

CENTURY TEXTILES AND INDUSTRIES LTD.**PRESS RELEASE ON FINANCIAL RESULTS FOR THE YEAR 2006-07****1. Overall Review:**

The profitability of the Company during the year under review has improved considerably because of good performance of Cement and Pulp & Paper Divisions of the Company. The Rayon Division also performed satisfactorily. The manufacturing operations at our Textile Mill in Mumbai have effectively ceased and detailed comments about this is given separately under the heading Textile Mill at Mumbai.

Due to firm demand for cement for infrastructure and housing, the prospects for the cement segment appear positive. With the spread of education and the continuing thrust of the Central Government on promoting education at all levels, the demand for and prices of paper are likely to rule firm, resulting in continued good performance. Viscose Filament Yarn (VFY) and Rayon Tyre Yarn are expected to maintain steady performance based on stable prices and demand.

2. Textile Mill at Mumbai :

The difficulties faced by our composite mill in Mumbai have been commented upon in earlier years. The mill is unviable because of technical limitations of the machinery, comparatively high labour cost, government levies, water and electricity charges. Although serious efforts were made to continue to operate the mill on a reduced scale, in view of the relentless rise in costs, it was not viable. Accordingly, a Voluntary Retirement Scheme (VRS) was introduced in the mill, as a result of which over 6300 mill workers and staff constituting more than 95% of the total employee strength have opted for retirement during the months of November and December 2006. Consequently, the manufacturing operations at the mill have effectively ceased. 275 workers have not accepted voluntary retirement. With such a reduced number, it is not possible to operate the mill and accordingly an application was made by the Company to the Labour Commissioner under the applicable provisions of the Industrial Disputes Act for Government's permission to close the operations of the textile mill. During the course of the hearing before the Labour Commissioner, the Hon'ble Minister for Labour intervened at the instance of the workers and suggested that the matter be resolved amicably between the management and the workers. In view of this, it was felt necessary to withdraw the application for permission for closure for the time being and discuss the issue afresh with the workers. If an amicable solution cannot be worked out in the near future the Company may have to make an application once again to the Labour Commissioner to allow the closure of the textile mill at Worli, Mumbai.

3. Exports :

The total exports of the Company amounted to Rs.315 crore which represents about 10% per cent of the Net Sales.

4. EXPANSION & MODERNISATION:

a) Textiles

As decided earlier steps are in progress to set up a new Textile Mill as a separate division of the Company named “Birla Century” with about three hundred looms and nearly one lac spindles at GIDC Industrial Estate, Jhagadia, Dist. Bharuch in the state of Gujarat with manufacturing capacity of about twenty five million metres of fabrics per annum, along with a captive thermal power plant of 30 MW at a total estimated capital expenditure upto Rs.725 crore. The mill is expected to be commissioned by about June, 2008.

b) Cement

- i) The major work for capacity enhancement from 6.30 million tonnes per annum to 7.80 million tonnes per annum at all cement units has been completed except upgradation of the kiln and installation of a bag house at Maihar cement unit No. 2 which is likely to be completed by September 2007 as the H.T. Motors are expected to be delivered in June/July 2007.
- ii) As reported earlier, we intend to expand cement manufacturing capacity to 11.30 million tonnes per annum by setting up a new cement plant of 2 million tonnes per annum capacity adjacent to the existing plant of Manikgarh cement at Gadchandur, Maharashtra, along with a 35 MW captive thermal power plant and 1.50 million tonnes per annum cement grinding unit at Sagardighi in District Murshidabad, West Bengal. The estimated total capital outlay will be about Rs.965 crore. An application has been submitted to the Ministry of Environment and Forests for environmental clearance. The Company has also taken the necessary steps to acquire land for setting up the grinding unit in West Bengal. We intend to place orders for major equipments for expansion at Gadchandur on receipt of environmental clearance and for the grinding unit in West Bengal once land is handed over to us by the West Bengal Government.

c) Pulp & Paper

- i) The expansion of our paper unit for manufacturing paper from waste paper has been commissioned from 03.02.2007 with a capacity of 211 tonnes per day and the plant is now running smoothly.
- ii) It has been decided to set up a 100 tonnes per day Prime Grade Tissue Paper Plant at a total capital outlay of Rs.175 crore based on imported softwood and our own hardwood pulp as raw material. The paper plant is proposed to be installed adjacent to the existing Pulp and Paper Plant at Lalkua, Dist. Nainital, Uttarakhand and is expected to be operative by about September, 2008.

d) General

Modernisation and technological upgradation programmes, as necessary, are being continued in all the units of the Company to maintain competitiveness and achieve better quality. Stringent cost control measures continue to be implemented in all possible areas.
