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# CENTURY

TEXTILES AND INDUSTRIES LIMITED

100TH  
ANNUAL REPORT AND ACCOUNTS  
1996 - 97





**Shri B. K. Birla - Chairman**

**"We are aware that in the coming year we will encounter many challenges and opportunities generated by rapid changes in business environment around the Globe.**

**Century will continue to fulfil its responsibilities by modernising, improving productivity and reducing costs to become globally competitive.**

**To survive in the 21st century it is also vital for us to support enhanced customer satisfaction and emphasize contributions to society in addition to being globally competitive."**

**- B. K. Birla**



## CENTURY TEXTILES AND INDUSTRIES LIMITED

**DIRECTORS :**

Shri B.K. Birla, Chairman  
 Shri Rasiklal Maneklal  
 Dr. Ramnath A. Podar  
 Shri Pradip Kumar Daga  
 Shri S.K. Birla  
 Shri E.B. Desai  
 Shri Arvind C. Dalal  
 Shri S.P. Subhedar  
 Smt. Lalita D. Gupte (ICICI Nominee)  
 Shri C.K. Birla  
 Shri P.D. Lakhotia (Whole-time Director)

**ADVISER :**

Shri D.P. Mandelia

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**EXECUTIVES :****TEXTILE MILLS, CENTURY YARN AND CENTURY DENIM**

Shri P.D. Lakhotia Senior President  
 Shri R.K. Dalmia Executive President (Works)  
 Shri G.S. Mody Executive President (Marketing)  
 Shri D.K. Agrawal Joint President (Corporate Finance) & Secretary  
 Shri I.C. Surana Senior Vice President (Finance)  
 Shri P.M. Nevatia Senior Vice President (Works)  
 Shri U.C. Garg Vice President (Purchase)

**CENTURY RAYON, MANIKGARH CEMENT AND CENTURY SHIPPING**

Shri N.M. Jain Senior President

**CENTURY RAYON**

Shri P.M. Jhaveri Senior President (Projects & Technical)  
 Shri L.S. Mehta Executive President (Works)  
 Shri D.V. Singh Senior Vice President (Personnel & Administration)  
 Shri N.C. Mehta Senior Vice President (Finance)  
 Shri M.C. Mehta Senior Vice President (Development & Engineering)  
 Shri A.K. Taori Senior Vice President (Marketing)  
 Shri V.R. Mohnot Vice President (Finance)  
 Shri R. Lalwani Vice President (Commercial)

**CENTURY AND MAIHAR CEMENTS**

Shri B.L. Jain Senior President

**CENTURY CEMENT**

Shri P.C. Shukla Executive President (Plant)  
 Shri B.L. Kedia Joint President (Plant)  
 Shri P.C. Jain Senior Vice President (Mines)  
 Shri S.L. Agarwal Senior Vice President (Commercial)  
 Shri S.K. Jain Senior Vice President (Finance)  
 Shri M.C. Gupta Senior Vice President (Process & Quality Control)

**MAIHAR CEMENT UNITS I & II**

Shri Kamal Kishore Executive President (Co-ordination)  
 Shri M.K. Sethi Joint President (Mines)  
 Shri S.K. Jain Joint President (Commercial)  
 Shri C.S. Jain Senior Vice President (Marketing)  
 Shri G.D. Sharma Senior Vice President (Mechanical)  
 Shri N.B. Singh Vice President (Process & Quality Control)

**UNIT II**

Shri B.P. Jain Joint President (Plant)  
 Shri J.D. Vidhani Senior Vice President (Projects)  
 Shri Sharad Jain Senior Vice President (Process & Quality Control)  
 Shri B.L. Agarwal Senior Vice President (Electrical)  
 Shri V.K. Bhandari Vice President (Finance)

**MANIKGARH CEMENT**

Shri B.S. Verdia Executive President (Co-ordination)  
 Shri A.G. Hari Joint President (Works)  
 Shri S.K. Mandelia Senior Vice President (Commercial & Administration)  
 Shri G.R. Tibrewala Senior Vice President (Mines)  
 Shri P.C. Nalwala Senior Vice President (Marketing)  
 Shri M.B.L. Bhargava Vice President (Works)

**CENTURY SHIPPING**

Shri S.K. Sood Executive President  
 Shri V.K. Sood Senior Vice President (Technical)  
 Shri J. Santhanam Senior Vice President (Commercial)  
 Shri O.R. Chitlange Senior Vice President (Finance)

**CENTURY PULP & PAPER**

Shri K.K. Khemka Adviser  
 Shri R.L. Lakhotia Joint President (Works)  
 Shri M.P. Singh Vice President (Personnel & Administration)  
 Shri L.C. Garg Vice President (Engineering)  
 Shri A.M. Singhvi Vice President (Projects)  
 Shri A.S. Gilra Vice President (Commercial)

**CENRAY MINERALS AND CHEMICALS**

Shri M.M. Sand Vice President: Salt Works

REGISTERED OFFICE : CENTURY BHAVAN, DR. ANNIE BESANT ROAD, MUMBAI - 400 025.

## CENTURY TEXTILES AND INDUSTRIES LIMITED

## NOTICE OF MEETING

REGISTERED OFFICE : CENTURY BHAVAN, DR. ANNIE BESANT ROAD, WORLI, MUMBAI 400 025.

**NOTICE** is hereby given that the Hundredth Annual General Meeting of the Shareholders of the Company will be held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020 on Tuesday, the 22nd July, 1997 at 3.30 p.m. to transact with or without modifications as may be permissible, the following business :

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1997.
2. To sanction the declaration of dividend on Equity Shares for the year ended 31st March, 1997.
3. To appoint a Director in place of Shri B.K. Birla who retires from office by rotation, but being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri S.K. Birla who retires from office by rotation, but being eligible, offers himself for re-election.
5. To appoint a Director in place of Shri E.B. Desai who retires from office by rotation, but being eligible, offers himself for re-election.
6. To consider and, if thought fit, to pass the following Resolution which will be proposed as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 258 and all other applicable provisions, if any, of the Companies Act, 1956, the number of existing Directors of the Company for the time being in Office be increased from 10 to 11".

7. To consider and, if thought fit, to pass the following Resolution which will be proposed as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Sections 198, 257, 260, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956, and Schedule XIII thereto, approval of the Company be and is hereby accorded to the re-appointment of Shri P.D. Lakhota as Director in the whole time employment of the Company from the date of this meeting i.e. 22nd day of July, 1997 for such term not exceeding 5 years as the Board may determine with liberty to either party to terminate the appointment on three months notice in writing to the other, upon the following terms as to remuneration as set out hereafter and with further liberty to the Directors from time to time to alter the said terms in such a manner as may be in the best interest of the Company within the limitations in that behalf as contained in Schedule XIII to the said Act or any amendment thereof or otherwise as may be permissible at law, viz :-

## REMUNERATION :

- 1) Salary :  
Rs.32,500/- p.m. plus entertainment allowance of Rs.2,500/- p.m. with authority to Board to fix such annual increments in salary (Total Salary not exceeding Rs.50,000/- p.m.) and allowances from time to time as it may deem appropriate.
- 2) Perquisites :  
In addition to the salary and the allowance payable, Shri Lakhota shall be entitled to the following perquisites :

- a) Furnished Accommodation, Medical Reimbursement, Use of Company's Car and Telephone at Residence, L.T.A., Club Fees, Personal Accident Insurance etc. in accordance with the Rules of the Company applicable to the Senior Executives or in a manner and to the extent determined by the Board of Directors from time to time, provided that, the aggregate salary and monetary value of all such perquisites shall be restricted to the respective ceilings prescribed under Schedule XIII of the Companies Act, 1956.
- b) Contribution to Provident Fund and Superannuation Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- c) Gratuity shall be payable to him as a Director in the whole time employment of the Company as per the relevant provisions of law.
- d) Encashment of leave at the end of the tenure.

Provided that where in any financial year the Company has no profits or inadequate profits, the remuneration inclusive of perquisites will be paid to Shri Lakhota in accordance with the provisions of the said Schedule XIII and will be adjusted appropriately.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this resolution".

8. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration, and for the purpose, to pass the following Resolution which will be proposed as a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs Dalal & Shah, Chartered Accountants, the retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company at a remuneration of Rs.28.50 lacs (Rupees twenty eight lacs fifty thousand only) for the said period plus actual travelling and other out of pocket expenses incurred incidental to their functions".

9. To consider and, if thought fit, to pass the following Resolution which will be proposed as a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and of the provisions of the Memorandum and Articles of Association of the Company and subject to all approvals, consents, permissions and/or sanctions, if any necessary, of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and all other appropriate authorities, institutions or bodies, and subject to such conditions and modifications as may be prescribed by them in granting any such approvals/consents (hereinafter referred to as "the Requisite Approvals") authority of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of Directors which the Board may have constituted or hereafter constitute to exercise the powers including the power

## CENTURY TEXTILES AND INDUSTRIES LIMITED

conferred by this resolution) to issue and offer on behalf of the Company and to allot Non-Convertible Bonds or similar other Securities ("the Securities") in the international market to Foreign Institutional Investors/ Foreign Companies, whether incorporated or not/Overseas Corporate Bodies (OCBs)/Foreign Nationals/Non-Resident Indians (NRIs)/such other entities as may be decided by the Board through Prospectus and/or Offering Letter or Circular and/or on Private placement basis from time to time in one or more tranches, as may be deemed appropriate by the Board for an amount not exceeding US Dollars 100 million or equivalent thereof in any other Currencies) on such terms and conditions as may be decided by the Board and with power to delegate such authority to such person(s) and substitution of such authority as the Board may deem fit.

RESOLVED FURTHER that without prejudice to the generality of the above, the Securities may have all or any terms or combination of terms in accordance with international practice and as permitted at law including but not limited to terms and conditions in relation to payment of interest, additional interest, premia on redemption, prepayment and any other debt service payment whatsoever, besides terms as to security, if any, to be created for any of the Securities with such ranking as the Board may determine during the duration of the Securities.

RESOLVED FURTHER that the Company and/or Agency or Body authorised by the Board may issue the Securities in the registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and providing for tradeability or free transferability thereof as per international practices, regulations and under the terms and practices prevalent in international markets.

RESOLVED FURTHER that for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable for such purposes, including but without limitation the following, viz.: (a) creation of such mortgages/charges under Section 293(1)(a) of the Companies Act, 1956, in respect of the aforesaid Securities either on pari passu basis or otherwise (b) entering into and executing all such arrangements with any Lead Manager(s), Manager(s), Broker(s), Underwriter(s), Guarantor(s), Depository(s), Custodian(s), Trustee(s) and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such Lead Managers, Underwriters and all other agencies by way of commission, brokerage, fee or the like, and also to seek the listing of such securities on one or more International/Indian Stock Exchanges, and (c) to settle any question, difficulty or doubt that may arise in regard to any such issue or allotment, as it may in its absolute discretion deem fit.

FURTHER RESOLVED that for the purposes of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to accept and make, in the interest of the Company, all such modifications and alterations to the terms and conditions concerning any aspect of the Issue, including increase or decrease in the aggregate value of the Issue, interest or other charges payable or any other matter as may be considered necessary or expedient and/or as may be specified in the Requisite Approvals and to take all such actions as may be necessary or desirable to effect such modifications and alterations and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or to settle any question, difficulty or doubt that may arise in regard to the offer, issue allotment and utilisation of the issue proceeds of the Securities as it may deem fit.

10. To consider and, if thought fit, to pass the following Resolution which will be proposed as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Article 8 of the Articles of Association of the Company read with Sections 16(1) and 94 of the Companies Act, 1956, each of the existing Equity Shares of Rs.100/- in the Authorised and Paid up Equity Share Capital of the Company be sub-divided into 10 Equity Shares of Rs.10/- each and that the shares resulting from sub-division be re-numbered accordingly and accordingly the Authorised Equity Share Capital of the Company be and is hereby altered by sub-dividing the existing 58,00,000 Equity Shares of Rs.100/- each into 5,80,00,000 Equity Shares of Rs.10/- each, and that Clause V of the Memorandum of Association of the Company and Article 3 of Articles of Association of the Company be altered accordingly and as also covered by the succeeding resolutions to be proposed at this meeting.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution the Board of Directors of the Company or any Committee of Directors appointed by the Board for the purpose be and is hereby authorised to do all acts, deeds, matters and things as may be considered necessary, expedient or proper, including fixing of such date, from which, the alterations would become effective, as also calling in and cancellation of existing share certificates relating to the Equity Shares of Rs.100/- each and issuance of new certificates relating to Equity Shares of Rs.10/- each in accordance with the Companies (Issue of Share Certificates) Rules, 1960, to the holders of equity shares whose names stand in the Register of Members as on the Record Date and to settle any question or difficulty that may arise in regard to the sub-division of shares as aforesaid".

11. To consider and, if thought fit, to pass the following Resolution which will be proposed as an Ordinary Resolution:

"RESOLVED that on the above Resolution No.10 being duly passed and becoming effective and pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.60,00,00,000/- (Rupees Sixty crore) divided into 5,80,00,000 (Five crore eighty lacs) Equity Shares of Rs.10/- (Rupees ten) each and 2,00,000 (Two lacs) Preference Shares of Rs.100/- (Rupees one hundred) each to Rs.150,00,00,000 (Rupees One hundred fifty crore) divided into 14,80,00,000 (Fourteen crore eighty lacs) Equity Shares of Rs.10/- (Rupees ten) each and 2,00,000 (Two lacs) Preference Shares of Rs.100/- (Rupees one hundred) each by the creation of 9,00,00,000 (Nine crore) new Equity Shares of Rs.10/- (Rupees ten) each and the respective capital clauses in the Memorandum and Articles of Association of the Company do stand altered accordingly and as also provided in the succeeding resolutions to be proposed at this meeting".

12. To consider and, if thought fit, to pass the following Resolution which will be proposed as a Special Resolution:

"RESOLVED that on the above Resolution No. 11 being duly passed and becoming effective, Clause V of the Memorandum of Association of the Company be altered by deleting from lines 1 to 3 thereof the figures and the words "Rs. 60,00,00,000/- (Rupees Sixty crore) divided into 58,00,000 (Fifty eight lacs) Equity (Ordinary) Shares of Rs.100/- (Rupees One hundred)" and substituting therefore the figures and words "Rs. 150,00,00,000/- (Rupees One hundred fifty crore) divided into 14,80,00,000 (Fourteen crore eighty lacs) Equity Shares of Rs.10/- (Rupees ten)".



## CENTURY

### CENTURY TEXTILES AND INDUSTRIES LIMITED

13. To consider and, if thought fit, to pass the following Resolution which will be proposed as a Special Resolution :

"RESOLVED that on the above Resolution No. 11 being duly passed and becoming effective, Article 3 of the Articles of Association of the Company be altered by deleting from lines 2 to 4 thereof the figures and the words "Rs. 60,00,00,000/- (Rupees Sixty crore) divided into 58,00,000 (Fifty eight lacs) Equity Shares of Rs.100/- (Rupees One hundred)" and substituting therefore the figures and words "Rs. 150,00,00,000/- (Rupees One hundred fifty crore) divided into 14,80,00,000 (Fourteen crore eighty lacs) Equity Shares of Rs.10/- (Rupees ten)".

14. To consider and, if thought fit, to pass the following Resolution which will be proposed as an Ordinary Resolution :

"RESOLVED that subject to compliance of the applicable guidelines issued by the Securities and Exchange Board of India (SEBI), under the SEBI Act, 1992 and the provisions of the Articles of Association of the Company, a sum of Rs.46,52,28,400/- representing a portion of Share Premium Account standing to the credit of General Reserves of the Company as on 31st March, 1997 be and the same is hereby capitalised and is set free for distribution amongst the holders of the existing Equity Shares of the Company whose names appear on the Register of Members on such date as may be fixed by the Board of Directors in that behalf on the footing that such members become entitled thereto as Capital and not as income, by paying up on their behalf in full 4,65,22,840 equity shares of Rs. 10/- each at par out of the un-issued capital of the Company, to be allotted and distributed to them as fully paid up bonus shares in the proportion of one equity share for every existing one equity share held by them, and that the bonus shares so distributed shall be treated for all purposes as an increase of the nominal amount of the equity capital of the Company held by each such shareholder and not as income, and that such bonus shares shall be issued upon and subject to following terms and conditions :-

- (a) They shall be subject to the Memorandum and Articles of Association of the Company and shall subject thereto, rank for dividend and in all other respects pari-passu with the existing Equity Shares except that they shall not be entitled to participate in any dividend declared or to be declared for the Financial Year of the Company prior to the Financial Year in which the Shares are allotted.
- (b) No allotment letters shall be issued to the allottees of Bonus Shares and the certificates in respect of Bonus Shares shall be completed and delivered to the allottees within three months from the date of allotment thereof.
- (c) The issue and allotment of the said Bonus Equity Shares to the extent they relate to the non-resident shareholders of the Company will be subject to prior permission of the Reserve Bank of India being obtained under the Foreign Exchange Regulations Act, 1973 and to the conditions, if any, as the said Bank may impose in granting the permission.
- (d) For the purpose of giving effect to this Resolution and for removal of any doubts or difficulties, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto as the Board in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons.

RESOLVED FURTHER that the present intention of the Board of Directors to recommend, barring unforeseen circumstances and subject to the provisions of the Guidelines stipulated by the Securities and Exchange Board of India (SEBI) on Bonus issues, payment of the Dividend to Shareholders on the expanded Equity Capital of the Company in the year immediately following the bonus issue which shall not be less than 10 percent, be and is hereby noted and approved.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take such steps as may be necessary or desirable to give effect to this Resolution".

#### NOTES FOR MEMBERS' ATTENTION

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
  - (b) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 6 to 14 of the Notice set out above, is hereto annexed.
  - (c) The Register of Members and Transfer Books in respect of Equity Shares of the Company will remain closed from Wednesday, the 25th June, 1997 to Tuesday, the 22nd July, 1997 both days inclusive.
  - (d) Dividend on Equity Shares when sanctioned will be made payable from Monday, the 28th July, 1997 to those Shareholders whose names stand on the Company's Register of Members on Tuesday, the 22nd July, 1997 and to whom dividend warrants will be posted.
  - (e) Those members who have so far not encashed their dividends for the financial year ended 31st March, 1995 may claim or approach the Company for payment as the same will be transferred to the General Revenue Account of the Central Government on or before 4th September, 1998.
  - (f) The unclaimed dividend for the financial year ended 31st March, 1993 amounting to Rs.4,35,867/- has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956.
- Those shareholders who have so far not claimed or collected their dividend for the said financial year may claim their dividend from the Registrar of Companies, Maharashtra, by submitting an application in the prescribed form.
- (g) Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Company.
  - (h) Members are requested to notify change in address, if any, immediately to the Company at its Registered Office quoting their folio numbers.

By Order of the Board,

Mumbai,  
Dated: 6th May, 1997

**D.K. AGRAWAL**  
Secretary

# CENTURY

## CENTURY TEXTILES AND INDUSTRIES LIMITED

### ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

#### Item Nos. 6 and 7

Shri P.D. Lakhota, Senior President of Textile Division of the Company, was appointed on the Board on 18th November, 1996 pursuant to the provisions contained in Article 110 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. Prior to his appointment as an Additional Director of the Company he was occupying the position of the Manager of the Company under the Companies Act with effect from 1st July, 1992 for a period of 5 years as approved by the Company in General Meeting. He resigned as Manager on his being appointed as a Director of the Company. According to the provisions of said Article and Section 260 of the Companies Act, 1956, he will hold office as Director only upto the date of this Annual General Meeting. Shri Lakhota has been in the service of the Company for the last nearly 46 years holding a very senior position and has considerable experience about the activities of the Company. It is, therefore, desirable and in the interest of the Company that it should continue to avail of his services as a Member of the Board and consequently as Director in the whole time employment of the Company for a further period.

Accordingly, it has been decided to renew his appointment with effect from 22nd July, 1997 for a further period not exceeding five years as the Board may determine. It is in these circumstances that the resolution in item No. 7 of the Notice renewing his re-appointment as such on the terms set out in the resolution is being proposed for the consideration of the Members. The details of the remuneration are set out in the resolution and the same may be treated as an abstract circulated to the Members under the provisions of Section 302 of the Companies Act, 1956. As required under Section 257 of the Companies Act, 1956 notice from a member in respect of the resolution has also been received by the Company.

Since Shri Lakhota's appointment which is being proposed as per resolution mentioned in item No. 7 of the Notice, will lead to an increase in the existing strength of the Board from 10 to 11. Although not strictly necessary, but by way of abundant caution, the resolution as mentioned in item No. 6 of the Notice is also proposed to be passed in view of the provisions of Section 258 of the above Act.

It is in the above circumstances that the resolutions mentioned in these items of Notice are proposed to be passed and commended for your acceptance.

Shri Lakhota is deemed to be interested in these resolutions.

#### Item No. 8

Although not strictly necessary, this Explanatory Statement is being given in respect of the Resolution mentioned in this item of Notice since the Resolution for the re-appointment of the retiring Auditors will be proposed as a Special Resolution in view of the provisions contained in Section 224A of the Companies Act, 1956. The Financial Institutions, Banks and Insurance Companies at present hold and are likely to continue to hold at the date of ensuing Annual General Meeting, more than 25% of the subscribed share capital of the Company which

necessitates the passing of a Special Resolution. In view of general increase in work, operating cost and expanding activities of the Company, the remuneration of the Auditors is also proposed to be increased from Rs.25.00 lacs to Rs.28.50 lacs as mentioned in the Resolution.

As required under section 224 of the said Act, the Auditors have forwarded a Certificate to the Company stating that their re-appointment if made, will be within the limit specified in sub-section (1B) thereof.

#### Item No. 9

The Company is planning to issue in the course of an international offering Non-Convertible Bonds or similar Securities as mentioned in the resolution set out in this item of the Notice.

The purpose of the aforesaid issue is to raise funds in foreign exchange, for general corporate objectives including Long Term Working Capital requirements, as the Board may consider expedient, subject to the compliance of the applicable rules and regulations.

The detailed terms and conditions of the Issue will be determined by the Company in consultation with the international merchant bankers, lead managers, advisors and underwriters and in accordance with the terms of approval of the Government of India and other authorities. The proposed Issue, which may be in one or more tranches, would be for an amount not exceeding US\$ 100 Million.

Further, the funds raised pursuant to the International offering as above, if required, may have to be secured by a mortgage and/or charge on, both present and future, immoveable/moveable properties of the Company. It is therefore necessary for the members to give approval under Section 293(1) (a) of the Companies Act, 1956 as mentioned in item No. 9 of the Notice. As the proposed issue abroad would be evidently in the interest of the Company, the Board commends the resolution mentioned in this item of the Notice for the approval of the members.

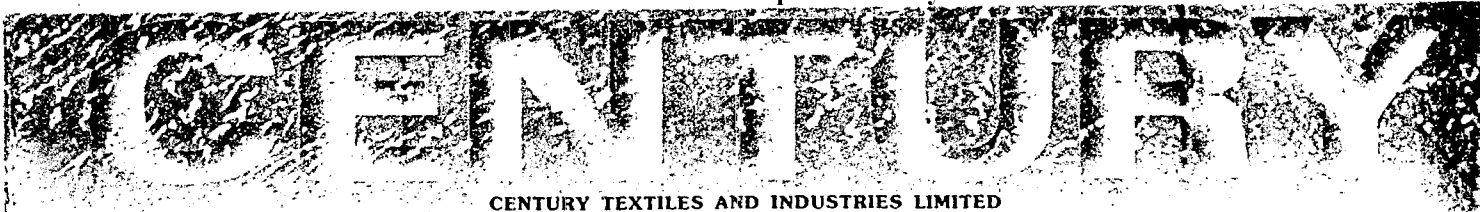
#### Item No. 10

In accordance with the modern corporate trend and with a view to create easy marketability and improve liquidity of shares, it has been thought appropriate to sub-divide equity shares of the Company which are presently of the face value of Rs. 100/- each into shares of Rs. 10/- each. Under Section 94 of the Companies Act, 1956, approval of the Company in General Meeting is necessary to Sub-divide the shares as aforesaid and hence the Resolution in Item No. 10 of the Notice also reflecting the alterations in the respective Capital Clauses as per Clause V of the Memorandum of Association and Article 3 of the Articles of Association of Company.

The Directors accordingly recommend the resolution mentioned in this item of the Notice for your approval.

All the Directors of the Company holding shares may be deemed to be interested in the resolution to the extent of shares held by them in the Company.

A copy of the existing Memorandum and Articles of Association of the Company will be available for inspection by any Member at the Registered Office of the Company during working hours on all working days upto the date of the Annual General Meeting.

**Item Nos. 11 to 14**

The Subscribed and Paid up Capital of the Company as on 31st March, 1997 was of the order of Rs.46,52,28,400/- divided into 46,52,284 equity shares of Rs.100/- each which would now be Sub-divided into equity shares of Rs.10/- each. There has all along been a steady and continued growth and expansion in the Company's activities and its reserves have augmented considerably. In view of the aforesaid and the wide disparity between the amount of the Paid up Capital of the Company and the total Capital employed in its business, and this being the Centenary Year of the Company, there is a good enough reason for increasing the subscribed and paid up equity capital once again by issue of Bonus Shares.

As a step towards attaining the above and considering all aspects the Directors have considered the desirability of raising the Paid up Equity Capital of the Company by the Capitalisation of Reserves. The Directors therefore, recommend, subject to the compliance of the applicable guidelines of the Securities and Exchange Board of India in this behalf, that the sum of Rs.46,52,28,400/- representing the part of Share Premium Account standing to the Credit of the General Reserves of the Company, be capitalised and 4,65,22,840 Equity Shares of Rs.10/- (Rupees Ten) each credited as fully paid be issued to the Members holding the Existing Equity Shares on such date, as the Board may decide. The Bonus Equity Shares will be issued in the proportion of One New Equity Share for every One Existing Equity Share held.

The said Bonus Equity Shares shall rank in all respects pari-passu with the existing Equity Shares except that they shall be entitled to participate in any dividend in the manner stated in the Resolution set out in item No.14 of the Notice.

In order to comply with the requirements of the Guidelines stipulated by the Securities and Exchange Board of India (SEBI) it is hereby stated that barring unavoidable and unforeseen circumstances, the Directors of the Company intend to recommend the declaration and payment of Dividend of atleast 10 percent per Equity Share on the increased Equity Share Capital of the Company in the year immediately after the Bonus Issue.

Authority is also being vested in the Directors of the Company to give all necessary directions and to settle any question or difficulty to give effect to the Resolution mentioned in item No. 14 of the Notice.

In view of the above, it is also necessary to increase the present Authorised Share Capital of the Company which is Rs.60,00,00,000/- divided into 5,80,00,000 Equity Shares of Rs.10/- each and 2,00,000 Preference Shares of Rs.100/- each. Consequent upon the issue of above Bonus Shares, the Subscribed and Paid up Equity Capital of the Company will exceed the present Authorised Equity Capital. Hence it has been thought desirable to increase the Authorised Share Capital of the Company by the creation of further 9,00,00,000 Equity Shares of Rs.10/- each, thus raising the Authorised Share Capital of the Company from the existing level of Rupees Sixty crore to Rupees One hundred fifty crore. Accordingly, the resolution mentioned in item No. 11 is required to be passed and commended to your acceptance. As a result of the above, the relevant Capital Clauses in the Memorandum and Articles of Association of the Company will also require to be altered, and this is sought to be brought about by passing the Special Resolutions mentioned in item Nos. 12 and 13 of the Notice.

The Directors accordingly commend the resolutions mentioned in these items of the Notice to your approval.

All the Directors who are the holders of equity shares in the capital of the Company and the nature of their concern or interest in the proposed issue of Bonus Shares will be proportionately the same as that of every other member of the Company who holds Equity Shares therein.

By Order of the Board,

Mumbai,  
Dated: 6th May, 1997

**D.K. AGRAWAL**  
Secretary



## CENTURY TEXTILES AND INDUSTRIES LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the Hundredth Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March, 1997. The financial results for the period are shown below. The following important factors have adversely affected the profitability of the Company during the year under review :-

- Adverse market conditions in Cement and Paper.
- Serious teething troubles in the Bagasse based paper plant.
- Steep decline of Dry Bulk Freight rates in Shipping.
- Generally high interest rates and still higher burden of interest due to the fact that the bagasse based paper project, the new cement project at Maihar and some other capital expenses have been financed from loans.
- Severe power cuts in the State of M.P. ranging between 40% to 60% over a long period and frequent unscheduled cuts.

However, recently there has been some improvement in the Cement and Paper Industries. Labour relations in all the sections are cordial and an atmosphere of mutual trust and faith prevails.

## 1. CENTENARY YEAR :

We are very happy to extend our greetings to you in this Company's Centenary Year. Almost a hundred years ago, on October 20, 1897, the Company was established by Shri Nowrojee Wadia, one of the leading businessman and renowned philanthropist of his time and Century of today is a testimony to Shri Wadia's vision for the future growth of India's economy. In the year 1936, Sir Chunilal V. Mehta became the Chairman of the Company and nurtured the Company for over 15 years. Shri R.D. Birla was appointed on the Board of the Company in the year 1943 and in 1951, became its Chairman, when the Company came under the present management. Thereafter it was the fortune of the Company that it never looked back and took off on a new chapter of growth and diversification carving for itself a niche of

fame in the industrial horizon of India, of which, you all are worthy participants.

To mark the occasion of Centenary Year, a Brochure containing the history and achievements of the Company will be forwarded to each of you in due course.

## 2. BONUS SHARES :

On the happy occasion of the Company's Centenary Year, we are pleased to recommend, subject to your and other approvals as may be required, the issue of Bonus Shares in the ratio of One Equity Share to be credited as fully paid-up for every One Equity Share held and necessary resolution for this purpose will be placed for your consideration at the ensuing Annual General Meeting of the Company.

## 3. SUB-DIVISION OF THE FACE VALUE OF EQUITY SHARES FROM RS.100/- TO RS.10/- PER SHARE :

The Equity Shares of the Company are presently of the face value of Rs.100/- each. To keep in tune with the current trends, we have decided to recommend sub-division of the face value of Equity Shares from Rs.100/- to Rs.10/- each. Necessary resolution in this behalf will be placed for your approval at the ensuing Annual General Meeting of the Company and thereafter, in due course the required steps, will be taken to implement the sub-division in consultation with Mumbai and other Stock Exchanges.

## 4. DEPOSITORY FACILITIES IN RESPECT OF EQUITY SHARES :

You will be pleased to know that your Directors have decided to introduce Depository facilities in respect of Equity Shares of the Company under the Depositories Act, 1996 and the Regulations made thereunder. This will facilitate paperless holding and trading in Equity Shares of the Company. Necessary actions to implement this are being taken.

## 5. FINANCIAL RESULTS :

	(Rs. in Crore)			
		1996-97		1995-96
<b>Gross Profit</b>		<b>129.37</b>		<b>286.73</b>
Prior years' adjustments		- 2.81		- 0.93
		<b>126.56</b>		<b>285.80</b>
Less:				
(i) Depreciation (net)	123.74		90.90	
(ii) Tax Provision	0.15	<b>123.89</b>	0.15	<b>91.05</b>
		<b>2.67</b>		<b>194.75</b>
Add :				
(i) Balance brought forward	26.16		20.82	
(ii) Investment Allowance Reserve written back	6.30	<b>32.46</b>	7.00	<b>27.82</b>
Profit dealt with as under		<b>35.13</b>		<b>222.57</b>
<b>Transfers &amp; Appropriations :</b>				
1. Debenture Redemption Reserve		—		43.50
2. General Reserve		<b>1.00</b>		<b>125.00</b>
3. Proposed Dividend		<b>27.91</b>		<b>27.91</b>
4. Tax on Proposed Dividend		<b>2.79</b>		—
5. Balance carried forward		<b>3.43</b>		<b>26.16</b>
		<b>35.13</b>		<b>222.57</b>

## CENTURY TEXTILES AND INDUSTRIES LIMITED

**6. DIVIDEND :**

A dividend of Rs.60/- per share is recommended for payment, as against Rs.60/- paid for the year 1995-96 which was subject to tax. The aggregate amount of dividend will absorb Rs.27.91 crore.

**7. NON-CONVERTIBLE DEBENTURES :**

During the year under review, 70,00,000 17.5% Secured Redeemable Non-Convertible Debentures of Rs.100/- each (IXth Series) aggregating to Rs.70 crore were issued on private placement basis. The funds raised are being utilised for the purposes for which these were raised.

**8. TEXTILE DIVISION :**

The prices of cotton remained firm. However, the cost of production increased on account of continuous rise in costs of wages, dearness allowance, power and various other inputs. Unfortunately the prices of fabrics in the domestic and export markets did not increase pro-rata due to restricted consumer demand and financial constraints. However, due to the goodwill generated by the Company, both in domestic and international markets, we could export our products to the desired extent in spite of severe competition from other Textile Mills of India and other competing Countries such as Pakistan, China, Indonesia etc. The Anti-Dumping Duties imposed by European Commission on the exports of unbleached cotton grey fabrics to Europe had also an adverse impact on our exports and the price realisation. Under these circumstances, textile exports of the aggregate value of Rs.278 crore during the year under review are considered satisfactory, as against the exports of Rs.264 crore during the previous year.

It is heartening to mention that the Company has again bagged during the year, Special Gold Trophy for outstanding export performance in achieving highest global exports for the year 1995-96 from Texprocil. Thus for 15 years in succession, the Company has received this highest recognition for outstanding Exports of Cotton Textiles from India.

To achieve further improvement in the quality of fabrics and to improve productivity, the programme of modernisation and technological upgradation is continuing.

Research and Development Division continues to explore new avenues for achieving sustainable improvement in Quality, Cost reduction and Environmental Management. In addition to these, our R & D activities were concentrated to systematically phase out, toxic and harmful dyes and chemicals by their substitution with non-toxic, bio-degradable, and safer dyes and chemicals. As a result, we have secured humano-ecological Oekotex certificate of "Confidence in Textiles" from Germany for processed fabrics in addition to that for grey fabrics obtained earlier.

**9. CENTURY YARN DIVISION :**

The performance of this Division has been excellent. The Plant is working at its optimum capacity and producing 100% Cotton Yarn with consistent quality and exporting its entire production which has received worldwide acceptance. Exports of this Division for the year under review amounted to Rs.50 crore as against Rs.44 crore during the previous year.

**10. 100% EXPORT ORIENTED DENIM PROJECT :**

We are glad to inform you that our 100% EOU "Century Denim" plant located at Village Satrati, in the State of Madhya Pradesh has been set up in a record period of just 15 months, with an installed capacity to produce 10 million metres of Denim fabric per year and has commenced production. This unit is equipped with latest state-of-the-art highly

sophisticated imported machines which have logic programme controllers and are connected to a special on-line Central Computer Control Unit. The establishment of the Company's goodwill in the worldwide Denim Market is no longer a distant dream and the Company is making all efforts to spread out its Denim exports in the varied corners of the world.

**11. RAYON, TYRE CORD & CHEMICALS DIVISIONS :**

The Production of Rayon Yarn was marginally higher at 14,288 tonnes. However, margins were lower because of increase in the cost of inputs and competition in the domestic and overseas markets. Constant efforts are being made to improve quality and productivity through upgradation of technology. Towards attaining this objective, batch viscose process has been replaced by slurry viscose to obtain homogeneous viscose quality and the result is encouraging.

During the year, production of Tyre Cord was 3,664 tonnes and the export demand was satisfactory. However, margins continued to be under pressure due to higher cost of inputs and stiff competition in the overseas markets.

An Agreement has been entered into with M/s. Snia Engineering S.p.A., Italy for supply of 12 Nos. Continuous Spinning Machines for manufacture of 1,500 tonnes per annum of Viscose Filament Yarn based on 120 denier. These machines are expected to be commissioned in the second quarter of 1998.

Production of Chemicals was satisfactory. However, here also margins continued to be lower due to creation of additional domestic caustic production capacities in Western India.

Increase in input costs like sulphur, steam coal, power etc. coupled with increased excise duty both on Rayon and Tyre Yarn have also added to pressure on margins.

Several clearances from Governmental and other bodies, as required, have been obtained for Naphtha-based captive power plant. Allocation of Naphtha by Government of India is awaited for further progress of the proposed project.

Production in Company's Salt Works was maintained at last year's level. Lease in respect of our Salt Works has now been renewed. The construction of salt refining unit has commenced. The plant is expected to be operational by March 1998.

**12. SHIPPING DIVISION :**

The Company continued the process of modernising its fleet and took advantage of reasonably good prices prevailing for old ships by selling one of its tankers, M.V. Aditya Vardhan, 1983 built, at a fairly attractive price. With this, the Company's fleet now consists of 9 ships aggregating 2,73,028 DWT.

The Dry Bulk freight market which saw the highest level in May 1995 witnessed the lowest level in the decade, in September 1996. The drop was as much as 55% from its peak. The main reason for this sluggishness in the market is that the world dry bulk sea borne trade increased hardly by about 1% in 1996 over the previous year as against projection of 4%. However, 1997 is expected to be a somewhat better year. The sea borne trade is likely to grow by about 3% over the previous year. The Dry Bulk freight market has already improved by about 7-8%. While there is optimism as far as growth in the sea borne trade is concerned there may be adverse influence due to substantial tonnage expected to be delivered by the ship building yards during the current year.