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CENTURY

TEXTILES AND INDUSTRIES LIMITED

107th Annual Report and Accounts 2003 - 2004

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Shri B. K. Birla - Chairman

DIRECTORS : (As on 03.05.2004)

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

Smt Priyamvada Birla

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

ADVISER :

Shri D. P. Mandelia

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EXECUTIVES : (As on 03.05.2004)**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	Joint President (Purchase & Projects)
Shri R.C. Panwar	Vice President (Marketing)
Shri S.R. Makharia	Vice President (Production)

CENTURY RAYON

Shri L.S. Mehta	President
Shri D.V. Singh	Joint President (Personnel & Administration)
Shri M.C. Mehta	Joint President (Technical & Marketing)
Shri O.R. Chitlange	Joint President (Finance) (Rayon & Shipping)
Shri A.K. Taori	Senior Vice President (Marketing)
Shri R. Lalwani	Senior Vice President (Commercial)
Shri S.M. Sanklecha	Vice President (Purchase)
Shri H.G. Uttamchandani	Vice President (Development & Engineering)
Shri S. M. Bandekar	Vice President (Rayon Plant)
Shri R. K. Tandon	Vice President (Delhi Office)

CENTURY, MAIHAR AND MANIKGARH CEMENTS

Shri B.L. Jain	Senior President
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CENTURY CEMENT

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

MAIHAR CEMENT UNITS I & II

Shri Kamal Kishore	Executive President (Co-ordination)
Shri C.S. Jain	Joint President (Marketing)
Shri V.K. Bhandari	Joint President (Commercial)
Shri B.L. Agarwal	Senior Vice President (Electrical)
Shri M.P. Rai	Senior Vice President (Plant)
Shri N.M. Singhvi	Vice President (Commercial)

UNIT II

Shri B.P. Jain	Executive President (Plant)
Shri M.K. Sethi	Joint President (Mines)
Shri Sharad Jain	Joint President (Process & Quality Control)
Shri R.S. Doshi	Senior Vice President (Finance)
Shri Rakesh Sharma	Vice President (Personnel & Administration)
Shri P.M. Intodia	Vice President (Marketing)

MANIKGARH CEMENT

Shri S.S. Sharma	Executive President (Co-ordination)
Shri P.S. Bakshi	Joint President (Plant)
Shri S.K. Mandelia	Senior Vice President (Commercial & Administration)
Shri N.B. Singh	Senior Vice President (Process & Quality Control)
Shri P. R. Sundaresan	Vice President (Electrical)
Shri A. D. Karwa	Vice President (Commercial)

CENTURY SHIPPING

Shri S.K. Sood	Executive President
Shri V.K. Bemby	Vice President (Technical)

CENTURY PULP & PAPER

Shri R.L. Lakhota	President
Shri J. K. Mandelia	Senior Vice President (Works)
Shri S. H. Chomal	Vice President (Raw Material)

CENRAY MINERALS AND CHEMICALS

Shri M.M. Sand	Vice President (Salt Works)
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AUDITORS**DALAL & SHAH, MUMBAI****SOLICITORS****MULLA & MULLA AND CRAIGIE, BLUNT & CAROE, MUMBAI**

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

NOTICE is hereby given that the 107th 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 20th July, 2004 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, 2004.
2. To declare dividend on Equity Shares for the year ended 31st March, 2004.
3. 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.
4. 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.
5. To appoint a Director in place of Smt. Priyamvada Birla who retires from office by rotation, but being eligible, offers herself for re-election.
6. To appoint Auditors of the Company 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.
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 the existing Directors of the Company for the time being in office be reduced from 11 to 8."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be and are hereby amended by inserting the following proviso at the end of the existing Article 55 :

Provided that the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any person or persons indebted to the Company on any account whatsoever except in the case of a lien on shares."

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 Sections 198, 269, 309, 311, 314, and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII and all guidelines for managerial

remuneration issued by the Central Government from time to time, the Company hereby approves of the reappointment by the Board of Directors ("the Board") of Shri B. L. Jain as Director in the whole time employment of the Company with effect from 1st April, 2004 for a further period of three years 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 of Directors / Chairman of the Board from time to time to alter the said terms in such manner as may be in the best interests of the Company subject however to the restrictions, if any, contained in the Companies Act, 1956, including Schedule XIII thereto as amended upto date or otherwise as may be permissible at law, viz.:

- A) Salary & Allowances per month effective from 1.4.2004:

- i) Basic Salary : Rs. 1,10,000/-
- ii) Allowances :
 - a) House Rent Allowance Rs. 25,000/-
 - b) Entertainment Allowance Rs. 10,000/-
 - c) City Compensatory and House Upkeepment Allowance Rs. 25,000/-

with authority to the Board of Directors/Chairman of the Board to fix annual increments in salary (Total salary not exceeding Rs. one lac fifty thousand per month) and allowances (Total allowances not exceeding Rs. seventy five thousand per month) from time to time as may be deemed 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 applicable provisions of Schedule XIII of the said Act and the approval of the Central Government, as may be required.

RESOLVED Further that the Board of Directors/Chairman of the Board be and are hereby authorised to take such steps as may be necessary or expedient in their entire discretion 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) The Registers of Members and Transfer Books in respect of the Equity Shares of the Company will remain closed from Friday, the 2nd July, 2004 to Tuesday, the 20th July, 2004 both days inclusive.
- (c) Dividend on Equity Shares when sanctioned will be made payable on or after Friday, the 23rd July, 2004 to those Shareholders whose names stand on the Company's Register of Members on Tuesday, the 20th July, 2004 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 position as at the end of the day on Thursday, the 1st July, 2004 as per data to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
- (d) 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.

- (e) 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 Section 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 unpaid.

<u>Date of declaration of dividend</u>	<u>Dividend for the year</u>	<u>Due date of transfer to the Government</u>
22nd July, 1997	1996-1997	1st September, 2004
8th September, 1998	1997-1998	19th October, 2005
23rd August, 1999	1998-1999	3rd October, 2006
9th August, 2000	1999-2000	19th September, 2007
10th July, 2001	2000-2001	8th August, 2008
4th July, 2002	2001-2002	2nd August, 2009
5th August, 2003	2002-2003	4th September, 2010

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 Section 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.

- (f) Members are requested to send all their documents and communication pertaining to shares to MCS Limited, Share Transfer Agent of the Company at Sri Venkatesh Bhavan, Plot No.27, Road No.11, MIDC Area, Andheri (East), Mumbai 400 093, Telephone No.022-2821 5235, Fax No.022-2835 0456 for both physical and demat segment of Equity Shares. Please quote on all the correspondence - Unit - Century Textiles and Industries Limited.
- (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 MCS Limited, Share transfer agent of the Company for their doing the needful.
- (h) Members are requested to notify change in address, if any, immediately to MCS Limited, Share Transfer Agent of the Company, 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) Pursuant to the recommendation of the SEBI Committee on Corporate Governance for reappointment of the retiring Directors, the relevant details of the concerned Directors are given in the Report on Corporate Governance forming a part of the Annual Report.

By Order of the Board,

D. K. AGRAWAL
Secretary

Mumbai,
Dated: 26th May, 2004

ANNEXURE TO THE NOTICE

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

Item No. 7

During the year Shri H. Narayanan, representative of Life Insurance Corporation of India on the Board of Directors of the Company, resigned with effect from 3rd January, 2004, Industrial Development Bank of India withdrew Shri K.X.M. John as their Nominee on the Board of Directors of our Company with effect from 23rd January, 2004 and Shri Raghu Palat, Nominee Director of Unit Trust of India (UTI) on the Board of Directors of our Company has ceased to be a Director w.e.f. 31st March, 2004 in terms of Article 112A of the Articles of Association of the Company. As these vacancies are not proposed to be filled up for the time being, the number of Directors now in Office stand reduced from 11 to 8. 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

In order to bring the Articles of Association of the Company in line with the provisions of Stock Exchange listing requirements it is proposed to amend the existing Article 55 of Articles of Association of the Company in the manner set out in the resolution.

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

None of the Directors of the Company is, in any way, concerned or interested in this resolution except as may be to the extent of the shares held by them in the Company.

Item No. 9

Shri B. L. Jain, Senior President of Cement Divisions of the Company, was earlier appointed as a Director on the Board of the Company and thus became a whole-time Director with effect from 1st April, 1999 for a period of five years. The Board of Directors has, at its recent meeting, reappointed him as such whole-time Director for a further period with effect from 1st April, 2004 and on such terms as to remuneration and otherwise as may be decided by the Chairman. His reappointment is presently fixed for a period of three years and the details of his remuneration have been finalized as set out in the Resolution. Shri Jain has been in the service of the Company for the last over 42 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 Director in the whole time employment of the Company for a further period as aforesaid.

With regard to the remuneration payable to him incidental to his employment with the Company, considering his rich experience and particularly his managerial skills as also the prevailing trends in the industry, the same are considered to be fair, just and reasonable. It is in these circumstances that the resolution in item No.9 of the Notice is being proposed for the consideration of the Members. The same along with this explanatory statement 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.

Shri B. L. Jain is deemed to be interested in this resolution as it concerns him.

By Order of the Board,

D. K. AGRAWAL
Secretary

Mumbai,
Dated: 26th May, 2004

DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 107th Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March, 2004. The summarised financial results are given below. The overall profitability during the year after providing for interest, has remained almost at the same level as that of the last year.

1. SUMMARISED FINANCIAL RESULTS:

	(Rs. in crore)	
	2003-04	2002-03
Profit after Interest	229.26	223.69
<u>Less:</u>		
Depreciation	127.97	133.06
Net adjustment in respect of earlier years	16.20	13.42
Provision for taxation	8.50	7.04
Net Profit	76.59	70.17
<u>Add:</u>		
Balance brought forward	71.15	39.35
Profit dealt with as under	147.74	109.52
Transfers & Appropriations:		
Proposed Equity Dividend	18.61	16.28
Tax on proposed		
Equity Dividend	2.38	2.09
General Reserve	60.00	20.00
Balance carried forward	66.75	71.15
	147.74	109.52

The performance of each business segment of the Company has been comprehensively covered in the Management's Discussion and Analysis Report based on the reports of the Wholetime Director of the Company and Presidents of each unit and the same forms part of this Directors' Report.

2. DIVIDEND:

The Board of Directors has recommended dividend @ 20% (Twenty percent) on Paid up Equity Share Capital of the Company for the year ended 31.03.2004 as against 17.50% (seventeen and half percent) paid in the previous year on Equity Shares of Rs.10/- each and the same will be paid when declared by the Shareholders in accordance with the law. The dividend when received by the Shareholders will be free of tax in their hands and the Company will pay dividend distribution tax @ 12.50% plus applicable surcharge on the dividend amount subject to relevant laws at the appropriate time.

3. DEFERRED TAX:

In terms of the Hon'ble Bombay High Court's order dated 16.01.2003, Securities Premium Account has been utilised towards debit on account of net deferred tax impact amounting to Rs.33.88 crore for the year under review.

4. EXPORTS:

The total exports of the Company as a whole amounted to Rs.438 crore which represents about 19 percent of the Net Sales.

5. FLORICULTURE ACTIVITIES:

The overall production has increased from 74 lac to 88 lac flowers during the year. We have installed an automatic rose processing machine enabling us to handle larger volume with improved quality. After implementation of various quality management systems, this Division has been awarded ISO 9001 certificate.

6. EXPANSION & MODERNISATION:

a) Textiles

i) Textile Mill

The proposal for installing necessary plants for co-generation of 6 MW power & steam has been dropped in view of reduction in electricity charges by Tata Power Company due to availability of more gas to them and permission to burn more coal in their Trombay unit. Hence, the installation of the new power plants is not considered viable.

ii) Century Yarn and Century Denim

The proposal to install one Thermal Power plant of upto 10 MW capacity at the existing plant site has been dropped due to expected operational and environmental problems. Instead we have decided to install 6 MW Power Plant using LSHS/ furnace oil at the plant site which is expected to be commissioned by the end of the current financial year.

b) Rayon, Tyre Cord & Chemicals

i) Continuous Spinning machines for VFY

Machines for manufacturing Continuous Spun Yarn (CSY), imported from Germany, have been successfully installed and commercial production has already started from February, 2004. The product quality is satisfactory and well accepted in the market.

ii) Caustic Soda

One new energy efficient electrolyzer has been commissioned during the year under review. This would increase the production of Caustic Soda by about five tonnes per day and would also reduce power consumption.

c) Cement

i) Close circuiting of two cement mills both at Century Cement Unit and Maihar Cement Unit has been completed. Installation of pre-grinders at both the units are under progress. This will increase manufacturing capacity of Maihar Cement to 3 million tonnes and Century Cement to 1.8 million tonnes. The increased capacities are expected to be commissioned during the first half of the current financial year.

ii) The project work for increasing Captive Power Generation Capacity at Manikgarh Cement unit by installing 10 MW turbine and discarding 5 MW old turbine is under progress. The additional capacity is likely to be commissioned by September, 2004.

iii) In view of the high power cost of the grid, it has been decided to install one thermal power plant of 15 MW capacity at Maihar Cement Unit at an estimated cost of about Rs.65 crore. This 15 MW Captive Power Plant is likely to be commissioned during the first half of the financial year 2006-07.

d) Pulp & Paper

The proposed installation of a multi fuel Boiler as reported last year has been deferred for the time being. Further, Pith dewatering system has been installed with an investment of approx. Rs.3.50 crore, to reduce the moisture content in the pith which will save not only the shifting charges of wet pith but also save coal on account of use of pith in Boilers.

e) Modernisation

Thrust on modernisation and technological upgradation programme continues, to face competition and ensure better quality of our products.

7. CORPORATE GOVERNANCE:

A separate report on Corporate Governance is enclosed as a part of this Annual Report of the Company. A certificate from Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

8. GENERAL - SPORTS, WELFARE ACTIVITIES AND AWARDS:

The Company's various Divisions continue their march in bagging various awards as per the details given below.

a) Textile Division:

i) In the Inter Mills Sports Tournament organised by Rashtriya Mill Mazdoor Sangh (RMMS) in December, 2003, the Division has won First Prize in women's Rangoli Competition, Women's Musical Chair Sport and Women's Shooting Sports. The Division has also been winner of Tug of War in Men's Sports.

ii) In Bhajan competition organised by Maharashtra Kamgar Kalyan Mandal, the Division has won the First Prize in Bhajan Teams since last three consecutive years.

b) Rayon, Tyre Cord & Chemicals Divisions:

i) Under the umbrella of TQM, one of our Quality Circles "KOHINOOR" of Tyre Cord Textile Department bagged the top coveted "Excellent Award" at National Convention on Quality Circles (NCQC - 2003) which was held at Madurai organized by "Quality Circle Forum of India", Secunderabad.

ii) Our Team won Thane District Volley Ball Championship.

c) Cement Divisions:

i) Century Cement has received National Award for Environmental Excellence in Indian Cement Industry instituted by National Council for Cement and Building Materials (NCBM) in recognition of best environmental excellence in Limestone mines during the year 2001-02.

ii) Century Cement Mines has received the first prize in Safety Awards for Health, Safety & Welfare Amenities, Environmental Control and Tyre Maintenance during the Mines Safety Week 2003-04 from Director General, Mines Safety, Bilaspur Region. It has also received the first prize for Overall Performance, Reclamation & Rehabilitation and Management of Sub-Grade Mineral, during the Mines Environment and Mineral Conservation Week 2003-04 from the Indian Bureau of Mines, Nagpur Region (Chhattisgarh State).

iii) Two students from our school at Century Cement participated in National Level Football Tournament. Four students from the school at Maihar Cement were selected

for President's Award and ten students for Governor's Award for Scouts/Guide during the academic session 2003-04.

- iv) Maihar Cement Mines has bagged the first prize in overall performance, house keeping and transport of mineral and overburden during the metalliferous mines safety week 2003-04 of Jabalpur Region. It has also received first prize in overall performance, top soil management during celebration of Mines Environment and Mineral Conservation week 2003-04 from the Indian Bureau of Mines, Jabalpur Region.
- v) Maihar Cement has also received National Mineral Development Corporation (NMDC) Social Awareness Award for the year 2002-03 for promoting socio-economic development in and around the mining areas from the Federation of Indian Mineral Industries (FIMI).
- vi) Maihar Cement has further received National Safety Award - 2001 for the longest accident free period as runner up instituted by Ministry of Labour, Government of India, New Delhi.
- vii) Manikgarh Cement mines has also bagged first prize in overall performance, reclamation and rehabilitation, noise vibration and aesthetic beauty and waste management during the Mines Environment and Mineral Conservation Week 2003-04, Nagpur Region (Madhya Pradesh and Maharashtra). It has also bagged first prize in overall performance, transport and dust suppression, injury rate performance, exhibition stall and open cast working during the Mines Safety Week 2003-04, Nagpur Regions I & II.

d) Pulp & Paper Division:

- i) Unit's Quality Circle "Deepak" secured the '**Excellent Presentation Award**' in the National Convention on Quality Circle-2003 held in Madurai during December, 2003 and was recommended for participation in the International Convention to be held in Bangkok during December, 2004.
- ii) The Unit was also awarded the "**Best Paper**" presentation award in the IPPTA Seminar held in Coimbatore in July, 2003 for it's paper on 'Total Productive Maintenance' (T.P.M.)

9. ENVIRONMENT AND POLLUTION CONTROL:

All manufacturing facilities possess required environmental clearances from respective Pollution Control Boards and the same are in compliance with the present environmental legislation. As an integral part of Company's environment protection drive, the Company ensures minimum quantity of waste generation, low emission levels and low noise pollution levels during plant operation.

10. INSURANCE:

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

11. DIRECTORS:

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

Shri H. Narayanan, representing Life Insurance Corporation of India (LIC), has resigned from the Board with effect from 3rd January, 2004 and Industrial Development Bank of India (IDBI) has withdrawn the nomination of Shri K.X.M. John as its Nominee Director on the Board of the Company with effect from 23rd January, 2004. Shri Raghu Palat Nominee Director of UTI on the Board of the Company ceased to be a Director with effect from 31st March, 2004 in terms of Article 112A of the Articles of Association of the Company. The Board places on record its appreciation for the valuable services rendered by Shri Narayanan, Shri John and Shri Palat during their tenure of office as Director of the Company.

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 274 of the Companies Act, 1956.

12. 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.

13. AUDITORS' REPORT:

The notes to the Accounts bearing numbers 11, 24 and 26 referred to in the Auditors' Report and paras in Bold type in the Auditors' Report are self explanatory and do not call for any specific response under Section 217(3) of the Companies Act, 1956.

14. 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.

15. DIRECTORS' RESPONSIBILITY STATEMENT:

On the basis of compliance certificates received from the concerned Executives of the respective Divisions of the Company and subject to disclosures in the Annual accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, we state :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures wherever applicable;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

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

- i) **Cement Divisions:**
 - a) In the 6th State Level Fuller Energy Awards 2002-03 for energy conservation, Century Cement and Maihar Cement have bagged first prize for maximum percentage reduction in Thermal Energy Consumption in k.cal/kg of clinker produced over the year 2001-02 amongst plants in Chhattisgarh and Madhya Pradesh states respectively. Maihar Cement has also bagged first prize for lowest electrical energy (KWH) consumption per tonne of clinker produced and per tonne of cement produced amongst modern plants using VRM technology situated in Chhattisgarh and Madhya Pradesh states.
 - b) Century Cement has received National Award for Energy Efficiency in Indian Cement Industry instituted by National

Council for Cement and Building Materials (NCBM) in recognition of best improvement in energy efficiency in manufacture of blended cement during the year 2001-02.

- c) Century Cement has been honoured with certificate of merit in National Energy Conservation Award 2003 in cement sector from Ministry of Power, Government of India, New Delhi.

ii) 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' and the same forms part of this Report.

17. 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' and the same forms part of this Report.

18. CASH FLOW ANALYSIS:

In conformity with the provisions of clause 32 of the Listing Agreement/(s) the Cash Flow Statement for the year ended 31.03.2004 is annexed hereto.

19. APPRECIATION:

The Company places on record its deep appreciation for the devoted services of the loyal workers, executives and other staff of the Company who have contributed in no small measure to the performance and the Company's inherent strength. Grateful thanks are also due to various State Governments, the 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 at the General Meetings of the Company and otherwise is also a great fillip to strive for better performance year after year.

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

On behalf of the Board,

B.K. BIRLA
Chairman

Dated: 3rd May, 2004