also about to enter into the passenger vehicles segment with Polyester Tyre Cord Fabric (PTCF).
- Century Enka has its manufacturing facilities at Pune & Bharuch which are ISO 9001:2015 certified.

## FINANCIAL PERFORMANCE (CONSOLIDATED).....

(INR Mn)	Operating Income	EBITDA	EBITDA%	PAT	PAT%	EPS
FY21	12,228	1,203	9.84%	709	5.80%	32.46
FY22	20,978	2,643	12.60%	1,842	8.78%	84.28
FY23	20,721	1,424	6.87%	903	4.36%	41.34
9M-FY24	12,755	491	3.85%	225	1.76%	10.29

Note: All numbers are as per IND-AS

### Key Data

<b>BSE Code</b>	500280
<b>NSE Code</b>	CENTENKA
<b>Reuters</b>	CNTEau.NS
<b>Bloomberg</b>	CENK:IN

### Market Data (INR) As on 31<sup>st</sup> December, 2023

<b>Face Value</b>	10.0
<b>CMP</b>	434.2
<b>52 Week H/L</b>	483.5/340.0
<b>MCAP (Mn)</b>	9,488.25
<b>Shares O/S (Mn)</b>	21.85
<b>1 Yr Avg. Vol. ('000)</b>	46.83

### Performance As on 31<sup>st</sup> December, 2023

	3M	6M	12M
<b>Century Enka</b>	3.8%	(0.6)%	4.6%
<b>SENSEX</b>	9.8%	11.4%	18.7%
<b>BSE Small Cap</b>	13.2%	30.5%	47.3%

### Shareholding Pattern As on 31<sup>st</sup> December, 2023

Promoters	24.86%
Public	65.91%
FII	2.95%
DII	6.28%

## BUSINESS SEGMENTS.....

### Nylon Filament Yarn (NFY):

- Its properties make it the preferred choice over natural yarn options, such as cotton, silk and wool.
- Century Enka is the market leader in India and has a market share of 25%.
- Most of the customers are comprised of unorganized sector.
- Company has a diverse product category such as:

**Nylon Mono Filament** - These multi-functional yarns are designed for varied weaving applications.

**Nylon Mother Yarn** - It is a multifilament drawn yarn which is further converted into mono filament yarn by splitting the ends at spinning process.

**Multifilament Yarns** – Includes different categories of products such as FDY (Fully Drawn Yarn), POY (Partially Oriented Yarn), HOY (High Oriented Yarn), DTY - Drawn Textured Yarn, ATY (Air Textured Yarn), Draw Winder and Jumbo Beam.

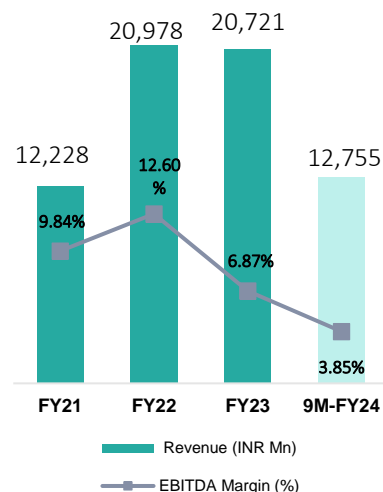
**TOW** - It is cut to make small fibers for final usage in the flocking process.

**Applications:** Ethnic, Active, Work wear, Technical textiles, Industrial packaging, Nylon blends.

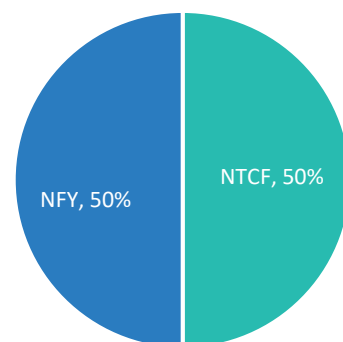
### Nylon Tyre Cord Fabric:

- Through this segment, the company provides products to shape the bias tyres and support the weight of the vehicle.
- They are designed to keep tyres running longer and have significant effect on the performance of the tyres.
- The process includes polymerization, yarn spinning, twisting, weaving and dipping.
- The company is second largest in this space with regards to capacity. It has a market share of 23%.
- MRF Tyres is the largest customer followed by Apollo Tyres, Ceat, Goodyear, etc.
- Margins are higher than NFY.
- Applications: Tyres for motor cycles, scooters, light commercial vehicles (LMVs), heavy commercial vehicles (HCVs) and off the road (OTR).

### Revenue & EBITDA margins



### Revenue share-9M-FY24



## KEY GROWTH DRIVERS.....

- Tyre imports brought under restricted category resulting in steep drop in tyre imports.
- Anti-dumping duty on Truck and Bus Radials (TBR) tyre imports from China resulted in Medium and Heavy Commercial Vehicle (MHCV) category cheap Radial tyres getting replaced by domestic bias tyres.
- The synthetic yarn has several advantages over other traditional fibers like natural, silk, and cotton which are used to produce clothing items.
- Finance Ministry did not accept DGTR recommendation of levying ADD on Caprolactam which is an important raw material.
- There is a low availability of domestic supplies of PTCF. Approximately 90% of the total demand is met by imports.

## PEER COMPARISON (TRAILING 12 MONTHS) INR MN .....

Company	Operating Income	Operating EBITDA	Operating EBITDA%	PAT	PAT%	Market Cap
Century Enka Ltd.	17,481	719	4.11%	370	2.12%	9,488
SRF Ltd.	1,33,469	28,198	21.1%	14,760	11.1%	7,35,148
Welspun India Ltd.	92,580	12,860	13.9%	6,712	7.2%	3,536
Filatex India Ltd.	43,069	2,403	5.6%	944	2.2%	1,41,204
AYM Syntex Ltd.	13,139	786	6.0%	(148)	(1.13%)	21,949

## INCOME STATEMENT (CONSOLIDATED) .....

INCOME STATEMENT (INR MN)	FY21	FY22	FY23	9M-FY24
<b>Operating Income</b>	<b>12,228</b>	<b>20,978</b>	<b>20,721</b>	<b>12,755</b>
Expenses	11,025	18,335	19,297	12,264
<b>Operating EBITDA</b>	<b>1,203</b>	<b>2,643</b>	<b>1,424</b>	<b>491</b>
<b>Operating EBITDA Margins (%)</b>	<b>9.84%</b>	<b>12.60%</b>	<b>6.87%</b>	<b>3.85%</b>
Depreciation	409	396	412	372
Finance Cost	15	12	24	40
Other Income	220	206	190	263
Exceptional Items	(82)	-	-	-
Share in profit / loss of associate	-	-	(1)	(32)
<b>PBT</b>	<b>917</b>	<b>2,441</b>	<b>1,177</b>	<b>310</b>
Tax	208	599	274	85
<b>Profit After Tax</b>	<b>709</b>	<b>1,842</b>	<b>903</b>	<b>225</b>
<b>PAT Margins (%)</b>	<b>5.80%</b>	<b>8.78%</b>	<b>4.36%</b>	<b>1.76%</b>
Other Comprehensive Income	107	(49)	26	225
<b>Total Comprehensive Income</b>	<b>816</b>	<b>1,793</b>	<b>929</b>	<b>450</b>
EPS Diluted (INR)	32.46	84.28	41.34	10.29

## CONSOLIDATED BALANCE SHEET (IND-AS).....

PARTICULARS (INR MN)	FY22	FY23	H1-FY24	PARTICULARS (INR MN)	FY22	FY23	H1-FY24
<b>EQUITIES &amp; LIABILITIES</b>				<b>ASSETS</b>			
Equity				<b>Non-Current Assets</b>			
(A) Equity Share Capital	219	219	219	(A) Property, Plant & Equipment	4,669	6,370	7,153
(B) Other Equity	12,288	12,998	13,011	(B) Capital work-in-progress	683	1,062	846
<b>Total Equity</b>	<b>12,507</b>	<b>13,217</b>	<b>13,230</b>	(C) Other Intangible Assets	21	9	4
<b>Non-Current Liabilities</b>				(D) Right of use Assets	72	69	67
(A) Long-term Borrowings	62	487	487	(D) Financial Assets	283	395	290
(B) Other financial liabilities	65	60	58	(E) Other Non Current Assets	240	117	111
(C) Provisions	113	135	123	Assets held for sale	90	-	-
(D) Deferred Tax Liabilities (Net)	732	721	734	<b>Total Non – Current Assets</b>	<b>5,968</b>	<b>8,022</b>	<b>8,471</b>
(E) Other Non-Current Liabilities	27	95	114	<b>Current Assets</b>			
<b>Total Non – Current Liabilities</b>	<b>999</b>	<b>1,498</b>	<b>1,516</b>	(A) Inventories	3,080	2,434	3,013
<b>Current Liabilities</b>				(B) Trade Receivables	2,393	2,170	1,332
(A) Financial Liabilities				(C) Cash & Cash Equivalent	56	27	17
(i) Short term Borrowings	42	151	150	(D) Bank balance other than (C)	665	133	31
(ii) Trade Payables	1,205	1,077	825	(E) Investments	2,338	3,068	2,517
(iii) Lease Liabilities	5	5	6	(F) Others	37	38	88
(iv) Others	338	138	128	(G) Other Current Assets	598	334	541
(B) Other Current Liabilities	92	105	115	(H) Current Tax Assets	-	-	-
(D) Provisions	25	32	37	<b>Total Current Assets</b>	<b>9,167</b>	<b>8,204</b>	<b>7,539</b>
(E) Current Tax Liabilities	13	3	3	<b>GRAND TOTAL - EQUITIES &amp; LIABILITIES</b>	<b>15,225</b>	<b>16,226</b>	<b>16,010</b>
<b>Total Current Liabilities</b>	<b>1,720</b>	<b>1,511</b>	<b>1,264</b>	<b>GRAND TOTAL – ASSETS</b>	<b>15,226</b>	<b>16,226</b>	<b>16,010</b>

Name	Designation	Email	Phone
Anuj Sonpal	CEO	anuj@valoremadvisors.com	+91-22-4903-9500
Gulshan Singh	Associate	Gulshan@valoremadvisors.com	+91-22-4903-9500

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