

Century Textiles and Industries Limited

**116th
Annual Report
& Accounts
2012-2013**

CHAIRMAN'S STATEMENT

Dear Shareholders,

The global economy has been passing through a prolonged phase of uncertainty and the low growth along with the atmosphere of hesitancy is also reflected in India. The recovery from the global crisis of 2008-09 in the advanced economies has been uneven and fragile and this as well as a number of its own problems have had a notable dampening effect on growth and business confidence in India over the last two to three years. Continuing high inflation, unacceptable levels of fiscal and current account deficits, lacklustre performance on the export front as well as a fall in the rate of growth in industrial production, high prices of crude in international markets - all these have added to the reasons for low economic growth. Although crude prices have marginally come down in recent months, but the trend is uncertain. Further, a consequential tight monetary policy during the major part of the year coupled with stalled reforms, electricity shortages and lack of rain in some parts of the country have all contributed to lower business confidence. These factors have adversely impacted governmental spending and investment by the private sector for various projects related to infrastructure development, housing and industry. Recently, the RBI has taken some steps which may reduce interest rates and it is expected that sooner rather than



later, borrowing costs will decline leading to more investment in infrastructure. As the government has over the last few months taken some action to revive industrial growth, encourage fresh investment and seems committed to reforms in terms of keenly awaited measures being promised for implementation, our economy in the coming years should regain a trajectory of high growth, nearer to that witnessed in the recent past.

Our Company continues to face difficult circumstances particularly in terms of high interest cost, ever increasing input costs, reduced demand etc. due to which its performance has remained unsatisfactory. Looking forward to the expected revival in the global economy and the improvement in our economy in tandem, in terms of increases in demand for and prices of its various products, the outlook for the Company is expected to remain stable.

I extend my sincere thanks to all our stakeholders including shareholders, customers and the loyal staff for their continued support and confidence in helping the Company to maintain and enhance its inherent strengths even in difficult times.

B. K. Birla
Chairman

Shri B. K. Birla, Chairman**Shri Kumar Mangalam Birla****Shri Pradip Kumar Daga****Shri Arvind C. Dalal****Shri Amal Ganguli****Shri B. L. Jain, (Whole-time Director)**

CONTENTS

| | |
|------------------------------|----|
| Board of Directors | 01 |
| Team of Executives..... | 02 |
| Performance Highlights | 03 |
| Fabrics and Apparel | 04 |
| Rayon..... | 05 |
| Cement | 06 |
| Paper | 07 |
| Notice of Meeting | 08 |
| Directors' Report | 14 |
| Conservation of Energy | 18 |

| | |
|--|----|
| Form 'A' | 21 |
| Management Discussion and Analysis Report..... | 23 |
| Corporate Governance Report | 28 |
| Independent Auditors' Report..... | 38 |
| Balance Sheet | 42 |
| Statement of Profit and Loss | 43 |
| Cash Flow Statement..... | 44 |
| Notes '1' to '48' | 46 |
| Operating Results for Five years | 76 |
| Statement of Assets and Liabilities for Three years | 77 |

TEAM OF EXECUTIVES

AS ON 15/05/2013

Textiles

Century Textiles

Birla Century, Century Yarn and Denim

| | |
|-------------------|---|
| Shri R.K. Dalmia | Senior President |
| Shri D.K. Agrawal | President (Corporate Finance) & Secretary |
| Shri U.C. Garg | Executive President (Purchase & Projects) |
| Shri R.C. Panwar | Joint President (Marketing) |

Birla Century

| | |
|--------------------------|-----------------------------|
| Shri Sanjay Khimesra | Joint President |
| Shri Abhijit Bhatwadekar | Vice President (Spinning) |
| Shri Pankaj Mehta | Vice President (Processing) |

Century Yarn & Denim

| | |
|-----------------|-----------------|
| Shri R.S. Verma | Joint President |
|-----------------|-----------------|

Rayon

Century Rayon, Tyrecord and Chemicals

| | |
|---------------------|---|
| Shri O.R. Chitlange | Senior President |
| Shri R. Lalwani | President (Commercial) |
| Shri S.M. Sanklecha | Executive President (Purchase) |
| Shri S.K. Mital | Joint President (Engineering, Auxiliary & Instrument) |
| Shri Subodh Dave | Senior Vice President (Personnel & Administration) |
| Shri Apurva Gupta | Senior Vice President (Rayon) |
| Shri V.K. Jhingon | Senior Vice President (Tyrecord, CSY & TQM) |
| Shri Sudhir Luthra | Senior Vice President (Chemicals & Safety) |
| Shri B. Manmohan | Vice President (Finance) |
| Shri Arun Jhawar | Vice President (Marketing) |

Cement

Century, Maihar, Manikgarh and Sonar Bangla Cements

| | |
|----------------|------------------|
| Shri B.L. Jain | Senior President |
|----------------|------------------|

Century Cement & Sonar Bangla Cement

| | |
|-----------------------------|--|
| Shri Alok Patni | President (Works) |
| Shri Vijay Kumar | Executive President (Plant) |
| Shri A.K. Panja | Joint President (Commercial) |
| Shri Satish Gurtoo | Joint President (Electrical & Instrumentation) |
| Shri Arun Gaur | Joint President (Finance) |
| Shri A.K. Biswas | Senior Vice President (Project) |
| Shri M.K. Jain | Senior Vice President (Purchase) |
| Shri C.S. Vithalkar | Senior Vice President (Mechanical) |
| Shri A.K. Bajpai | Senior Vice President (Marketing) |
| Shri B.P. Mishra | Vice President (Mines) |
| Shri Piyush Kumar Choudhary | Vice President (Power Plant) |

Maihar Cement Units I & II Unit I

| | |
|------------------------|---|
| Shri R.K. Vaishnavi | President (Works) |
| Shri P.M. Intodia | Executive President (Marketing) |
| Shri Arvind Kumar Jain | Joint President (Mechanical) |
| Shri Manoj Gupta | Joint President (Finance) |
| Shri R. Deshpande | Senior Vice President (Purchase) |
| Shri Ajai Kumar Jain | Senior Vice President (Production) |
| Shri Govind Mahajan | Vice President (Electrical & Instrumentation) |

Unit II

| | |
|-----------------------|---|
| Shri R.S. Doshi | Executive President (Commercial) |
| Shri S.K. Tewari | Executive President (Mines & Projects) |
| Shri Ashok Maheshwari | Joint President (Marketing) |
| Shri P.K. Agarwal | Joint President (Purchase) |
| Shri A.S. Thakur | Senior Vice President (Systems & Materials) |
| Shri J.P. Pandey | Senior Vice President (Mechanical) |
| Shri S.K. Singh | Senior Vice President (Personnel) |

Manikgarh Cement Units I & II Unit I

| | |
|-------------------------|--|
| Shri P.S. Bakshi | President (Works) |
| Shri A.D. Karwa | Executive President (Finance & Marketing) |
| Shri R.K. Udge | Joint President (Mines) |
| Shri A.K. Jain | Joint President (Mechanical) |
| Shri M.P. Joshi | Joint President (Electrical & Instrumentation) |
| Shri Deepak Jaisinghani | Vice President (Mechanical) |

Unit II

| | |
|------------------------|------------------------------------|
| Shri J.L. Tiwari | Senior Executive President (Plant) |
| Shri S.K. Mandelia | Executive President (Commercial) |
| Shri N.D. Hemke | Senior Vice President (Mechanical) |
| Shri E.V. Ravikumar | Vice President (Finance) |
| Shri V.K. Sharma | Vice President (Mechanical) |
| Shri P.K. Bajaj | Vice President (Commercial) |
| Shri G.V. Suryanarayan | Vice President (Instrumentation) |

Paper

Century Pulp and Paper

| | |
|-------------------------|---|
| Shri Bipin Lal | Chief Executive Officer |
| Shri J. P. Narain | Chief Operating Officer (Works) |
| Shri Karthik V. Kumar | Chief Strategy and Marketing Officer |
| Shri Indranil Roy | Chief Sales Officer |
| Smt Archana Singh | Chief Finance and Business Planning Officer |
| Shri Ashutosh Bhalariao | Chief Supply Chain Officer |
| Shri A. K. Bhatia | Chief Procurement Officer |

Auditors

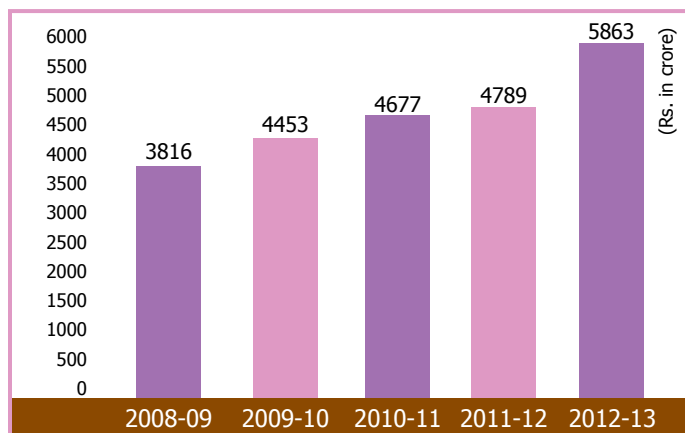
Dalal & Shah, Mumbai

Registered Office

Century Bhavan, Dr. Annie Besant Road, Worli, Mumbai - 400 030

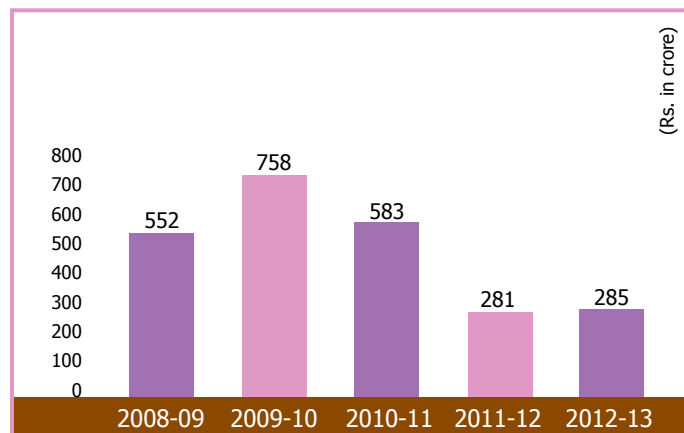
PERFORMANCE HIGHLIGHTS

Net Sales*



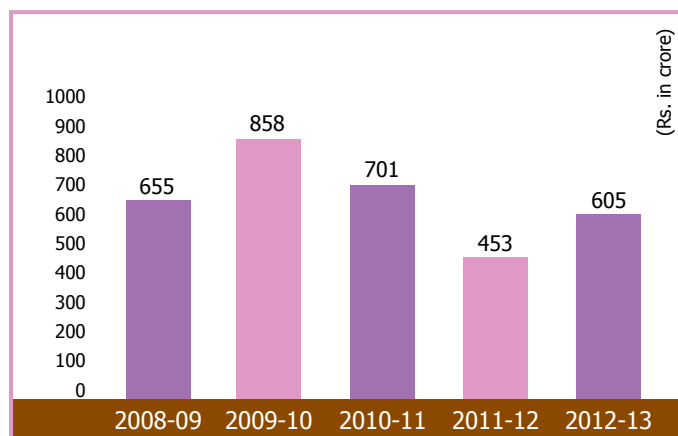
*Net Sales are net of excise duty

Gross Profit After Interest



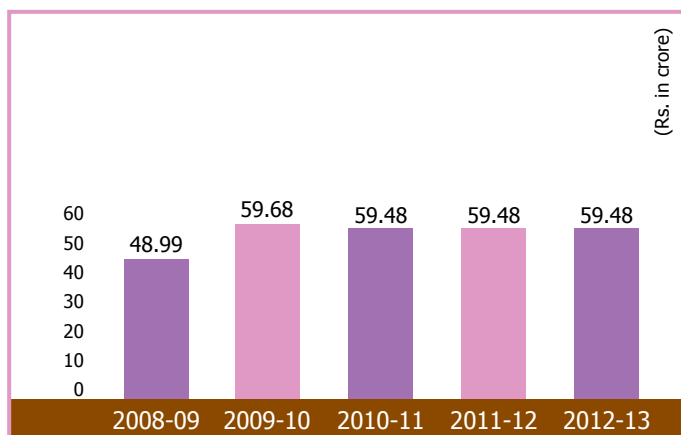
EBITDA

(Earning before Interest, Tax, Depreciation and Amortisation)

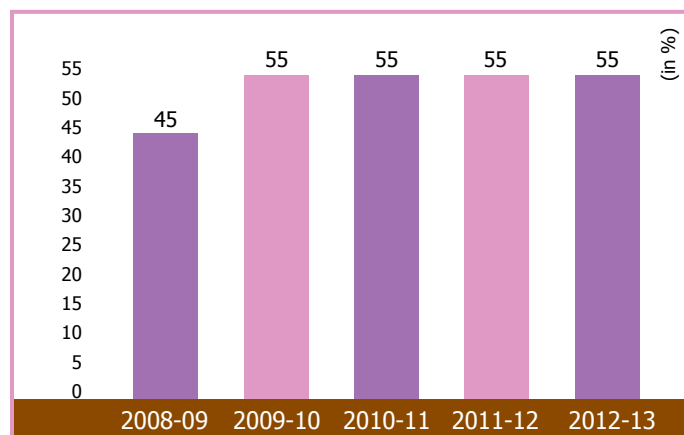


Amount of Dividend

(including tax on it)



Rate of Dividend



TECHNICAL UPGRADATION FOR VALUE ADDITION IN TEXTILE DIVISION - BIRLA CENTURY, CENTURY YARN AND CENTURY DENIM

At Birla Century a new versatile fabric processing machine i.e. pad steam dyeing has been installed. It can be used for dyeing of any colour in Reactive, VAT and Sulphur Dyeing with any shade depth in Cotton as well as Blended Fabric. It is an Energy Efficient machine giving speedy and high production with consistent longer shade length to avoid batch to batch shade variation. Further it reduces value loss as it gives uniformity and consistency in shade & additionally it also controls damages. Special features of this machine are that it produces uniform shade consistency and gives smooth, lustrous appearance on the fabric. This machine is used to develop VAT colour shade after Pad dry process and also helps in reduction clearing of dispersed dye to avoid cross staining on cotton part, which improves rubbing fastness of pad thermosol fabric. Shade correction of dyed fabric can also be done by this machine on open width form.

At Birla Century with installation of Multi Cross Linking



Pad steam dyeing range-versatile fabric processing machine with advance dyeing features

(MXL) washer, fabrics can be finished with special treatment giving wrinkle resistance and also resistance to pilling / abrasion. This also gives fabric with moisture management properties along with soft hand feel and with fast drying properties.

Installation to produce Cotton/Lycra Yarns for fabrics giving fashion fits & comfort

Today fashion trend is observing rapid change and users select extremely decent and comfortable outfits. This is the cause of introduction of the fabric having elastic property. The garments having elastic or stretch property are much more in demand and being preferred by all age of users from baby to Grand Pa.

The fabric is versatile and the yarn used to produce such fabric is pure cotton having minor percentage of man-made filament which is incorporated in core of cotton yarn on spinning machine with the help of special attachment in basic machine. We introduced this device at Birla Century, Century Yarn and Century Denim to produce stretch yarn from 10's to 60's Ne for in house consumption and for market as well.



Ring Frame For Spinning Cotton/Lycra Yarns



Award by quality circle forum of India



Indigenously developed Zero-twist rewinding machine



Eco-friendly energy efficient centrifugal chiller



Additional coning machines

Zero twist machines for Rayon tyre yarn were commissioned for producing Rayon tyre yarn packages of 8 Kgs and above directly on the paper tubes. Break bobbins of zero twist were being down graded on the basis of low weight despite meeting all the requirements of physical properties. To overcome this situation, a Zero twist rewinding machine was developed indigenously, by which break bobbins can be spliced and warped to packages upto 8 Kgs to salvage good quality yarn and improve realisation.

The eco friendly energy efficient centrifugal chiller of 600 TR was commissioned in July, 2012. This chiller is equipped with variable speed drive to optimize speed control, having compact panel for observing all the operating parameters, utilizes eco friendly refrigerant 134A and consumes less power by about 15% as compared to old screw chiller at peak load.

This year the capacity at outsource coning operations at Bhiwandi was optimized by adding 138 Lessona machines (6 spindles each) in December, 2012.

The Unit's Quality Circles "Swastik" and "Kohinoor" have won the "Par Excellence" Award and "Progressive" has won "Excellence" award in the National Convention for Quality Concepts – 2012 held at Kanpur in December, 2012.

Advancing towards green-eco revolution we have taken one step forward to curtail amount of greenhouse gases into atmosphere and to give pollution free environment at the cement plant. We have installed 600 KW peak capacity Solar photo voltaic power generation plant at Century Cement, Baikunth, Dist. Raipur (Chhattisgarh). Solar Power is conversion of sunlight into electricity through photovoltaics. Unlike fossil fuel based technologies, solar power is environment friendly power generating tool.



Solar photo voltaic power generation plant of 600 kw peak capacity at Century Cement, Baikunth, Dist. Raipur, Chhattisgarh



Preheater tower under mechanical erection at Manikgarh Cement Unit II, Gadchandur, Dist. Chandrapur, Maharashtra

Civil and structural work of Manikgarh Cement Unit II, 2.8 million tpa cement expansion plant and 60 MW captive thermal power plant, adjacent to the existing unit at Gadchandur, Dist. Chandrapur (Maharashtra) is expected to be completed by October, 2013. Mechanical work is simultaneously in progress. The plant is expected to be operational by March, 2014.

After expansion, the Company's total cement manufacturing capacity will stand increased to 12.8 million tpa.



Wide angle eye-view of Manikgarh Cement Unit II with legend in red, 2.8 million tpa expansion unit (under construction) adjacent to the existing unit, Gadchandur, Dist. Chandrapur, Maharashtra



Wet End Section of Multilayer Packaging Board Plant at Century Pulp and Paper, Lalkua, District Nainital, Uttarakhand



Century Pulp and Paper is the largest single location integrated plant in the country and not one that can be replicated easily. With state of the art machines to produce a comprehensive range of products using multiple sources of cellulose / fiber, Century is well positioned for a dynamic and sustainable growth oriented future.

For the next year, effort will be on all product categories i.e. Paper, Board, Tissue and Rayon Grade Pulp. The key focus areas will be to –

1. Improve operational efficiencies
2. Innovate or develop new products and applications, and
3. Improve customer contact and service levels

While working towards creating a leadership position in the industry, Century will maintain its commitment towards the Environment and Corporate Social Responsibility.

NOTICE is hereby given that the 116th Annual General Meeting of the Shareholders of the Company will be held at Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai - 400 018 on Wednesday, the 24th July, 2013 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 Audited Balance Sheet as at 31st March, 2013 and Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors of the Company.
2. To declare dividend on Equity Shares for the year ended 31st March, 2013.
3. To appoint a Director in place of Shri B.K. Birla who retires from office by rotation, but being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri Arvind C. Dalal who retires from office by rotation, but being eligible, offers himself for re-election.
5. 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.
6. 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, 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to all other approvals, as may be required, the consent of the Company be and is hereby accorded to the payment of, in addition to the sitting fees for attending the meetings of the Board or Committees thereof and reimbursement of expenses, in accordance with the relevant provisions of the Articles of Association of the Company and the statutory regulations for the time being in force, to the Directors of the Company who are neither in whole-time employment of the Company nor Managing / Whole-time Director of the Company, a commission at a rate not exceeding one percent of the net profits of the Company in each year, calculated in accordance with the relevant provisions of the said Act and other applicable laws, subject however to such ceiling if any, as the Board may, from time to time fix in that behalf for each year and the same to be divided amongst them in such manner as the Board may, from time to time, determine.

RESOLVED FURTHER THAT this Resolution shall be effective for a period of five years from 1st April, 2013 to 31st March, 2018.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to take all actions and do all such acts,

deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

7. 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 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment(s) thereof, and all notifications / circulars / clarifications / guidelines issued by the Central Government in connection with payment of managerial remuneration from time to time, the Company hereby approves of the reappointment of Shri B.L. Jain as the Whole Time Director of the Company for a further period of two years with effect from 1st April, 2014 with liberty to either party to terminate the appointment by giving 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 or 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) Basic Salary & Allowances per month as on 1.4.2014 :
 - i) Basic Salary : Rs.4,50,000/-
 - ii) Allowances:
 - a) Entertainment Allowance Rs.80,000/-
 - b) City Compensatory and House Upkeepment Allowance Rs.2,25,000/-
 - iii) House Rent Allowance 80% of basic salary.
- B) Performance-cum-Long Term Service Allowance during the term of his appointment and manner of its payment as may be decided by the Board of Directors or Chairman of the Board from time to time subject to a minimum of Rs.90 lacs in any one financial year.
- C) Perquisites and other amenities payable/provided to Shri B.L. Jain as under :-
 - i) Company's contribution towards provident fund (presently 12%) and Superannuation Fund (presently 15%) as per the Rules applicable to Century Cement Division of the Company, and not exceeding the limit as laid down under the Income-Tax Rules, 1962.
 - ii) Ex-gratia payment equivalent to 20% of basic salary.
 - iii) As per the rules of Century Cement Division of the Company in respect of the following: