



CENTURY TEXTILES AND
INDUSTRIES LIMITED



SUSTAINABILITY

THE HEART OF OUR BUSINESS

ANNUAL REPORT 2019-20

Homage to a legend



उत्तिष्ठत । जाग्रत । प्राप्य वरान्निबोधत
(Arise. Awake. And stop not till the goal is reached.)

Shri Basant Kumar Birla

(January 12, 1921 to July 3, 2019)

FORMER CHAIRMAN
CENTURY TEXTILES AND INDUSTRIES LIMITED

A visionary. A humanitarian. A legend.
His life was a rich tapestry of business acumen, arts, culture and philanthropy.
He was always a beacon of inspiration.
We live by his values.

Sustainability – The heart of our business

At Century Textiles and Industries Limited (CTIL), sustainability is a continuous journey. It is integrated in everything we do and remains central to the way we do business. We analyse all our decisions and actions related to the core business strategy through a sustainability lens.



Sustainability is part of our value creation process for the stakeholders. The success of our business is driven by our conscious aim to maintain the highest environmental and social standards across the industry. We aim to build long-term rewarding relationships with our stakeholders. We inspire them to make sustainable choices for the environment, people and communities, while also taking them along with us on our growth journey. Our sustainable processes ensure business continuity, and the unique skills and ideas of our people drive us towards our sustainable goals.

It is part of our innovation journey. Sustainability is one of the key drivers of innovation in our business. We are embedding technology in our services – in the form of new equipment and processes, interactive apps and advanced quality checks – to deliver value-added products and contribute towards an environment-friendly world.

Innovation is our future driver and we leave no stone unturned in exploring technologies that will benefit us.

It is part of our customer-centric approach. Customers form an integral part of our decision-making process. Our services and solutions are the result of market-based research and intense collaboration with our customers. Our world-class products are at par with global standards of quality and are developed through sustainable processes, thus ensuring customer trust and loyalty.

It forms an integral part of our quality benchmarks. At CTIL, quality is of paramount importance. Our vision is to develop the best products using efficient processes and best-in-class technology. Our products conform to the highest standards of quality. They not only give us a competitive advantage, but also ensure customer delight.

We have set out on the path of sustainable growth through our people, who have a progressive mindset; our processes, which are refined and optimised; and our platforms, through which we deliver the best customer experience.

In this time of constant change, it is our aim to keep sustainability at the heart of our business approach – because we believe it to be of critical importance not only to society, but also for business growth.

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Dear shareholder,

COVID-19 and the associated lockdowns across countries have triggered a once-in-a-century crisis for the society and the economy in 2020.

January now seems like a month of a bygone era — such has been the enormity of change. This is a defining period in human and business history: one that will test the resilience of individuals, societies, corporations, and nations.

GLOBAL ECONOMY

World economy is likely to contract by 4.9% in CY20, as per the recent forecast of the International Monetary Fund (IMF). Most developed and developing economies are likely to record a contraction this year. These numbers are worse than during the Global Financial Crisis of 2008-09.

On the positive side, various governments were quick to respond to the crisis with fiscal stimuli — aggregating to more than one-tenth of the global GDP. Central banks have also cut rates and bolstered liquidity. Economic activity has ramped

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up in most economies in the weeks following the lifting of the lockdowns, raising hopes that this recession would turn out to be short, even if very deep. Financial markets have looked up since the depths of March, focusing on stimulus efforts and recovery hopes.

Nevertheless, medium-term global economic outlook remains cautious. Until a medical solution to the COVID-19 pandemic emerges, there is a lot of uncertainty around the course of the crisis and about the longevity of its effects on consumer and business confidence. In the next few years, one will need to be prepared for tapered growth momentum and heightened risks of deglobalisation – even as digitisation may become more pervasive in the post-COVID world, thereby adding to productivity.

INDIAN ECONOMY

Many agencies reckon that India's GDP is likely to contract during FY21, on account of the COVID-induced widespread shuttering of economic activities in April and May. This would be the first such instance in the last four decades and only the fourth one since independence. The lockdown had a severe impact on urban India and on services that thrive on people's mobility.

There are, however, some silver linings amidst the crisis. First, quick steps taken by the Reserve Bank of India such as moratorium on servicing of loans and targeted liquidity measures seem to have helped in averting significant business failures. Second, the restoration of economic activities showed promising signs during the initial post-lockdown weeks. If this early trend continues, the economy would be back in the growth mode by the third quarter of the fiscal. Third, the Government has announced a well-rounded package of relief measures, sectoral boosters, and reforms under the Atmanirbhar Abhiyan programme; this was launched as an antidote to the COVID-induced recession. These policy measures are likely to support India's growth revival in the coming years, although the support from global business cycle could be weaker.

Your Company remains focused on navigating steadily and safely through the turbulent near-term business environment, while being prepared to ride the eventual post-COVID recovery.

COMPANY'S PERFORMANCE

Over its 123-year old history, your Company has witnessed dramatic disruptions across businesses. However, the one constant is that it has always emerged stronger after periods of turmoil. Resilience is embedded in the DNA of your Company. This explains the enduring trust of all stakeholders.

This strong foundation has been tirelessly built over the years by our former Chairman and my grandfather, Mr. B. K. Birla. His visionary leadership will always remain a source of inspiration for us.

In FY20, to bring a sharper focus to the Company's businesses, we completed the restructuring exercise, with the demerger of the cement business. The Company will now remain focused on the Real Estate, Textiles and Pulp and Paper businesses.

All our businesses have delivered steady performance amid challenging market conditions and have continued to create long-term value for our stakeholders. Across businesses, our near-term focus is to conserve cash, advance our consumer connect, accelerate the adoption of digital technologies and enhance the value-added product play.

BIRLA CENTURY

The textiles industry contributes significantly to India's overall growth, employment generation and exports.

Your Company is known for its textiles business. It is a badge of honour for the group. While COVID-19 has understandably led to some business disruptions, Birla Century has displayed tremendous resilience and agility, by further diversifying into value-added products. This year, the company

seeks to foray into anti-microbial fabrics with the launch of 'Birla Care'. Under this brand, we have launched a range of protective masks.

BIRLA ESTATES

The real estate sector is the second-largest employment generator after agriculture, and the fourth largest in terms of Foreign Direct Investment (FDI) inflows. During FY20, the industry witnessed several challenges due to the overall market slowdown.

The pandemic-induced economic standstill has also had a short-term impact on the real estate business across the board. However, the medium to long-term outlook remains positive, as risk averse customers migrate to large and organised players. Our asset light model, with minimal upfront investment, gives us a distinct competitive advantage.

CENTURY PULP AND PAPER

India has one of the lowest per capita consumption of paper in the world – 13 kg compared to 150 - 250 kg for developed nations. The Indian pulp and paper market is poised for strong growth, with the paperboard and packaging segments set to lead the charge. Growth in the manufacturing, pharmaceuticals and FMCG sectors, with rising demand for better and sustainable packaging materials, further provide impetus to the paper industry.

At Century Pulp and Paper, we are witnessing robust demand for our tissue paper and packaging board products due to the renewed focus on hygiene and pharma products. Therefore, our plants are operating at almost 100% capacity. Our value-added product development rate also increased significantly this year. Going forward, our focus will be to further diversify into new value added products.

OUTLOOK

Given the prolonged impact of the COVID-19 pandemic, the near-term outlook across businesses remains cautious. However, this period is also a time for renewal and your Company is committed to rebooting for a new normal.

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I have no doubt that businesses that are backed by sound fundamentals and that demonstrate agility and willingness to pivot, will emerge as leaders in the post-COVID world.

And just as we count on your trust, you can count on our performance.

Kumar Mangalam Birla

Board of Directors

As stewards of the Company, CTIL's Board of Directors steers the business towards its long-term strategy while assessing business opportunities and protecting the business against risks.



Mr. Kumar Mangalam Birla

Chairman



Smt. Rajashree Birla

Non-Executive Director



Mr. Yazdi. P. Dandiwala

Independent Director



Mr. Rajan A. Dalal

Independent Director



Mr. Shohanlal K. Jain

Independent Director



Ms. Preeti Vyas

Independent Director



Mr. J. C. Laddha

Managing Director



Mr. R. K. Dalmia

Whole-time Director

Management Team

With their deep-domain knowledge and expertise across industries, our management team upholds CTIL's corporate values. They also embody CTIL's high-performance culture while driving the Company towards its objectives.



Mr. J. C. Laddha

Managing Director



Mr. R. K. Dalmia

Senior President, Century Textiles and Whole-time Director



Mr. J. P. Narain

CEO, Century Pulp and Paper



Mr. K. T. Jithendran

CEO, Birla Estates Private Limited



Mr. Arun Gaur

Chief Human Resources Officer



Mr. Snehal Shah

Chief Financial Officer (CFO)



Mr. Atul K. Kedia

Vice President (Legal) and Company Secretary

Auditors:
SRBC & CO. LLP, Mumbai

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

Our Story of Transformation

Taking root in 1897, Century Textiles and Industries Limited (CTIL) has evolved from a single textile mill to a multi-product, multi-locational global company under the visionary leadership of Mr. B. K. Birla. Today, the Company has a well-diversified presence in the real estate, textiles and pulp and paper businesses.

Our 123-year-old legacy is built on our steadfast commitment to the development of the nation. Our unwavering focus on quality and innovation, combined with agility and customer centricity, leave us in good stead to capitalise on market opportunities and continue creating sustainable value for our stakeholders.



OUR VISION

To manufacture products comparable to international standards, to be customer-focused and globally competitive through better quality, latest technology and continuous innovation.



OUR MISSION

- To manufacture world-class products of outstanding quality that give our customers a competitive advantage through superior products and value, so we can make every customer smile.
- To encourage people's ownership, empowerment and working under a team structure.
- To attain the highest level of efficiency, integrity and honesty.



OUR VALUES

- Customer's satisfaction and delight.
- Superior quality of performance.
- Concern for the environment and the community.
- Passionate about excellence.
- Fair to all.
- To provide a safe workplace and promote healthy work habits.

Our Legacy of Tenacity

