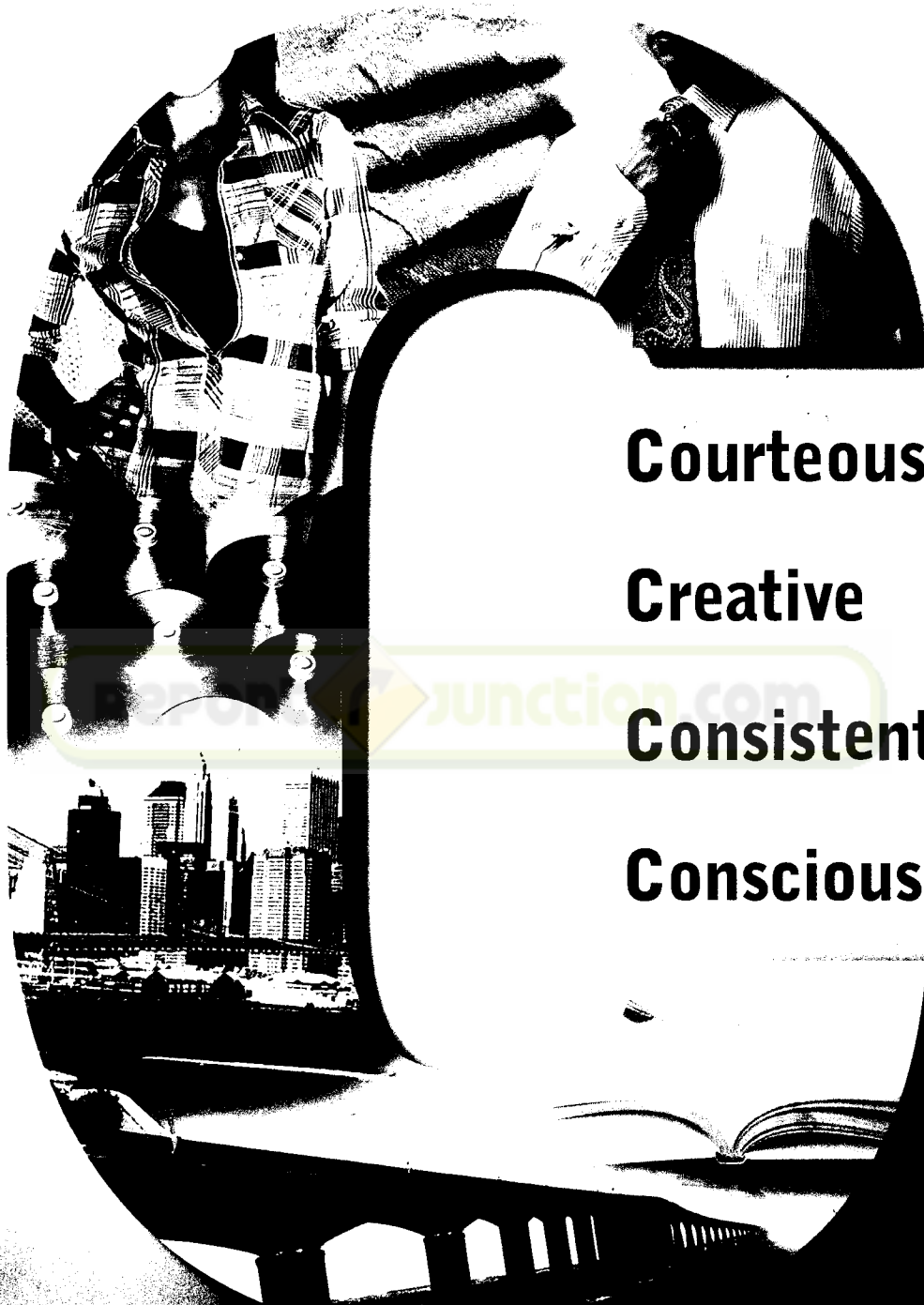


Growing towards a better future



Courteous

Creative

Consistent

Conscious

CENTURY TEXTILES AND INDUSTRIES LIMITED

110TH ANNUAL REPORT & ACCOUNTS 2006-07

www.reportjunction.com

Century Textiles and Industries Limited



**Growing
towards
a better
future**

Dear Shareholders,

It gives me pleasure to address you at a time – when our country is on the path of all-round growth and eventual prosperity. With the Indian economy, which is witnessing a steady and consistent growth over the last four years, the future is positive and full of promise. The credit, should certainly, go to the implementation of reform processes in all segments.

A consistently booming economy has led to greater mobilization of resources which has at the same time triggered inflationary pressures, resulting in a challenging scenario for the business community.

However, despite the inherent challenges that naturally prevail in the organic development of any economy, it is heartening to note that our company maintains a positive, strong and focused outlook and continues to march forward with unabated self confidence.

In the background of robust national economic growth, our Company has witnessed a highly satisfying performance in its operations during the year 2006-07. It gives me pleasure to mention that we have taken strategic steps aimed at greater shareholder value creation.

Today, the evolving economy has opened doors to a host of opportunities. At Century, we are confident of tapping these opportunities in a way that will consolidate our growth for a better tomorrow.

Your abiding trust in us and lasting support have been pillars of strength in marching forward towards our goals.

My sincere thanks to all the shareholders for their continued support and the confidence in helping the Company to enhance its business strengths and surge on the path of greater growth.

B.K. Birla
Chairman

Board of Directors

(As on 03-05-2007)

Shri B. K. Birla, Chairman
Shri Kumar Mangalam Birla
Shri P. K. Daga
Shri E. B. Desai
Shri Arvind C. Dalal
Shri Amal Ganguli
Shri B. L. Jain, (Whole-Time Director)

Contents

| | |
|---|----|
| Board of Directors | 1 |
| Team of Executives | 2 |
| Performance Highlights | 3 |
| Growing towards a better future | 4 |
| Notice of Meeting | 10 |
| Directors' Report | 14 |
| Conservation of Energy | 19 |
| Form 'A' | 22 |
| Employees' Statement | 23 |
| Management Discussion and Analysis Report | 24 |
| Corporate Governance Report | 32 |
| Auditors' Report | 42 |
| Balance Sheet | 46 |
| Profit and Loss Account | 47 |
| Schedules '1' To '17' | 48 |
| Cash Flow Statement | 76 |



Century Textiles and Industries Limited

Team of Executives (As on 03-05-2007)

Textiles

CENTURY TEXTILES, YARN AND 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 | Senior Vice President (Marketing) |
| Shri S.R. Makharia | Vice President (Production) |
| Shri S.K. Somani | Vice President (Finance) |
| Shri Sanjay Khimesra | Vice President (Yarn & Denim) |

Rayon

CENTURY RAYON, TYRECORD & CHEMICALS

| | |
|--------------------------------|--|
| Shri M.C. Mehta | President |
| Shri O.R. Chitlange | Joint President (Finance) |
| Shri R. Lalwani | Joint President (Commercial) |
| Shri H.G. Uttamchandani | Senior Vice President (Rayon & Auxiliaries) |
| Shri S.M. Sanklecha | Senior Vice President (Purchase) |
| Shri R.K. Tandon | Vice President (Delhi Office) |
| Shri S.K. Mital | Vice President (Engineering Services) |
| Shri H.S. Yadav | Vice President (Personnel & Administration) |
| Shri Subodh Dave | Vice President (Rayon) |
| Shri Anil Sancheti | Vice President (Tyrecord and CSY) |
| Shri Sudhir A. Luthra | Vice President (Chemicals) |

Cement

CENTURY, MAIHAR, MANIKGARH AND SONAR BANGLA CEMENTS

| | |
|----------------------------|------------------------------------|
| Shri B.L. Jain | Senior President |
| CENTURY CEMENT | |
| Shri M.C. Gupta | Executive President (Works) |
| Shri Alok Patni | Joint President (Plant) |
| Shri S.K. Sultania | Senior Vice President (Marketing) |
| Shri N.M. Singhvi | Senior Vice President (Commercial) |
| Shri A.H. Singhania | Vice President (Mechanical) |
| Shri A.K. Panja | Vice President (Marketing) |
| Shri Surendra Kumar | Vice President (Purchase) |

MAIHAR CEMENT UNITS I & II

| | |
|----------------------------|--|
| UNIT I | |
| Shri Kamal Kishore | Executive President (Co-ordination) |
| Shri R.S. Doshi | Joint President (Finance) |
| Shri R.K. Vaishnavi | Joint President (Plant) |
| Shri P.M. Intodia | Senior Vice President (Marketing) |
| Shri Vijay Kumar | Vice President (Process & Quality Control) |

| | |
|------------------------|-----------------------------|
| Shri A.K. Lodha | Vice President (Marketing) |
| Shri M.K. Jain | Vice President (Mechanical) |
| Shri M.P. Joshi | Vice President (Electrical) |

UNIT II

| | |
|-------------------------------|---|
| Shri B.P. Jain | Executive President (Plant) |
| Shri V.K. Bhandari | Joint President (Commercial) |
| Shri Rakesh Sharma | Joint President (Personnel & Administration) |
| Shri B.M. Singh | Joint President (Projects) |
| Shri G.S. Pandey | Senior Vice President (Marketing) |
| Shri S.K. Tewari | Vice President (Mines) |
| Shri Arvind Kumar Jain | Vice President (Mechanical) |
| Shri O.P. Moondra | Vice President (Instrument) |

MANIKGARH CEMENT

| | |
|-------------------------|--|
| Shri S.S. Sharma | Executive President (Co-ordination) |
| Shri P.S. Bakshi | Executive President (Plant) |
| Shri N.B. Singh | Joint President (Process & Quality Control) |

Shri S.K. Mandelia

| | |
|------------------------|--|
| | Senior Vice President (Commercial & Administration) |
| Shri A.D. Karwa | Senior Vice President (Commercial) |
| Shri R.K. Udge | Vice President (Mines) |
| Shri Ajoy Kumar | Vice President (Personnel) |
| Shri A.K. Jain | Vice President (Mechanical) |
| Shri N.D. Hemke | Vice President (Mechanical) |

SONAR BANGLA CEMENT

| | |
|----------------------------|--------------------------|
| Shri A.K. Mukherjee | Vice President (Project) |
|----------------------------|--------------------------|

Paper

CENTURY PULP & PAPER

| | |
|------------------------------|--|
| Shri R.L. Lakhota | President |
| Shri Dilip Chandarana | Senior Vice President (Technical) |
| Shri R.K. Sharma | Senior Vice President (Electrical & Instrumentation) |
| Shri R.C. Maheshwari | Senior Vice President (Utilities) |
| Shri B.C. Sharma | Vice President (Personnel & Administration) |

Salt

CENRAY MINERALS AND CHEMICALS

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

Auditors

Dalal & Shah, Mumbai

Registered Office

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

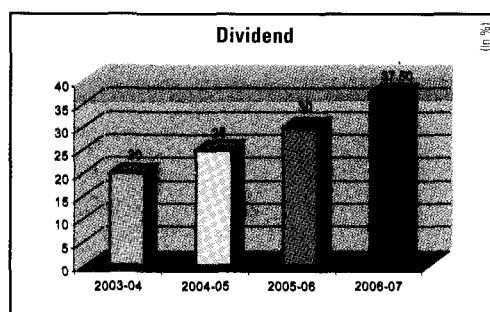
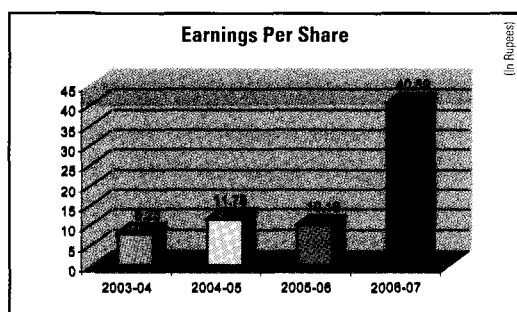
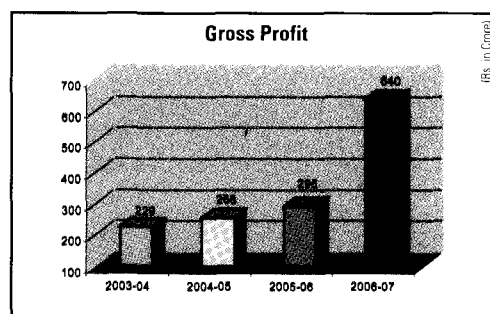
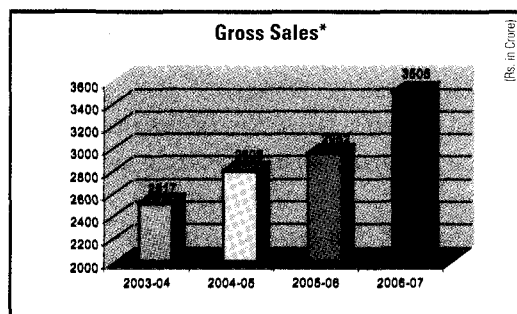
Performance Highlights

The gradual progress in our performance is an indicator of sustainable growth. We believe in optimum utilisation of available resources and improvement in performance, for enhancing shareholders' value and enriching the Company. Our consistent performance and improvement initiatives stand testimony to this. It is evident in the Company's results for the financial year ended 31st March 2007, where the Company has recorded the highest ever Gross Sales, Gross Profit and Net Profit. Due to this commendable performance, we have been able to increase the dividend to 37.50% for our esteemed shareholders.

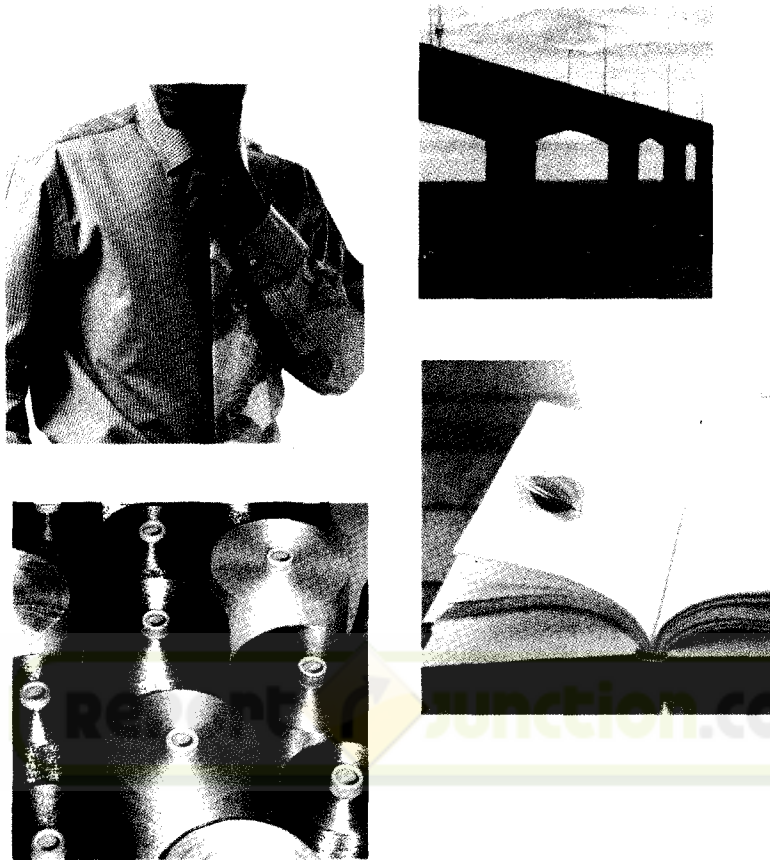
Here is a brief overview of the year under review vis-à-vis the previous year :



- The Gross Sales has risen to Rs. 3506 crore from Rs. 2962 crore.
- Gross Profit after interest, but before exceptional items, has increased to Rs. 640 crore from Rs. 295 crore.
- Earning per share (excluding exceptional items) has increased to Rs. 40.59 from Rs. 10.19.
- Dividend has grown to 37.50% from 30% per share.



* Gross Sales are net of rebates and returns.



Growing towards a better future

In line with the growing economy, all the businesses of Century are witnessing a marked progress. One may note that the Textile Mill in Mumbai has effectively ceased to operate, but the Company is surging ahead with its Ready-To-Wear garments for both, men and women. In fact, the proposed Textile unit in the name of 'Birla Century' in Gujarat, likely to become operational by June 2008, will also give a boost to the Textile segment. The expansion of Cement production capacity from 6.30 to 7.80 million tonnes per annum is under completion and may become fully operative by September 2007. To add to the success, the recent expansion of paper manufacturing capacity by about 76000 tonnes per annum based on waste paper as raw material should further improve the overall working of the Company.

The Company is committed to wealth-creation for its ever-increasing family of shareholders and also other stakeholders. At the same time, it is determined to create a better tomorrow for one and all by offering a variety of quality fabrics to enhance the lifestyle of people, contributing towards infrastructure development, the nation's education mission and ensuring energy conservation.

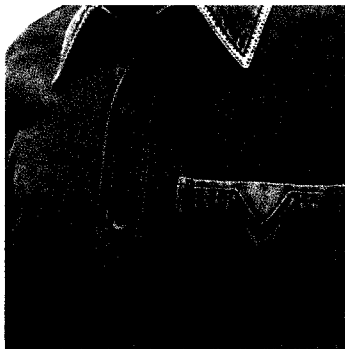
Denim

Diversity is the key

The manufacturing capacity of Denim has already reached 21 million metres per annum. It is expected that nearly 100% capacity utilisation would be achieved in the year 2007-08, depending on market situations and the demand / supply scenario. During 2006-07, the market has witnessed severe downward fluctuations resulting in lower prices, but our excellent quality and style should ensure stabilization, due to expected increase in demand in times to come.

Apart from selling Denim Fabrics, we have successfully launched ready-to-wear Denim products such as Trousers, Shirts, etc. Our emphasis would be to promote ready-to-wear Denim products in different colours, designs and styles.

It gives us immense pleasure to bring to your notice that amidst a highly competitive market, Century's products have found wide acceptability and our quality is comparable to that of the best in the industry.



Century Textiles and Industries Limited

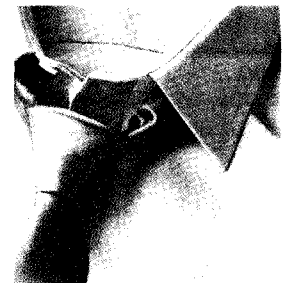
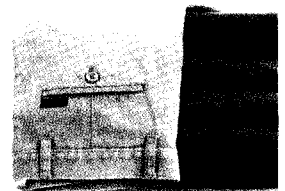
Apparel

Contemporary trends for men and women

Century, over the years, has been providing cotton fabrics to leading apparel manufacturing houses. What could be more exciting than introducing the Company's own line of readymade garments ! A few years ago, the Company forayed into the ready mades under the brand-name 'Cottons by Century'. It initially introduced superfine 100% pure cotton shirts followed by trousers, kurtas, socks, handkerchiefs, etc.

While the 'Cottons by Century' range was initially focused on men, today they have gone a step further by introducing a wide range of women's apparel. Century understands and appreciates that women today are not just homemakers, but breadwinners too. They love to dress smart and look smooth on the path of success. In an effort to complement the contemporary women's life style and growing needs, the Company has recently introduced an exclusive collection for women.

With the Company's fine understanding of customer needs, its product offerings have been welcomed with open arms in a highly competitive market and within just few years of its launch, 'Cottons by Century' has become a highly commended and widely accepted brand across the nation.

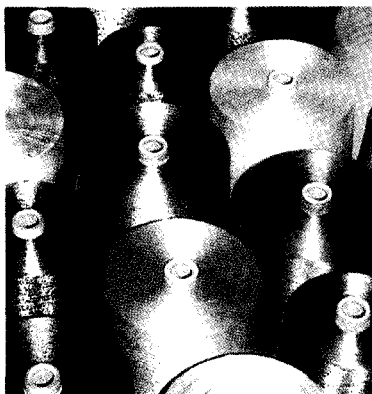




Rayon

Spinning ahead, while conserving energy

From a humble beginning in the manufacture of Viscose Filament Rayon Yarn at Kalyan near Mumbai in 1956 till this day, Century has become one of the largest producers of Viscose Filament Yarn (VFY) in India. Century's VFY has been the preferred raw material for a host of prestigious end-users and thus, supports various industries for the growth of the nation.



These efforts bore fruit – when the Confederation of Indian Industry (CII) recently conferred on Century Rayon the National Award for 'Energy Efficient Unit'.

Century Rayon has also been awarded Oeko-Tex Standard 100 Certificate by the Institute of the International Association for Research and Testing in the field of Textile Ecology, Germany, for its Pot Spun and Continuous Spun Yarn. This certificate is in recognition of our high quality yarn – that meets the human-ecological requirements.

We also thus ensure that our products meet the human- ecological requirements, as laid down by the global standards.

CERTIFICATE



FORSCHUNGSINSTITUT HOHENSTEIN
Schloss Hohenstein · D-74357 Bismarckstrasse
Institute of the International Association for Research and Testing in the Field of Textile Ecology

CERTIFICATION BODY HOHENSTEIN INDIA PVT. LTD.
Asha House · 28 Suren Road, Andheri-Kurla Road · Mumbai 400 085 · India

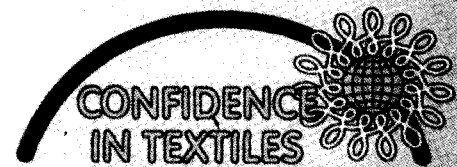
The company

Century Rayon Ltd.

Post Box No. 22, Murbad Road

Shahad - 421103, Dist. Maharashtra, INDIA

is granted authorization according to Oeko-Tex Standard 100 to use the Oeko-Tex mark, based on our test report 05.0.8474 and 05.0.8474/1



Tested for harmful substances
according to Oeko-Tex Standard 100

Test-No. 05.JA.8474

FI Hohenstein

for the following articles:

Viscose filament yarn - pot spun & continuous spun yarn;
bright, dull & spun dyed; white and in different colours.

The results of the inspection made according to Oeko-Tex Standard 100, product class II have shown that the above mentioned goods meet the human-ecological requirements of the standard presently established for products with direct contact to skin.

The certified articles fulfil the requirements of the existing European legislation regarding the use of azo-dyes.

The holder of the certificate, who has issued a conformity declaration according to EN 45 014, is under an obligation to use the Oeko-Tex mark only in conjunction with products that conform with the sample tested. Mumbai, 13.09.2005

This authorization is valid until 30.06.2007



[Signature]

Dr. Ingrid Isenhardt,
Head of the Institute

[Signature]

Dr. Ingrid Isenhardt,
Head of the Institute

Cement

Excelling with Accolades

It has been an eventful time for the cement divisions at Century, with all the cement plants receiving several accolades, for the environment consciousness and energy conservation measures taken.

The Company takes utmost care, so that the environment is not harmed in the process of meeting the market demands. Because, environmental protection and energy conservation are the key issues not only at Century, but in front of the entire nation. We have taken the initiative at the corporate level, so that we preserve energy as much as possible and thus, serve the nation. This helps us to realize our dream of self-sufficient and global India!

During the Mines Environment and Mineral Conservation week 2006-07, Nagpur Region (Madhya Pradesh and Maharashtra), Manikgarh Cement was awarded the first prize in 'Noise Vibration Studies and Aesthetic Beauty', 'Top Soil Management' and 'Afforestation' programs. Thus, awareness about the surroundings and the environment is visible at Manikgarh Cement.

Since environment protection is taking a front seat in the age of global warming, it was indeed a matter of pride at Century Cement to receive the Abheraj Baldota Award for Environmental Excellence by Federation of Indian Mineral Industries, at the hands of Dr. T Subbiramy Reddy, Minister of State for Mines. This National Award is given for outstanding contribution in the field of environment management and mineral conservation.

Maihar Cement Unit No. II, Century Cement and Maihar Cement Unit No. I got the first prize at 9th F L Smidth Energy Award, 2006 for energy conservation for the lowest electrical energy consumption per tonne of clinker and cement in the year 2005-06, for maximum percentage reduction in electrical energy consumption kwh/MT of clinker production over the year 2004-05 and for minimum auxiliary power consumption In Thermal generation in the year 2005-06 respectively.

