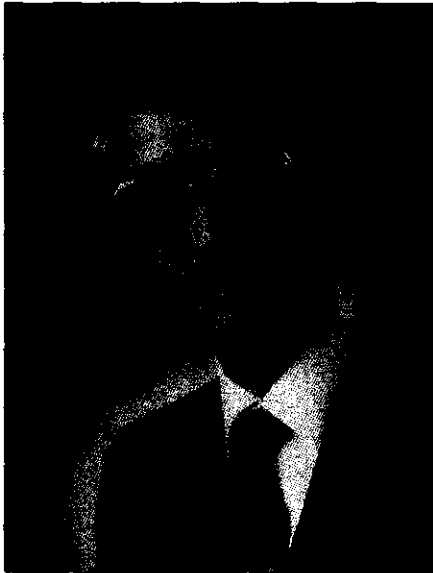


CENTURY

Textiles and Industrial Services

Report  reportjunction.com

Annual Report and Accounts 2011



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 S. Suryanarayanan (IDBI Nominee)

Shri B.L. Jain (Whole-time Director)

ADVISER :

Shri D.P. Mandella

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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
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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)
Shri S.M. Sanklecha	Vice President (Purchase)
Shri H.G. Uttamchandani	Vice President (Development & Engineering)
Shri S. M. Bandekar	Vice President (Tyre Cord Plant)

CENTURY AND MAIHAR CEMENTS

Shri B.L. Jain	Senior President
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CENTURY CEMENT

Shri B.L. Kedia	Executive 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	Executive President (Plant)
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 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)
Shri Ashok Bangad	Senior Vice President (Works)

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 S.K. Maheshwari	Vice President (Manufacturing)

CENRAY MINERALS AND CHEMICALS

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

NOTICE OF MEETING**REGISTERED OFFICE :** CENTURY BHAVAN, DR. ANNIE BESANT ROAD, WORLI, MUMBAI 400 025.

NOTICE is hereby given that the 103rd Annual General Meeting of the Shareholders of the Company will be held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020 on Wednesday, the 9th August, 2000 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, 2000.
2. To confirm payment of dividend made by the Directors on the Preference Shares for the year ended 31st March, 2000.
3. To sanction the declaration of dividend on Equity Shares for the year ended 31st March, 2000.
4. 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.
5. 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.
6. To appoint a Director in place of Shri C.K. Birla who retires from office by rotation, but being eligible, offers himself for re-election.
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 existing Directors of the Company be increased from 10 to 11".

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

"RESOLVED that pursuant to provisions of section 205(2)(c) and other applicable provisions, if any, of the Companies Act, 1956 and as already approved by the Central Government, approval be and is hereby accorded to the Company for the financial year 1999-2000 and subject to such further approvals as may be necessary for the two subsequent years, for not providing depreciation in its books, in respect of the Century Denim, Maihar Cement Unit II and Century Pulp and Paper Divisions of the Company for the three financial years 1999-2000, 2000-2001 and 2001-2002 and that the depreciation for the aforesaid 3 units not so provided in the accounts of the Company for the said three financial years and the resultant arrears be adjusted during the remaining lifetime of the respective assets of the said Divisions in such a way as to write off 95% of the value of the assets over the respective lives of such assets.

RESOLVED Further that the consent of the Company be and is hereby accorded to the Board of Directors of the Company to agree to such terms and conditions as may be prescribed by the Central Government while granting the approval to change in the basis adopted by the Company for providing depreciation on the respective assets of the aforesaid three Divisions of the Company.

RESOLVED FURTHER that the Board be and is hereby authorised to do and/or delegate the performance of all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper and desirable for the purpose of giving effect to this Resolution."

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting the following new Article 58A after the existing Article 58:

58A Nomination for Shares and Debentures

Notwithstanding anything contained in Articles 56, 57 and 58, every holder(s) of shares in or holder(s) of debentures of the Company, holding either singly or jointly, may, at any time, nominate a person in the prescribed manner to whom the shares and/or the interest of the member in the shares of the Company or debentures of the Company shall vest in the event of his/her death. Such holder(s) may revoke or vary his/her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Sections 109A and 109B of the Act, or such other regulations governing the matter from time to time."

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

"RESOLVED that pursuant to the provisions of Section 293(1)(a) and other applicable provisions if any, of the Companies Act, 1956, and subject to the approval of the Financial Institutions/Banks and subject to such other consents, sanctions, approvals or permissions, as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof) to sell and/or transfer and/or otherwise dispose off as a going concern the Manikgarh Cement Unit comprising of plants & other related assets including Power Plant thereat situated in the State of Maharashtra and/or any other cement unit or units of the Company situated in any other State, as the Board may deem appropriate together with the use of all the licences, permits, consents and approvals whatsoever in relation thereto and all the rights and benefits attached thereto and the related liabilities, to the Purchaser thereof on a going concern basis or in any other manner, at such times, and on such terms and conditions and at such price as the Board may in its absolute discretion deem fit to be in the interest of the Company, including the receipt of the consideration thereof in cash or in kind, or partly in cash and partly by shares and/or debentures or in any other manner."

"RESOLVED FURTHER that the Board (including a Committee appointed by the Board for the purpose) be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, and to sign and execute all such applications, agreements, deeds of assignment, conveyance and other documents and writings as may be considered necessary, fit and proper for the purpose of giving effect to this Resolution and the Board be and is hereby also authorised to make and accept such modifications in the

foregoing as it may deem expedient in the best interest of the Company and the Shareholders."

11. 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.41.50 lacs (Rupees forty one lacs fifty 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".

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.7 to 11 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 Monday, the 17th July, 2000 to the Wednesday 9th August, 2000 both days inclusive.
- (d) Dividend on Equity Shares when sanctioned will be made payable on or after Tuesday, the 22nd August, 2000 to those Shareholders whose names stand on the Company's Register of Members on Wednesday, the 9th August, 2000 and to whom dividend warrants will be posted. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.
- (e) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government.

Those shareholders who have so far not claimed or collected their dividend for the said period 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 7 years have to be transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Sec. 205(A) & 205(C) of the Companies Act, 1956.

The following are 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
23rd August, 1999	1998-99	3rd October, 2006

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 provisions of Sec. 205(B) of the Companies Act, 1956.

In view of the above, 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., DSE House, 3/1 Asaf Ali Road, New Delhi - 110 002.

The listing fee to the above Exchanges has been paid.

By Order of the Board,
D. K. AGRAWAL

Secretary

Mumbai,
Dated : 27th May, 2000.

ANNEXURE TO THE NOTICE

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

Item No.7

In view of the appointment of Shri S. Suryanarayanan as Nominee Director of IDBI on the Board, the number of Directors now in office stands increased from 10 to 11. The specific Resolution as in this Item of the Notice though not strictly necessary is being proposed to be passed by way of abundant caution in view of the provisions of section 258 of the Companies Act, 1956.

Item No.8

The Company has made heavy investments in the last five years in the assets of various divisions of the Company including Century Denim, Maihar Cement Unit II and Century Pulp and Paper Divisions of the Company. The net profit of the Company has been adversely affected during the same period, mainly because of the higher charge of depreciation, although the Company has earned cash profits.

In order to improve the Company's perception and in its interest, the Central Government on application being made, has given approval to the Company for not providing depreciation for the financial year 1999-2000 in respect of the assets of the Century Denim, Maihar Cement Unit II and Century Pulp and Paper Divisions of the Company on the condition that the arrears of depreciation should be adjusted during the balance life of the respective assets of the respective Divisions in such a way as to write off 95% of the value of such assets over the respective lives of such assets. Whilst granting the approval, the Central Government has stipulated that shareholders' approval be obtained to such change in relation to depreciation. Further, the Company proposes to follow the same practice for the next two years as is being done for the year 1999-2000, subject however to necessary approval of the Central Government and/or other approvals as may be necessary. Accordingly, the Resolution as set out under this item of the enclosed Notice is proposed, to obtain the approval of the members of the Company for not providing depreciation on the assets of the said divisions for the said financial years as mentioned above.

None of the Directors is interested in this resolution except as members of the Company. The Directors accordingly commend the Resolution mentioned in this item of the notice for the approval of the members.

Item No.9

The Companies Act, 1956 has been amended and new Sections 109A and 109B have been inserted making available the nomination facility to the share and debenture holders in respect of the shares and debentures of the Company held by them. Accordingly a new Article 58A is proposed to be inserted in the Articles of Association of the Company as mentioned in this item of the Notice so as to bring the same in line with the provisions of Sections 109A and 109B of the Companies Act, 1956.

The Board commends the resolution mentioned in this item of the notice for your acceptance.

Item No.10

The results of the Company during the last 3 years have been adversely affected because of the severity of demand recession affecting the cash flow position of the Company. Further in view of heavy investments made in various projects, out of loans raised during the last five years, there is an obligation on the Company to repay in time the loans taken. In order to improve the cash flow position of the Company it is proposed to sell Manikgarh Cement unit including Power Plant at present in consultation with ICICI Securities & Finance Company Ltd. subject to necessary approvals and sanctions. Further, the Company may if the Board considers necessary sell one or more cement units of the Company in future subject to necessary approvals. It will undoubtedly be the endeavour of the Board to obtain the best possible price and favourable terms in relation to the sale of any of the units of the Company.

The Company will enter into suitable agreement with the Purchaser as and when such proposal is finalised as the Board of Directors or any Committee thereof may deem fit in the best interest of the Company.

Section 293(1)(a) of the Companies Act, 1956 inter alia provides that the Board of Directors shall not without the consent of the Company in general meeting sell, lease or otherwise dispose off the whole or substantially the whole of any undertaking of the Company. Hence, the Resolution in this item of the Notice is placed before the Members for their approval. The Directors commend the Resolution for acceptance.

None of the Directors is interested in this Resolution.

Item No.11

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 the activities of the Company and the resultant costs associated with the services rendered, the remuneration of the Auditors is also proposed to be increased from Rs.37.40 lacs to Rs.41.50 lacs plus service tax on Audit Fee as may be 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.

By Order of the Board,

D. K. AGRAWAL

Mumbai,
Dated : 27th May, 2000.

Secretary

DIRECTORS' REPORT

Dear Shareholders,

We present the 103rd Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March, 2000. The financial results are shown below. The Profit during the year under review has improved as compared to the previous year. However, the continued recession specially in Rayon and Cement industries had its adverse impact on the selling prices and the profitability of the Company.

The working of Pulp & Paper Division has recovered since January this year and the outlook seems to be optimistic. With improvement in Global markets, Textile Division should also witness a better year ahead. As regards Cement and Rayon Divisions are concerned, future outlook seems to be somewhat encouraging.

In view of the pressing need for cost reduction and making further improvements in operational efficiencies, Andersen Consulting were appointed last year for conducting strategic performance improvement projects in relation to the Manikgarh Cement, Textile & Rayon Divisions of the Company who have since submitted their report. In view of very limited opportunities available for introducing new cost reduction measures because of tightly run businesses, Andersen Consulting could identify certain opportunities to effect possible economies, some of which, were based on initiatives already undertaken by the Company's Executives which benefited the Company to some extent. However, we are pleased to mention that the guidance of Andersen Consulting would strengthen and speed up the process of achieving the economies wherever possible in an organised and systematic manner, which at the same time, would improve the organisational culture with a focus on being highly cost efficient.

1. SUMMARISED FINANCIAL RESULTS:

	(Rs. in Crore)	
	1999-2000	1998-99
Gross Sales	2376.13	2174.87
Profit before interest	269.54	253.72
Profit after interest	95.15	56.12
Provision for Depreciation	74.34	148.82
Provision for Wealth Tax	0.27	0.30
Excess tax provision relating to prior years	13.98	—
Profit/(Loss)	34.52	(93.00)

2. DIVIDEND:

The Board of Directors has recommended, dividend of 6% (six percent) on Paid up Equity Share Capital for the year ended 31.03.2000 which is the same as paid in the previous year on Equity Shares of Rs.10/- each and the same will be paid in accordance with the law. The Directors have paid 10.25% dividend on Redeemable Cumulative Non-Convertible Preference Shares of Rs.100/- each for the year ended 31st March, 2000. 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) and Central Depository Services (India) Ltd. (CDS) have been providing depository facilities in respect of Company's shares under the Depositories Act, 1996 and Regulations made thereunder. The delivery of Equity

Shares of your Company is now mandatory in the dematerialised form in all exchanges where shares of the Company are listed. Hence, those shareholders who have yet not opted for this facility may dematerialise shares as per their requirement.

4. NON-CONVERTIBLE DEBENTURES:

During the year under review, to meet the requirements for ongoing capital expenditure and general corporate purposes, your Company has raised a sum of Rs.40 crore through private placement of Secured Non-Convertible Debentures. The funds raised are being utilised for the purposes for which these were raised.

5. EXPORTS:

Although export sales have fallen marginally as compared to the previous year, this area continues to be of thrust and total Exports of the Company during the year under review amounted to Rs.421 crore which is about 20% of its Net Sales.

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

6. BUSINESS RESTRUCTURING:

In view of heavy debt burden on the Company, we have been exploring/examining various options for restructuring the Company's cement business. At the ensuing Annual General Meeting of the Company, authority is being taken in favour of the Board of Directors to dispose off one or more of the cement units of the Company on terms and conditions as specified in the resolution.

7. TEXTILE DIVISION:

During the year under review, the value of cotton consumption has gone down by about 12% due to lower cotton prices particularly of the imported cotton which had a favourable impact on the performance of this Division. In addition to increase in wages and dearness allowances which continued to rise, there was steep increase in the prices of diesel, fuel oil and electricity resulting in increased cost of production.

Due to sluggish global demand, the price realisation in the export market was lower as compared to the domestic market and accordingly domestic sales were higher by about 5% as compared to the previous year. However, recently improvement is noticeable in the export market and the Company will endeavour to sell the products wherever the realisation is better and market conditions are favourable. We are happy to mention that inspite of increased cost and depressed market conditions, we have been able to export fabrics/yarn worth Rs.223 crore during the year because of our quality consciousness and thrust on consumer satisfaction.

It is gratifying to mention that this Division has received Certificate of Merit from the Government of Maharashtra for outstanding export performance for the year 1997-98 and has been selected for the award of a similar certificate for the year 1998-99. It has also been selected for the award of Texprocil's "Gold Trophy" for outstanding export performance in fabrics amongst top exporters (Mill) for the year 1998-99.

Modernisation and technological upgradation programmes are continuing to the extent necessary for quality improvements.

Research and Development Division has been actively engaged in creating new finishes and effects to satisfy and improve customers'

requirements and taste, such as, development of fabric with stretch property, smooth fabric feel without use of chemicals and thus ecofriendly, bright prints which glow in darkness, durable stiff finish etc. Further, the scope of humano ecological Oeko-Tex certificate from Germany received by the Company earlier for Grey & bleached fabrics has now been enlarged to cover entire product range of 100% cotton fabrics covering Grey, bleached, dyed, printed, colour-woven & finished in various weaves and patterns and such comprehensive certificate has been received by the Company. Ours is perhaps the only Textile Mill to have received such a prestigious certificate.

8. CENTURY YARN DIVISION:

We have exported Yarn worth Rs.56 crore which is deemed satisfactory considering the present market scenario. We have achieved optimum capacity utilisation and consistency in production. The quality of our yarn is well accepted in the global market. Siro-clearers have been installed in all our Auto-Coner Winding Machines resulting in almost contamination free yarn.

9. CENTURY DENIM DIVISION:

Despite weak market conditions, we have been able to export denim fabrics worth Rs.45 crore due to aggressive market initiatives and good quality of our denim fabrics.

As per present Government policy, EOUs are allowed to sell their products in domestic market to the extent of 50% of their export turnover. Accordingly, we have also increased domestic sales for denim fabrics which have been well accepted.

For new product launch, we have started manufacturing and exporting Ring Spun x Open End Denim and Stretch Denim as per International Standard.

This unit has received ISO 14001 accreditation for Environmental Management System.

10. RAYON, TYRECORD & CHEMICALS DIVISIONS:

The offtake of Rayon Yarn during the year continued to be poor and price realisation has been under severe pressure. Production of Rayon Yarn had to be kept in check to reduce stock accumulation. The production was 13087 M. Tons which is marginally lower by 898 M. Tons as compared to that of the last year.

The offtake of Rayon Yarn has been adversely affected due to abundant availability of Polyester Yarn at substantially lower prices. The demand for Rayon Yarn in the overseas market has also been poor. Accordingly the export of Rayon Yarn has also suffered.

Revamping work of the After Treatment Section in Rayon Plant has been recently completed and it is expected that the quality of Rayon Yarn will improve further.

In view of the poor offtake of Rayon Yarn and to liquidate accumulated stock, the Company had to close down its Continuous Spinning Machines for part of the year which have been restarted since January, 2000 and production of 334 M. Tons of Continuous Spun Yarn was achieved during the year. The demand for this product is gradually picking up. Constant efforts are being made to reduce operating costs by various in-house measures.

Performance of Tyre Cord Division has been satisfactory during the current year. The Company has exported 5424 M. Tons of Tyre Yarn during the year under review.

The year under review has seen prices of Caustic Soda Lye reaching its lowest levels, which has adversely affected the working of Chemicals Division. In view of this, the Company decided to close down its Mercury Cell Plant to reduce the losses. However, in-house requirements of Caustic Soda are being met through its Membrane Cell Plant.

2 x 6 MW DG sets commissioned by the Company during the year are operating quite satisfactorily and have helped in lowering down the electricity bill. The Company however could not get full advantage of lower cost of power generation in view of production cut, increase in cost of fuel and conditions prescribed by MSEB for drawal of minimum units.

The Salt Refinery at Jamnagar, which was recently commissioned, is operating satisfactorily and production from the Refinery has stabilised during the year. The Company launched its Refined Iodised edible salt under the brand name 'Century Salt' in the retail segment, which has been well received in the market. The Company could establish its brand in the Western, Southern and Northern States and it is expected that in the current year it would be possible to penetrate into other markets also. Salt production during the year has been satisfactory.

11. SHIPPING DIVISION:

During the year under review, the Company sold one of its bulk carriers, MV Aditya Prakash of 34119 DWT, built 1983 at an attractive price. With the sale of this ship, the Company's fleet now consists of 5 ships, aggregating to 166998 Metric Tonnes deadweight.

During the first 3 quarters of the year under review, the dry bulk freight rates remained generally subdued at a level similar to what was prevailing in the previous year. From January, 2000 onwards, the dry bulk freight market has seen substantial improvement and the Baltic Handy Index has risen by 25% in January-March, 2000. Based on projected 3% increase in dry bulk sea borne trade, it is expected that the freight rates should remain buoyant at around present level during the year 2000-2001.

Company's two product tankers continue to be employed on time charter to Oil Companies in India.

12. CEMENT DIVISIONS:

The comparative production figures are as under :

	Clinker			Cement		
	1999-2000	1998-99	% increase	1999-2000	1998-99	% increase
Century	10.16	8.05	26.21	12.80	10.95	16.89
Mailhar Unit I	8.52	5.94	43.43	10.78	8.31	29.72
Mailhar Unit II	11.74	9.58	22.55	12.58	10.41	20.85
Manikgarh	12.14	11.27	7.72	12.35	11.65	6.01
	42.56	34.84	22.16	48.51	41.32	17.40

Our cost of production has gone down as compared to previous year on account of all round improvement in productivity. However, the continued downward trend in cement prices due to recession in construction industry has adversely affected the performance of Cement Divisions.

Improvement in Productivity

Due to the concept of total productivity maintenance, there has been considerable improvement in power consumption inspite of the fact that two of our units are nearly 20 years old, and are of uneconomical size, judged by the existing standards.

	Consumption per M.T. of production	
	1999-2000	1998-99
Electricity (kwh)	92.51	96.23

Captive Power Plants

The Captive Thermal Power Plants of 15.7 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 reducing costs.

13. PULP AND PAPER DIVISION:

The comparative production figures are as under :-

	(Quantity in tonnes)	
	1999-2000	1998-99
a) Paper (Wood Based)	37,145	14,264
b) Paper (Bagasse Based)	75,197	54,490
c) Rayon/Paper Grade Pulp	35,590	26,542

The above figures are not comparable as there was a strike during 1998-99.

The depressed market conditions continued for part of the year under review. During the last quarter, demand of paper firmed-up due to improvement in market conditions after a long spell of depressed market. This resulted in improvement in working of the unit. The quality of paper has also shown further improvements and continues to be one of the best in the market.

We expect that during the year 2000-2001, this unit will give improved contribution towards the profitability of the Company.

The availability of wood continues to be rather poor, resulting in higher prices. Although we could procure sufficient quantity of Bagasse this year, its adequate availability in future is limited.

14. BIRLA TYRES:

Birla Tyres was being run by a consortium of four companies in which our Company's share was 60% upto 31.3.2000 when the lease arrangement expired.

During the period of lease, the Company has benefited from the operations of the said unit.

15. MISCELLANEOUS ACTIVITIES:**Floriculture Project :**

During the year, production of roses was marginally lower at 70 lacs stems. Several measures have been taken for mechanisation/automation which will enable overall economies and improve the quality of the product.

16. 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.

17. CORPORATE GOVERNANCE:

Based upon the recommendations of Shri Kumar Mangalam Birla Committee on Corporate Governance, the Stock Exchanges have amended the listing agreement, requiring the implementation in the case of our Company within the Financial Year 2000-2001 and have to be complied with before 31.03.2001. Although many requirements of the Corporate Governance are already in place, these will be formalised soonest possible as per listing agreement for greater transparency & for maximising long term shareholder value. The Audit

Sub Committee and Share Transfer Committee which were constituted by the Board many years ago have been formalised as per the requirements of the listing agreement and committee for Shareholders/Investors Grievance has been constituted.

18. STATUS OF Y2K COMPLIANCE:

The Y2K change was smooth without any disruption to the operations of any of the divisions of the Company.

19. GENERAL - SPORTS AND WELFARE ACTIVITIES:**a) Textile Division:**

- At the 41st Annual Vegetable, Fruits and Flower Show Competition held in February, 2000, organised by "National Society of Friends of Trees" the Company has bagged 61 First prizes, 38 Second prizes and 29 Third prizes.
- In the Exhibition of fruits, vegetables and flowers held in February, 2000, organised by The Municipal Corporation of Greater Mumbai, the Division has won 10 First prizes, 6 Second prizes and 5 Third prizes.

b) Rayon, Tyre Cord & Chemicals Divisions:

- Our Volleyball team has won the Thane District Championship. Two of our players got selected for Maharashtra State Beach Volleyball Team. Our football veterans' team has won the Goan Club Trophy.
- Kamgar Kalyan Kendra won general championship of Ulhas Arts Association. Our boys Team under the age group of 16 years, got 1st place in Thane District Athletics Meet, whereas Seniors got 1st place in Welfare Board.
- Our Rayon Division has won the National Energy Conservation Award in Textile Sector for the year 1998.

c) Cement Divisions:

- Students of Schools run by Century Cement and Maihar Cement Units continued to present award winning performance in their scholastic and sports activities. Three students were selected for National Scholarship by M.P. Board Secondary Education, Bhopal, nine students have bagged Rashtrapati Award and fifteen students and teacher in charge bagged the Governor's Award for Scout/Guide activities.
- Century Cement mines have bagged the first prize in use of explosives awarded by The Director General Mines Safety, Bilaspur Region.
- Maihar Cement mines bagged the first prize in environment and afforestation, fire safety and transport of material during the Metalliferous Mines Safety week 1999-2000 of Jabalpur Region and also the first prize for Air Quality Management during celebration of Mines Environment and Mineral Conservation week 1999.
- Manikgarh Cement mines bagged the first prize in Manufacturing Services from Quality Circle Forum of India, Nagpur chapter 99, best quality circle award in Annual Chapter convention of Quality Circle-Vadodara in September, 1999 and first prize for House Keeping during the celebration of Mines Safety week 1999-2000 of Nagpur Region. Manikgarh Cement also bagged the trophy for "Continuous Excellence in Mine Environment and Mineral Conservation" by IBM for the year 1999-2000.

d) Pulp and Paper Division:

- i) This unit bagged the first prize in the "All India Farmers Fair" held in Pantnagar during October, 1999 for its afforestation and environment programmes.
- ii) Unit's quality circle "Ekta" bagged first prize in the Regional Convention of Quality Circle 1999 at Kanpur and subsequently received "Memento of Excellence" at the National Convention of Quality Circles held at Durgapur in January, 2000.

20. POLLUTION CONTROL:

Top priority continues to be given to environmental protection for all the units of the Company by keeping emission levels to the minimum possible. To combat the pollution and to strengthen the area ecology, a lot of emphasis is given for massive plantation of fragrance and shady trees. Further efforts to improve pollution and effluent control systems are being undertaken as a continuing process.

21. INSURANCE:

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

22. INDUSTRIAL RELATIONS:

Industrial relations in all the units remained reasonably stable throughout the year with signs of growing mutual trust between the management and employees.

23. DIRECTORS:

Shri S. Suryanarayanan the nominee of The Industrial Development Bank of India on the Board of the Company has been appointed with effect from 7th October, 1999 in terms of Article 112A of the Articles of Association of the Company.

Under Article 130 of the Articles of Association of the Company, Shri B.K. Birla, Shri S.K. Birla, and Shri C.K. Birla retire by rotation and being eligible, offer themselves for re-election.

24. AUDITORS:

The retiring Auditors, M/s. 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 and their remuneration has to be fixed.

25. 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. As regards note 32(a) about Non-provision of Depreciation for 3 units of the Company, it may be noted that the same is in accordance with permission of the Central Government.

26. 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.

27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**a) Cement Divisions:**

Century Cement and Maihar Cement bagged 5 awards out of 18 awards instituted for conservation of Thermal and Electrical energy for the year 1998-99 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.

28. 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.

29. REGULATORY STATEMENT:

In conformity with the provisions of clause 32 of the Listing Agreement/(s) the Cash Flow Statement for the year ended 31.3.2000 is annexed hereto.

30. 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 their 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 inspite 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: 27th May, 2000