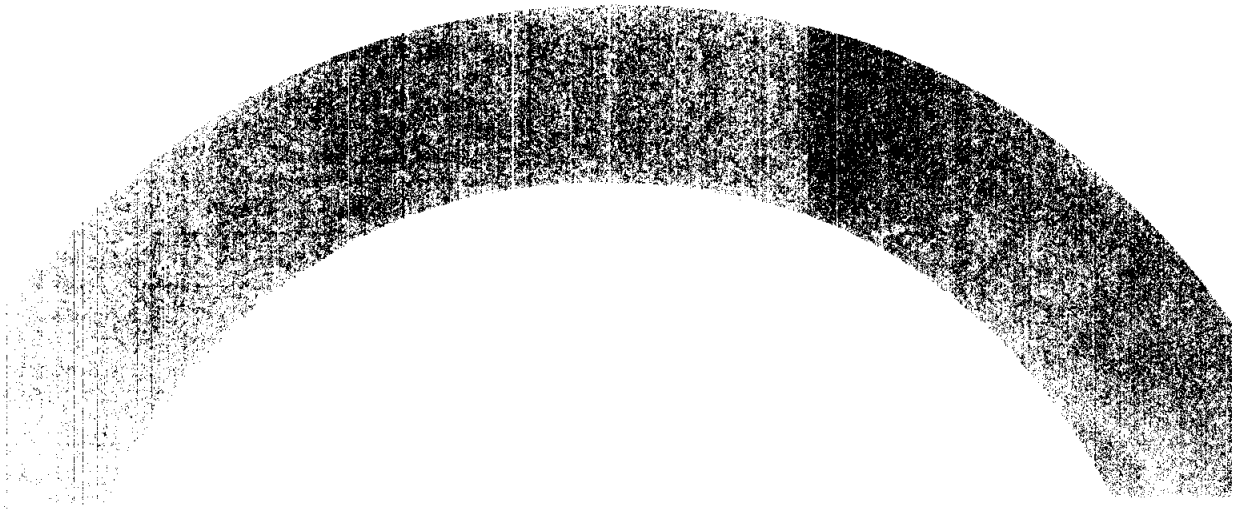
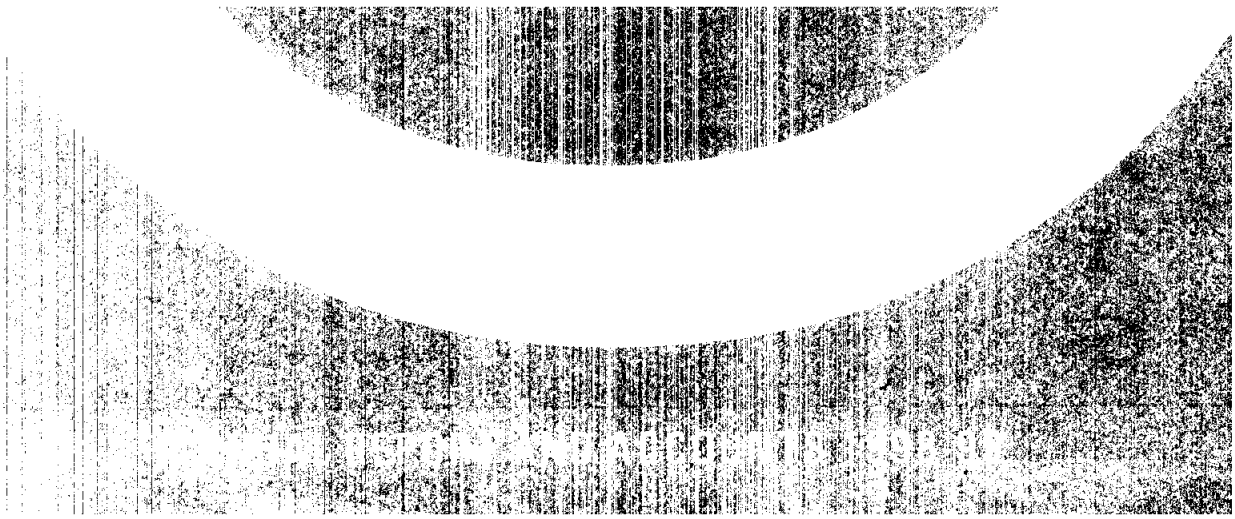
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CENTURY

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TEXTILES AND INDUSTRIES LIMITED.



ANNUAL REPORT AND ACCOUNTS 1998-99.

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Shri B. K. Birla - Chairman

DIRECTORS :

Shri B.K. Birla,	Chairman
Shri Pradip Kumar Daga	
Shri S.K. Birla	
Shri E.B. Desai	
Shri Arvind C. Dalal	
Shri C.K. Birla	
Shri S. Mukherji	(ICICI Nominee)
Shri A.P. Kurian	(UTI Nominee)
Shri H. Narayanan	
Shri B.L. Jain	(Whole-time Director)

ADVISER :

Shri D.P. Mandelia

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EXECUTIVES :

TEXTILE MILLS, CENTURY YARN AND CENTURY DENIM

Shri R.K. Dalmia	President
Shri D.K. Agrawal	Executive President (Corporate Finance) & Secretary
Shri I.C. Surana	Joint President (Finance)
Shri P.M. Nevatia	Joint President (Works)
Shri U.C. Garg	Senior Vice President (Purchase & Projects)
Shri R.C. Panwar	Vice President (Marketing)
Shri S.R. Makharia	Vice President (Production)
Shri R.C. Gupta	Vice President (Century Yarn & Denim)

CENTURY RAYON, MANIKGARH CEMENT AND CENTURY SHIPPING

Shri N.M. Jain	Senior President

CENTURY RAYON

Shri L.S. Mehta	Executive President (Works)
Shri D.V. Singh	Joint President (Personnel & Administration)
Shri N.C. Mehta	Joint President (Legal & Administration)
Shri M.C. Mehta	Joint President (Development & Engineering)
Shri A.K. Taori	Senior Vice President (Marketing)
Shri O.R. Chitlange	Senior Vice President (Finance) (Rayon & Shipping)
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	Senior Vice President (Finance)
Shri R.S. Doshi	Vice President (Finance)

MANIKGARH CEMENT

Shri B.S. Verdia	Adviser
Shri S.S. Sharma	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. Nalwaya	Senior Vice President (Marketing)

CENTURY SHIPPING

Shri S.K. Sood	Executive President
Shri V.K. Sood	Senior Vice President (Technical)
Shri B.B. Agarwal	Vice President (Commercial)

CENTURY PULP & PAPER

Shri K.K. Khemka	Adviser
Shri R.L. Lakhotia	Joint President (Works)
Shri A.M. Singhvi	Vice President (Projects)
Shri S.K. Maheshwari	Vice President (Manufacturing)

CENRAY MINERALS AND CHEMICALS

Shri M.M. Sand	Vice President (Salt Works)

AUDITORS :

DALAL & SHAH, MUMBAI

TEXTILE MILLS
Pandurang Budhkar Marg,
Mumbai - 400 025

CENTURY RAYON
Rayon, Tyre Cord & Chemical Plants,
Murbad Road, Kalyan, (Maharashtra)

CENRAY MINERALS AND CHEMICALS
Jamnagar, (Gujarat)

CENTURY CEMENT
Baikunth, Raipur, (M.P.)

MAIHAR CEMENT UNITS I & II
Sarlanagar, Maihar, (M.P.)

MANIKGARH CEMENT
Gadchandur,
Dist. Chandrapur, (Maharashtra)

CENTURY PULP & PAPER
Lalkua, Dist. Nainital, (U.P.)

CENTURY YARN
CENTURY DENIM
100% EOU
Satrati, Dist. Khargone, (M.P.)

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

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NOTICE OF MEETING

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

NOTICE is hereby given that the 102nd Annual General Meeting of the Shareholders of the Company will be held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020 on Monday, the 23rd August, 1999 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, 1999.

2. To confirm payment of dividend made by the Directors on the Preference Shares for the year ended 31st March, 1999.

3. To declare dividend, to be paid out of the General Reserve, on Equity Shares, for the year ended 31st March, 1999 subject to all approvals necessary, including of the Central Government under the provisions of the Companies Act, 1956.

4. 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.

5. To appoint a Director in place of Shri Arvind C. Dalal who retires from office by rotation, but being eligible, offers himself for re-election.

6. To appoint Shri H. Narayanan (who was appointed as an Additional Director by the Board of Directors under Article 110 of the Articles of Association of the Company and who holds office under the said Article and Section 260 of the Companies Act, 1956, only upto the date of this meeting and in respect of whom, the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of Director) as a Director of the Company and to consider and, if thought fit, to pass the following Resolution which will be proposed as an Ordinary Resolution:

"RESOLVED that pursuant to the relevant provisions of the Companies Act, 1956, including Section 257, Shri H. Narayanan be and is hereby elected and appointed a Director of the Company liable to retire by rotation."

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 Section 258 and all other applicable provisions, if any, of the Companies Act, 1956, the number of Directors in office do for the time being stand reduced from 11 to 10".

8. 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 Sections 198, 257, 260, 269, 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to the appointment of Shri B.L. Jain as Director in the whole time employment of the Company with effect from 1st April, 1999 for such term not exceeding five 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 Board from time to time to alter the said terms in such a manner as may be in the best interests of the Company:

A) Salary & Allowances per month:

i) Basic Salary : Rs.61,000/-

ii) Allowances : a) House Rent Allowance Rs.19,000/-

b) Entertainment Allowance Rs.10,000/-

c) City Compensatory and House Upkeepment Allowance Rs.6,000/-

With authority to the Board of Directors to fix annual increments in salary (Total salary not exceeding Rs.one lac per month) and allowances (Total allowances not exceeding Rs.fifty thousand per month) from time to time as it may deem appropriate.

B) Perquisites :

i) Reimbursement of Leave Travel and Medical expenses for self and family, as per the rules of Century Cement Division of the Company.

ii) Leave with full pay and allowances as per the rules of Century Cement Division of the Company.

iii) Fees of the clubs subject to a maximum of two clubs excluding admission and life membership fees.

iv) Personal accident insurance premium not to exceed Rs.2,500/- per year.

v) Company's contribution towards provident fund (12%) and Superannuation Fund (15%) as per the rules applicable to Century Cement Division of the Company, and not exceeding 27% of the salary as laid down under the Income-tax Rules, 1962.

vi) Ex-gratia payment equivalent to 20% of the basic salary.

vii) Gratuity as per rules applicable to Century Cement Division of the Company.

viii) Provision of a chauffeur driven car provided and maintained by the Company for the use of Company's business.

ix) The housing society maintenance charges and electricity charges in respect of flat occupied by him shall be paid at actuals.

x) Provision of Telephone at residence.

Provided that where, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay the above salary and allowances and provide the perquisites as aforesaid to the Whole-time Director as and by way of minimum remuneration subject to the approval of the Central Government as may be required.

Further RESOLVED that consent of the Company be and is hereby accorded to the Board of Directors of the Company to agree to such modifications as may be prescribed by the Central Government while granting the approval for appointment of Shri B.L. Jain as Whole-time Director of the Company.

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".

9. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company

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and to fix their remuneration, and for the purpose, to pass the following Resolution which will be proposed as a Special Resolution :

"RESOLVED pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, that 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.37.40 lacs (Rupees thirty seven lacs forty thousand only) for the said period plus service tax on audit fees as may be applicable and actual travelling and other out of pocket expenses incurred incidental to their functions".

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

"RESOLVED that payment of an amount of Rs.1.70 lacs to Messrs Dalal & Shah, Chartered Accountants, towards service tax on audit fees for carrying out the statutory audit of the accounts of the Company for the period 1st April, 1998 to 31st March, 1999 as provided in the Annual Accounts of the Company for the year ended 31st March, 1999 be and is hereby approved."

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 10 of the Notice set out above, is hereto annexed.

(c) The Registers of Members and Transfer Books in respect of the Equity Shares of the Company will remain closed from Thursday, the 29th July, 1999 to Monday, the 23rd August, 1999 both days inclusive.

(d) Dividend on Equity Shares when sanctioned will be made payable on or after Thursday, the 2nd September, 1999 to those Shareholders whose names stand on the Company's Register of Members on Monday, the 23rd August, 1999 and to whom dividend warrants will be posted.

(e) The unclaimed dividend for the financial year ended 31st March, 1995 amounting to Rs.5,57,236/- 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 directly from the Registrar of Companies, Maharashtra, by submitting an application in the prescribed form.

(f) Members are hereby informed that dividends which remain unclaimed/unencashed over a period of seven years have to be transferred by the Company to the Investor Education & Protection Fund which shall be constituted by the Central Government under Sec. 205(A) & 205(C) of the Companies Act, 1956 as amended upto date.

We give below the details of dividends paid by the Company and their respective due dates of transfer to such Fund of the Central Government, which remain unencashed.

Date of declaration of dividend	Dividend for the year	Due date of transfer to the Government
16th July, 1996	1995-96	26th August, 2003
22nd July, 1997	1996-97	1st September, 2004
8th September, 1998	1997-98	19th October, 2005

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends which have been transferred to the credit of the Investor Education & Protection Fund of the Central Government under the amended provisions of Sec. 205(B) of the Companies Act, 1956.

In view of the new regulation the Shareholders are advised to send all the unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

(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 for doing the needful.

(h) Members are requested to notify change in address, if any, immediately to the Company at its Registered Office quoting their folio numbers.

(i) It is observed that many members have still not surrendered their old Share Certificates for Equity Shares of Rs.100/- each for exchange with the new Share Certificates for Equity Shares of Rs.10/- each. They are once again requested to surrender the Share Certificates for Equity Shares of Rs.100/- each at the Registered Office of the Company so as to enable the Company to do the needful.

(j) The equity shares of the Company are listed at the following Stock Exchanges :-

1) The Stock Exchange, Mumbai,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.

2) The Stock Exchange Ahmedabad,
Kamdhenu Complex,
Opp. Sahajanand College,
Panjara Pole,
Ambawadi,
Ahmedabad - 380 015.

3) The Calcutta Stock Exchange Association Ltd.,
7, Lyons Range,
Calcutta - 700 001.

4) The Delhi Stock Exchange Association Ltd.,
3 & 4/4B, Asaf Ali Road,
New Delhi - 110 002.

The listing fee to the above Exchanges has been paid.

By Order of the Board,

Mumbai,
Dated : 15th June, 1999

D.K. AGRAWAL
Secretary

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ANNEXURE TO THE NOTICE

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

Item No.6

On resignation of Shri S.P. Subhedar representing L.I.C. on the Board of the Company, at the latter's request, Shri H. Narayanan has been appointed as an Additional Director of the Company by the Board of Directors pursuant to the provisions contained in Article 110 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said Article and the said Section he will hold office only upto the date of this Annual General Meeting. As required under Section 257 of the above Act, notice has been received from a member signifying his intention to propose him as a candidate for the office of Director. Shri Narayanan is Zonal Manager (Retd.) of L.I.C. and as such has considerable commercial experience. His re-appointment on the Board will be in accordance with the desire of L.I.C. which holds a fair amount of equity in the Company and will also confirm with modern corporate practice.

It is in the above circumstances that the Resolution mentioned in this item of the notice is proposed to be passed and commended for your acceptance.

Shri Narayanan is interested in this Resolution relating to his re-appointment.

Item No.7

On account of the sad demise of Dr. Ramnath A. Podar, a Director of the Company, the number of Directors now in office stands reduced from 11 to 10 and the vacancy is not proposed to be filled up for the time being. The specific Resolution as in Item No.7 though not strictly necessary is being proposed to be passed in view of the provisions of section 258 of the Companies Act, 1956, by way of abundant caution.

Item No.8

Shri B.L. Jain, Senior President of Century and Maihar Cement Divisions of the Company, was appointed on the Board with effect from 1st April, 1999 pursuant to the provisions contained in Article 110 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and thus became a Whole-time Director of the Company. In view of his appointment as additional Director, under the Provisions of the 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 and has to be re-appointed at the general meeting. Shri Jain has been in the service of the Company for the last nearly 37 years holding a very senior position and has considerable experience about the business and affairs 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 a Director in the whole time employment of the Company for a further period.

Accordingly, it has been decided subject to the Central Government's approval, to continue his appointment as Director in the whole time employment of the Company with effect from 1st April, 1999 for a period not exceeding five years as the Board may determine. It is in these circumstances that the resolution in item No.8 of the Notice is being proposed for the consideration of the Members. The details of the remuneration payable to him incidental to his employment with the Company are set out in the resolution. The same may also be treated as an abstract required to be 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 together with the required deposit, in respect of the resolution has also been received by the Company.

Shri B.L. Jain is deemed to be interested in this resolution concerning him.

Item No.9

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 costs associated with services rendered, the remuneration of the Auditors is also proposed to be increased from Rs.34.00 lacs to Rs.37.40 lacs plus service tax on Audit Fee as is applicable and actual travelling and other out of pocket expenses incurred incidental to their functions 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.10

At the Annual General Meeting of the Company held on 8th September, 1998 the members had approved the re-appointment of Messrs Dalal & Shah, Chartered Accountants, the retiring Auditors as statutory Auditors of the Company to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.34.00 lacs (Rupees thirty four lacs only) for the said period plus actual travelling and other out of pocket expenses incurred incidental to their functions. However, subsequent to the members' approval, the service tax provisions as per the Finance Act, 1998 are also applicable to remuneration payable to the Auditors of the Company. The Resolution set out at item No.10 of the Notice is proposed to obtain the approval of the members of the Company for payment of such service tax to the Auditors.

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

By Order of the Board,

Mumbai,
Dated : 15th June, 1999

D.K. AGRAWAL
Secretary

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DIRECTORS' REPORT

Dear Shareholders,

We present the 102nd Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March, 1999. The financial results are shown below. The results of the Company during the year under review have been adversely affected because of the severity of the ongoing recession, the maximum impact of which was felt for most part of the year. Though the working and operational parameters at all the major plants of the Company were satisfactory, the position was further worsened by the stay-in illegal strike resorted to by the workers resulting in lock-out at the factories of Pulp and Paper Division which lasted for sixty eight days. Global demand recession, generally adverse market conditions, instability of the Central Government and the South-East Asian crisis further augmented the difficulties faced by the Company.

In view of the adverse financial performance, pressing need for cost reduction and for making further improvements in operational efficiencies, we have recently appointed Andersen Consulting for conducting strategic performance improvement projects in relation to the Textiles, Rayon and Manikgarh Cement Divisions of the Company. Their report should be available within next 4 to 5 months.

From February 1999 onwards, there has been improvement in the offtake and prices of cement. Bagasse Paper Plant has now achieved optimum capacity utilisation and paper market has shown some signs of recovery. In Textiles, marginally cheaper imported cotton should help to improve the financial results.

1. SUMMARISED FINANCIAL RESULTS:

(Rs. in Crore)

	1998-99	1997-98
Gross Sales	**2174.87**	2207.94
Gross Profit after interest	**56.12**	58.26
Provision for Depreciation	**148.82**	145.57
Provision for Wealth Tax	**0.30**	0.24
Excess tax provision relating to prior years	**—**	+2.37
Profit/(Loss)	**(93.00)**	(85.18)

2. DIVIDEND:

The Board of Directors has recommended, subject to approval of the Central Government and Banks in view of the net loss, dividend of 6% (six percent) on Paid up Equity Share Capital for the year ended 31st March, 1999 as against 10% (ten percent) in the previous year on Equity Shares of Rs.10/- (ten) each, which will be paid out of General Reserve. The Directors have paid 10.25% dividend on Redeemable Cumulative Non-Convertible Preference Shares of Rs.100/- each for the year ended 31st March, 1999. The members are requested to confirm the same at the ensuing Annual General Meeting.

3. DEPOSITORY FACILITIES IN RESPECT OF EQUITY SHARES:

As you are aware, National Securities Depository Ltd. (NSDL) has been providing Depository facilities in respect of Company's Equity Shares under the Depositories Act, 1996 and the Regulations made thereunder.

Recently, the Company has entered into an agreement with Central Depository Services (India) Ltd. (CDS), another depository established under the Depositories Act, 1996 to provide depository facilities. Those members who are desirous of opting for this facility may contact one of the Depository Participants (DPs) of either National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDS) as per their own evaluation and convenience.

4. NON-CONVERTIBLE DEBENTURES:

During the year under review, 50,00,000 15.5% Secured Redeemable Non-Convertible Debentures of Rs.100/- each (Xth series) aggregating to Rs.50 crore were issued on private placement basis. The funds raised are being utilised for the purposes for which these were raised.

5. EXPORTS:

Exports continued to be an area of thrust and total Exports of the Company during the year under review amounted to Rs.435 crore which is about 22% of its Net Sales.

In view of large exports, the Company continues to enjoy the status of 'Star Trading House' awarded by the Ministry of Commerce, Government of India.

6. TEXTILE DIVISION:

During the year under review, the value of cotton consumption has gone up by about 16% due to increased cotton prices which had an adverse impact on the performance of this Division. The wages & dearness allowance also continued to rise.

The severe recession worldwide and general economic slow down witnessed by the country last year also had an adverse impact on the export and domestic markets which continued to remain depressed during the year under review. In view of the abolition of Anti Dumping Duty on the export of unbleached cotton grey fabrics by the Indian Textile Industry to European Countries, it has become easier to sell the goods in the export markets but the price realisation has not been to the Company's expectations.

It is gratifying to mention that this Division has received Special Gold Trophy from Texprocil for outstanding export performance for the year 1997-98. Further, it has also received 'Silver Plaque' and 'Certificate of Merit' from Government of Maharashtra for outstanding export performance successively for three previous years ending 1996-97.

It is gratifying to note that due to our quality consciousness and thrust on consumer satisfaction, we have been able to export fabrics/yarn worth Rs.247 crore during the year.

Some signs of optimism are also on the horizon in view of the availability of marginally cheaper imported cotton and possibilities of some recovery in the sale of cloth.

Modernisation and technological upgradation programmes with special emphasis on the use of computers continue.

For Research & Development, we have concentrated towards achievement of sustainable environmental improvement and enhancement of fabric quality at minimum possible cost. Improved dye combinations for large number of shades have been achieved to satisfy ever changing consumer taste.

7. CENTURY YARN DIVISION:

We have achieved optimum capacity utilisation and consistency in production, and have exported Yarn worth Rs.51 crore which is deemed satisfactory considering the present market scenario. The quality of our yarn is widely accepted in the global markets.

This unit has received accreditation to ISO:14001 Environmental Management System.

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8. CENTURY DENIM DIVISION:

We are pleased to inform that this state-of-the art high tech Division has made a dent in the global denim markets and is producing denim fabrics of consistent good quality, which have acquired worldwide acceptance. The value of exports during the year amounted to Rs.51 crore. At present, the world market for denim fabrics is highly depressed due to increased supply and lower demand.

We are in the final phase of acquiring Registered Trade Mark for "Rapid Wash Denim" process developed through inhouse R & D which is economical, ecologically better and meets the requirements of garment manufacturers.

As per new government policy, EOUs have been allowed to sell their products in domestic market to the extent of 50% of their export turnover. With this, Century Denim is all poised for increased domestic marketing and expects to make a dent in this competitive market.

9. RAYON, TYRECORD & CHEMICALS DIVISIONS:

Production of Rayon Yarn during the year under review was marginally lower at 13985 Metric Tonnes against 14387 Metric Tonnes produced last year. Due to poor offtake of Yarn, we had to cut down production. Price realisation has also been lower. The Company, however, continues its efforts towards improving quality and productivity through revamping of existing processes and undertaking steps towards upgradation of technology. One major step was revamping of After Treatment Section for washing of Rayon Yarn cakes. Once completed, this is expected to further improve the quality of Rayon Yarn. Efforts towards energy conservation were also continued during the year, which led to further reduction of about 2% in power consumption. As against the poor local demand, Rayon Yarn exports were higher at 1524 Metric Tonnes which is an increase of nearly 22% over the previous year.

Commissioning of 12 continuous spinning machines supplied by M/s. Snia Engineering S.P.A., Italy was accomplished during the year and production of continuous Spun Rayon Yarn has started from May 1998. Production of 1078 Metric Tonnes of continuous Spun Yarn was achieved during the year. However the demand for this yarn also is at present depressed.

Performance of Tyre Cord Division was good and the production of Tyre Cord was substantially higher at 5505 Metric Tonnes which was 63% higher as compared to last year. Demand in the local market also was stable. Demand for Tyre Cord is expected to remain stable during the current year.

Offtake and prices of caustic soda lye continued to be extremely low. Production from membrane cell plant continues to take care of inhouse requirement, whereas the mercury cell plant was shut down due to non-viable cost of production and poor demand. Sale of other chemical products was generally satisfactory.

Installation of 2 x 6 MW DG sets has been completed and the trial run of the sets have been started. Electric power thus generated shall be of stable quality at lower cost compared to supply from the State Electricity Board.

Construction work of salt refinery project at Jamnagar has been completed and the plant has been commissioned. As a result of cyclonic storm in June 1998, salt production during the year was lower. Inspite of poor demand of industrial salt, prices remained firm due to overall lower production of salt in Gujarat area.

It is heartening to mention that Century Rayon Division has been awarded ISO-9000 certification from ICMA and certificate for Export Recognition for 1995-96.

10. SHIPPING DIVISION:

During the year under review, the Company sold two overage Bulk Carriers, m.v. ADITYA KIRAN & m.v. ADITYA KANTI built in 1976 & 1977 respectively. With the sale of these two ships, the Company's fleet now consists of 6 ships aggregating to 201,117 Metric Tonnes deadweight.

During 1998 dry bulk sea borne trade declined, whereas the available tonnage remained at about the same level, resulting in freight rates being under pressure throughout the year. Dry bulk freight rates reached a record low in August '98 which was once again breached in January/ February '99. However since then, there has been slight improvement in the freight rates.

The Company's two product tankers continue to be employed on time-charter to Indian Oil Corporation Ltd.

11. CEMENT DIVISIONS:

The comparative production figures are as under:

(In lac tonnes)

	Clinker		Cement	
	1998-99	1997-98	**1998-99**	1997-98
Century	**8.05**	10.02	**10.95**	11.30
Maihar Unit I	**5.94**	6.53	**8.31**	7.70
Maihar Unit II	**9.58**	9.93	**10.41**	10.64
Manikgarh	**11.27**	11.12	**11.65**	11.48
	34.84	37.60	**41.32**	41.12

The cement production could have been much higher but for the following adverse factors:

a) Poor quality of coal.

b) Unsatisfactory market conditions.

Inspite of increase in the rates of power & coal, which are major components of cost, our cost of production has increased marginally due to improvement in productivity and curtailment in expenses.

The price realisation was better as compared to previous year which has resulted in somewhat improved performance of these divisions.

Improvement in Productivity

Due to concept of total productivity maintenance, there has been considerable improvement in power consumptions and these compare favourably with the other efficient units in the industry, inspite of the fact that two of our units are nearly 20 years old, and are of uneconomical size, judged from the existing standards.

	Consumption per M.T. of production	
	1998-99	1997-98
Electricity (kwh)	**96.23**	100.83

Captive Power Plants

The Captive Thermal Power Plants of 15 MW each at Century Cement and Maihar Cement are working at satisfactory levels of production. This has not only helped us to overcome power crisis to a considerable extent but also the cost of captive power generation is lower as compared to the cost of outside power which has helped in improving the overall performance of these divisions.

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12. PULP AND PAPER DIVISION:

The comparative production figures are as under :

		(Quantity in tonnes)	
		1998-99	1997-98
a)	Paper (Wood Based)	**14,264**	37,556
b)	Paper (Bagasse Based)	**54,490**	59,546
c)	Rayon/Paper Grade Pulp	**26,542**	34,290

Due to depressed market conditions, poor demand and piling up of stocks, the production of wood based paper was stopped for three months from April 1998 to June 1998.

Later during the year under review, workers resorted to a stay-in illegal strike resulting in lock out in all plants which contributed to low production and adverse working results during the year.

External factors such as heavy imports due to low import duty on Paper and Rayon Grade Pulp, excess of supply over demand and cut throat competition have adversely affected the industry in terms of declining sale prices.

However, on quality front, due to continuous endeavour of the management, our products have increased acceptability in the market. We are pleased to inform that our efforts towards quality and systems have made it possible to get ourselves accredited for ISO-9002.

As reported last year, the availability of both timber and bagasse continues to be limited, resulting in higher prices of both the basic raw materials.

13. BIRLA TYRES:

Birla Tyres, run by a Consortium of four companies with the Company's share at 60% has shown improved performance in terms of productivity and profitability due to optimum capacity utilisation coupled with vigorous cost reduction exercises. The QS-9000 Certification in recognition of its Quality Management System has been received.

The Confederation of Indian Industry (Eastern Region) has awarded Certificate of Appreciation (HRD Award 1998-99) in recognition of the commendable efforts made by Birla Tyres towards Human Resource Development.

It's second phase of expansion programme is in the advanced stage of completion. Efforts are being made to start production before the end of the year 1999.

The relations with employees have been cordial and conducive to growth.

14. MISCELLANEOUS ACTIVITIES:

Floriculture Project:

Due to overall improvement in technical management, the actual production of roses was 78 lac compared to 36 lac in the previous year. However, due to Global economic slow down and demand recession, prices in Japan and European countries were uneconomical resulting in unsatisfactory financial performance.

Production of other varieties of flowers like Gladiolas, Carnations, etc. for the Indian market has commenced and contribution from these varieties is expected to improve.

15. NEW PROJECTS:

In view of the adverse market scenario, no new projects are being undertaken. However, modernisation and technological upgradation programmes, as may be necessary, will be continued in all the Units of the Company to maintain competitiveness and better quality.

16. GENERAL - SPORTS AND WELFARE ACTIVITIES:

a) Textile Division:

i) At the 40th Annual Vegetable, Fruits and Flower Show Competition held in February 1999 organised by "National Society of Friends of Trees" the Company has bagged 'Runners-up Championship Rolling Trophy', 75 First prizes, 39 Second prizes and 37 Third prizes.

ii) At the 55th Inter Mill Sports Tournament organised by The Millowners' Association held in January 1999, the Division has won the General Championship, Athletics Championship and Women's Sports Championship.

b) Rayon, Tyre Cord & Chemicals Divisions:

i) As part of employees' welfare activities, Kamgar Kalyan Kendra started Computer Education Classes for the employees' children.

ii) A blood donation camp was arranged in which 134 ladies and gents donated blood.

iii) Century Rayon Division has received following awards during the year.

a. ICMA Award for Social Responsibility - 1997.

b. National Energy Conservation Award in the Textile Sector for the year 1995.

c. Vishwakarma Rastriya Puraskar.

c) Cement Divisions:

Students of schools run by Century Cement and Maihar Cement Units continued to excel in the scholastic and sports activities. Some students were selected for Ball Badminton tournaments at State level competition.

Manikgarh Cement bagged the National Safety Award from the Ministry of Labour, Government of India for outstanding performance in Industrial Safety for achieving the longest accident-free period during the year 1993.

Century Cement mines have bagged the first prize in transport of material awarded by The Director General Mines Safety, Bilaspur Region and also the first prize in Environment and Mineral conservation awarded for Reclamation and Rehabilitation by the Indian Bureau of Mines, Nagpur Region.

Maihar Cement mines bagged the first prize in overall performance, standard of working, transport of mineral and overburden, house keeping and Environment & Ecology in the Metalliferrous Mines Safety week 1998-99 of Jabalpur Region.

Manikgarh Cement mines bagged the first prize in Manufacturing Services from Quality Circle Forum of India, Nagpur chapter 98, best involvement and team work award and best oral version award from National Convention of Quality Circles 1998, Hyderabad.

17. POLLUTION CONTROL:

a) Rayon, Tyre Cord & Chemicals Divisions:

i) 25% of total treated effluent water is recycled and reused for gardening and reused within plant.

ii) Hazardous Waste Disposal Pit scheme has been commissioned.

b) Cement Divisions:

Top priority continues to be given to environmental protection for all the three units by keeping emission levels to the minimum possible.

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18. INSURANCE:

Adequate Insurance cover has been taken for properties of the Company including Buildings, Plant & Machineries, Stocks and Ships.

19. INDUSTRIAL RELATIONS:

In respect of Rayon, Tyre Cord & Chemicals Divisions, Industrial relations continued to remain cordial and peaceful. No incidence of work stoppage or loss of man-days on account of labour problem was reported. In order to strengthen the relations and create further conducive atmosphere, a long term wage settlement covering the period 1.1.1999 to 31.03.2002 was entered into. Further, a 3 year settlement on payment of bonus for the year 1997-98 to 1999-2000 was agreed upon with the workers' union. Most of the other issues are being negotiated and expected to be resolved to satisfaction.

However, inspite of the adverse working, the workers of Century Pulp and Paper Division including bagasse unit resorted to stay-in strike unjustifiably demanding 20% bonus as against statutory 8.33% payable for the year 1997-98. Left with no other option, lock out was declared w.e.f. 15th November, 1998 which was lifted from 22nd January, 1999 after reaching an agreement with labour unions pending decision from the Tribunal. Fortunately, congenial industrial relations have since been restored. Except the above, Industrial relations in all the units remained reasonably stable throughout the year with signs of growing mutual trust between the management and employees.

20. DIRECTORS:

The Directors report with great regret, the sad demise of their Senior colleague, Dr. Ramnath A. Podar on 6th October, 1998. His association with the Company for the past 47 years was of immense benefit to the Company. The Directors wish to place on record their deep sense of appreciation for the valuable services rendered by him as a member of the Board during his long tenure of office.

Under Article 130 of the Articles of Association of the Company, Shri E.B. Desai and Shri Arvind C. Dalal retire by rotation and being eligible, offer themselves for re-election.

Shri S.P. Subhedar representing L.I.C. on the Board of the Company has resigned from the Board and on the recommendation of L.I.C. Shri H. Narayanan has been appointed on the Board as the representative of L.I.C. The Board whilst welcoming the appointment of Shri Narayanan as a Director, records its appreciation of the services rendered by Shri Subhedar during his association with the Company. Shri Narayanan who holds office upto the date of the next Annual General Meeting of the Company, is proposed to be re-appointed at the Annual General Meeting and a suitable resolution in this behalf is proposed at the meeting.

Shri P.D. Lakhotia, Senior President of Textile Division of Company and a Whole-time Director retired from the services of the Company and consequently resigned from the Board with effect from 1st April, 1999. Your Company wishes to place on record its appreciation for the valuable services rendered by Shri Lakhotia during his long tenure with the Company including as a Director.

On resignation of Shri P.D. Lakhotia, Shri B.L. Jain, Senior President of Century & Maihar Cement Divisions of the Company has been appointed on the Board as an Additional Director pursuant to the provisions of Article 110 of the Articles of Association of the Company. He will hold office as Director only upto the date of the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. He, being in the whole time employment of the Company is a Whole-time Director with effect from 1st April, 1999.

21. AUDITORS:

The retiring Auditors, Messrs Dalal & Shah, Chartered Accountants, are eligible for re-appointment and have indicated their willingness to act as such. In terms of Section 224A of the Companies Act, 1956, their appointment needs to be confirmed by a Special Resolution and their remuneration has to be fixed.

22. AUDITORS' REPORT:

The notes to the Accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

23. COST AUDITORS:

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct cost audits relating to several products manufactured by the Company.

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

a) Cement Divisions:

Manikgarh Cement bagged the National Award for Energy Efficiency in Indian Cement Industry for the year 1996-97 instituted by NCBM.

Century Cement bagged National award for Third Best improvement in Energy Performance in Indian Cement Industry for the year 1997-98 instituted by NCBM.

Century Cement and Maihar Cement bagged 8 awards out of 18 awards instituted for conservation of Thermal and Electrical energy for the year 1997-98 in Madhya Pradesh - largest cement producing state having 20 plants.

b) General:

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure 'A' which forms part of this Report.

25. PARTICULARS OF EMPLOYEES:

Details of remuneration paid to employees, as required by Section 217(2A) of the Companies Act, 1956, are set out in a separate statement attached hereto and marked Annexure 'B' which forms part of this Report.

26. REGULATORY STATEMENT:

In conformity with the provisions of clause 32 of the Listing Agreement(s) the Cash Flow Statement for the year ended 31st March, 1999 is annexed hereto.

27. APPRECIATION:

The Company places on record its deep appreciation for the devoted services of the loyal workers, staff and the executives of the Company which have contributed in no small measure to the Company's inherent strength. Grateful thanks are also due to various State Governments, the foreign investors, the banking circles, financial institutions and district level authorities for the continued support extended to the Company from time to time. Shareholders' appreciation of the managements' efforts in such trying times, at the General Meetings of the Company is also a great fillip to strive for better performance in spite of severe strains faced by the Company as mentioned above.

Registered Office :
Century Bhavan,
Dr. Annie Besant Road,
Mumbai - 400 025

On behalf of the Board,

B.K. BIRLA
Chairman

Dated : 15th June, 1999

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