

DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 126th Annual Report of the Company along with the audited statement of accounts for the year ended 31st March, 2023. As the Covid-19 pandemic has become self-limiting across the world, there was a positive shift in sentiments, in terms of demand and realisations, resulting in improved profitability of the Company for the financial year 2022-23 after charging all expenses, interest costs etc. The Company managed to continue the growth momentum despite multiple global headwinds including the Ukraine- Russia conflict which inflicted inflationary pressure directly or indirectly on the businesses of the Company and created supply chain disruptions. As the threat of reoccurrence of pandemic is still looming, though at a feeble state, the Company continues to assess and monitor the business operations regularly and is taking all possible precautions in terms of safety of its staff and workers at all the locations of its offices and manufacturing plants.

The summarized financial results are given below.

1. SUMMARISED FINANCIAL RESULTS:

(₹ in Crores)

PARTICULARS	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Earnings before Exceptional items, Finance Cost, Tax, Depreciation and Amortisation and Share of Profit/ (Loss) of Joint Venture (EBITDA)	707.44	604.73	554.85	487.57
Less: Finance Cost	89.19	75.03	53.89	52.18
Profit before Exceptional items, Tax, Depreciation and Amortisation and Share of Profit / (Loss) of Joint Venture	618.25	529.70	500.96	435.39
Less: Depreciation and Amortisation expenses	222.80	228.05	227.08	230.66
Profit before Exceptional items, Tax and Share of Profit / (Loss) of Joint Venture	395.45	301.65	273.88	204.73
Add: Exceptional item	134.21	-	134.21	-
Profit before Tax and Share of Profit / (Loss) of Joint Venture	529.66	301.65	408.09	-
Less: Share of Profit / (Loss) of Joint Venture	-	-	(1.84)	(0.13)
Profit before tax	529.66	301.65	406.25	204.60
Less / (Add):				
Current Tax	92.84	54.99	92.84	55.01
Mat credit recognized	-	(54.99)	-	(54.99)
Deferred Tax	67.96	101.38	48.31	84.01
Deferred tax relating to earlier period	0.55	0.48	0.55	(33.59)
Profit after tax from continuing operations	368.31	199.79	264.55	154.16
Discontinued Operations				
Add/ (Less):				
Loss before tax from discontinued operations	-	(7.04)	-	(7.04)
Gain on sale of Century Yarn and Denim Division	-	17.63	-	17.63
Tax (Expense)/ Income of discontinued operations	-	(3.05)	-	(3.05)
Net Profit for the year	368.31	207.33	264.55	161.70
Other Comprehensive Income	1.19	0.63	0.18	0.63
Total Comprehensive Income	369.50	207.96	264.73	162.33
Loss Attributable to Non-Controlling Interest	-	-	7.33	4.83
Total Comprehensive Income of the Company	369.50	207.96	272.06	167.16
Retained Earnings				
Balance brought forward	1633.83	1437.04	1433.57	1277.58
Total comprehensive Income for the year	369.50	207.96	272.06	167.16
Equity Dividend	(44.68)	(11.17)	(44.68)	(11.17)
Balance carried forward	1958.65	1633.83	1660.95	1433.57



DIRECTORS' REPORT (Contd.)

The performance of each business segment of the Company has been comprehensively discussed in the Management Discussion and Analysis Report (forming part of the Annual Report).

2. DIVIDEND:

The Board of Directors has recommended a dividend of 50% i.e. ₹ 5/- (Rupees Five only) per share, of the face value of ₹10/- each, for your approval which will be subject to applicable tax in the hands of shareholders. This dividend will be paid when declared by the shareholders, in accordance with law. The aggregate amount of dividend will absorb ₹ 55.85 Crores. Last year the dividend was paid @ 40% subject to applicable tax in the hands of shareholders.

3. TRANSFER TO RESERVES:

It is proposed to transfer ₹ Nil (previous year ₹ Nil) to Reserves out of retained earnings.

4. SHARE CAPITAL:

The Company's paid-up equity Share Capital remains at ₹ 111.69 Crores as on 31st March, 2023. During the year, the Company has not issued any Shares or Convertible Securities.

5. EXPORTS:

The total exports of the Company amounted to ₹ 436.94 Crores (Previous year ₹ 657.08 Crores) representing about 9 percent of its turnover.

6. CREDIT RATING:

CRISIL has maintained credit rating of 'CRISIL AA' and 'CRISIL A1+', respectively for the long-term and short-term financial instruments of the Company. This reaffirms the high reputation and trust the Company continues to earn for its sound financial management and its ability to meet financial obligations.

7. SALE OF DISCONTINUED OPERATIONS:

Century Yarn and Century Denim:

As reported last year, the Company had sold and completed the sale transaction in respect of its Century Yarn and Century Denim Units of the Textile Segment in accordance with applicable law. Labour Commissioner had rejected an application for raising an Industrial Dispute regarding the sale, filed by few workers. The workers have challenged the said order

of Labour Commissioner before High Court. The Company is taking requisite legal steps to defend the said Writ Petition.

8. EXPANSION & MODERNISATION:

a) Pulp and Paper:

As part of technical upgradation and production enhancement, Paper Machine no.4 (Recycle based paper) has been upgraded with a new state of Art technology "Shoe press along with Nipco-P roll" leading to increase in production capacity by up to 20% on account of sheet dryness increase. This has also resulted in reduction in steam consumption, % increase in Moisture and quality improvement. Head box servicing and change of both top and bottom lip was done along with shoe press installation to reduce 2-sigma cross directional GSM variation in final Paper.

In addition to this, Rewinders of Paper Machine nos.3 and 4 were also technically upgraded with new slitting station from Mariocotta, Italy to improve the cutting quality. DCS of De-inking plant and Paper Machine nos. 3 and 4 has been upgraded in place of obsolete system to keep automation reliability. Double doctoring at Couch to avoid rewetting and Edge Trim Squirt box to reduce Edge cuts/trim carryover with paper have been additionally installed on both Paper Machine nos. 3 and 4 for better machine runnability.

Paper Machine no. 1 rewinder unwind stand has been upgraded along with TC coating on drum rolls to increase the speed and quality improvement. Apart from this, 10 high pressure showers of upgraded technology are under installation at wire and felt of both paper machine nos. 1 & 2 for water saving, improved clothing cleaning and machine runnability.

Erection work of new Evaporator equipment has been completed. Commissioning of the same is expected in Q1 FY 24.

b) To maintain competitiveness and achieve better quality, modernization & technological upgradation programs continue at all the units of the Company. Stringent cost control measures remain in place in all possible areas and are regularly reviewed. Special emphasis is being given to energy and water conservation.

DIRECTORS' REPORT (Contd.)

9. DIRECTORS:

- a.** Mr. J.C. Laddha was appointed as the Managing Director of the Company for the period of three years i.e. w.e.f. 12th August, 2019 to 11th August, 2022. On completion of his tenure, Mr. Laddha ceased as Managing Director of the Company and continued on the Board of the Company w.e.f. 12th August, 2022 as a Non-Executive & Non-Independent Director. Thereafter, he resigned from the Board with effect from 29th September, 2022, citing pre-occupation. The Directors placed on record their deep appreciation for the valuable services rendered by Mr. J.C. Laddha during his tenure as the Managing Director of the Company and also as a Non-Executive & Non-Independent Director.
- b.** Mr. R.K. Dalmia was the Whole-time Director of the Company prior to his appointment as the Managing Director of the Company w.e.f. 12th August, 2022 by the Board of Directors at its meeting held on 25th July, 2022 and approved by the shareholders on 20th October, 2022 through postal ballot by remote e-voting.
- c.** Pursuant to the provisions of Section 152 of the Companies Act, 2013, Smt. Rajashree Birla (DIN: 00022995) retires by rotation, as Director, at the ensuing Annual General Meeting of the Company and being eligible, offers herself for reappointment. Further in terms of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations), a special resolution would require to be passed for her re-appointment as she has attained the age of 75 years.

The Board recommends her reappointment.

d. Familiarization Program for the Independent Directors

Over the years, the Company has developed a robust familiarisation process for the newly appointed Directors with respect to their roles and responsibilities. The process has been aligned with the requirement under the Companies Act, 2013. The process, inter alia, includes providing an overview of the Textile, Pulp & Paper and Real Estate businesses of the Company and the risks, and opportunities, etc., associated with them. At regular intervals, Directors are also familiarized about the best business practices and industry

updates with respect to Textiles, Pulp and Paper & Real Estate businesses of the Company.

e. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI LODR Regulations, the Board has carried out an annual performance evaluation of its own performance; that of the Directors individually; as well as the evaluation of the working of its Audit, Nomination & Remuneration, CSR, and other Committees of the Board.

At the meeting of the Board, all the relevant factors that are material for evaluating the performance of individual Directors, the Board and its various Committees, were discussed in detail. A structured questionnaire, each in line with the circular issued by SEBI, for evaluation of the Board, its various Committees and individual Directors, was prepared and recommended to the Board by the Nomination & Remuneration Committee, for conducting the required evaluation, after taking into consideration the inputs received from the Directors, covering various aspects of the Board's functioning, such as adequacy of the composition of the Board and its Committees, execution and performance of specific duties, obligations and governance, etc. A separate exercise was carried out to evaluate the performance of individual Directors, including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority Shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. Independent Directors fulfill the criteria of independence, and they are independent of management. The performance evaluation of the Chairman and non-independent Directors was also carried out by the Independent Directors at their separate meeting. The Directors expressed their satisfaction with the evaluation process.

f. Meetings

During the year, 6 (six) Board meetings were convened and held. The details thereof are given in the Corporate Governance Report.



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The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

10. AWARDS, CERTIFICATES, PRIZES:

Various Divisions/Subsidiary of the Company have received notable awards as mentioned below:

Birla Estates Private Limited (100% subsidiary):

- Birla Navya, project in Gurugram was awarded as The Best Residential Project of the Year at the 14th Realty+ Conclave & Excellence Awards (North), 2022
- Recognized among ET's Best Brands 2022 at the Economic Times Best Brands Conclave 2021-22
- Apex India Occupational Health & Safety Award 2022 – 'Gold Award' for Birla Navya in construction sector
- RoSPA Health & Safety Awards, 2022 – Awards in silver category for Birla Vanya and Birla Alokya projects in Kalyan and Bengaluru respectively
- Construction Health, Safety & Environment Achievement Award at CIDC Vishwakarma 2022, Awards

Birla Century (Textiles Division):

- GOLD 2022 National Award for Manufacturing Competitiveness (NAMC) from the International Research Institute for Manufacturing, India (IRIM).
- SEEM National Energy Management Award-Gold from Society of Energy Engineers & Managers.

Century Pulp & Paper Division:

- The Division has received first and second prize in the 112th and 113th respectively at the "All India Farmers' Fair and Agro-Industrial Exhibition" 2022, organized by and held at the G B Pant University of Agriculture & Technology, Pantnagar, Uttarakhand.
- Recognized as a Top Performer designated consumer in Pulp & Paper sector of PAT Cycle II under National Mission for Enhanced Energy Efficiency, on the occasion of 21st BEE Foundation Day.

11. AUDITORS:

S R B C & Co. LLP, Chartered Accountants (ICAI Firm Registration No.324982E/ E300003), who are

the Statutory Auditors of the Company were initially appointed for a term of five years at the Annual General Meeting of the Company held on 28th July, 2016. S R B C & Co. LLP completed their said term of five years as Statutory Auditors of the Company at the conclusion of the 124th Annual General Meeting held on 16th July, 2021 and being eligible under section 141 of the Companies Act, 2013 were re-appointed for a second term of 5 (five) consecutive years w.e.f. 16th July, 2021 by the shareholders at the said AGM.

12. AUDITORS' REPORT:

The Auditors' Report to the Shareholders does not contain any reservation, qualification, adverse remark or disclaimer. During the year under review, neither the Statutory Auditors nor the Cost Accountant & Secretarial Auditors have, under Section 143(12) of the Companies Act, 2013 reported to the Audit Committee of the Board, any instances of fraud committed against the Company by its officers and employees, the details of which would otherwise be required to be mentioned in this report.

13. COST AUDITORS AND COST AUDIT REPORT:

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules, 2014, the Cost accounts and cost records are required to be maintained by the Company, in respect of various manufacturing activities and are required to be audited. Accordingly, such accounts and cost records are maintained in respect of various manufacturing activities. The cost audit report for the financial year 2021-22 was filed with the Ministry of Corporate Affairs on 22nd August, 2022. M/s. R. Nanabhoy & Co., Cost Accountants, were appointed as the Company's Cost Auditor.

Your directors have, on the recommendation of the Audit Committee, appointed M/s. R. Nanabhoy & Co., Cost Accountants, to audit the cost accounts of the Textiles and Pulp & Paper products of the Company for the financial year 2023-24 at a remuneration of ₹ 1.49 lac.

As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a proposed resolution seeking the members' ratification for the remuneration payable to M/s. R. Nanabhoy & Co., Cost Auditors, is included in the Notice convening the Annual General Meeting of the Company.

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14. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Gagrani & Gagan, Company Secretaries in practice (CP No.1388), to undertake the Secretarial Audit of the Company for the year ending 31st March, 2024. The Secretarial Audit Report for the year ended 31st March, 2023 is annexed herewith as 'Annexure-I' to this Report. The Company has complied with all applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (SS1 and SS2), relating to the meetings of the Board including its Committees and General Meetings which have mandatory application during the year under review. The Secretarial Audit Report does not contain any adverse qualification, reservation, remark or disclaimer.

15. FIXED DEPOSITS:

During the year, the Company has not invited or accepted any deposits from the public and there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

16. LOANS, GUARANTEES AND INVESTMENTS:

The details of loans and guarantees given and securities provided, and the investments made by the Company as covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Consolidated and Standalone Financial Statements of the Company.

17. TRANSFER OF UNCLAIMED DIVIDEND AND UNCLAIMED SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The details pertaining to transfer of unclaimed dividend and unclaimed shares to IEPF are given in the Corporate Governance Report which forms part of this Annual Report.

18. DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of the annual accounts for the year ended on 31st March, 2023 and state that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been

followed along with proper explanation relating to material departures:

- b. the directors have selected such accounting policies and applied them consistently and made judgments 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 and loss of the Company for that period;
- c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the directors have prepared the annual accounts on a going concern basis;
- e. the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

19. CTIL EMPLOYEE STOCK OPTION SCHEME 2023

At a meeting held on 16th January, 2023, the Board of Directors approved the formulation of an Employee Stock Option Scheme viz. CTIL Employee Stock Option Scheme 2023 ("ESOS 2023" or "Scheme") in terms of the Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 (SEBI SBEB and SE Regulations). The Board mandated the Nomination and Remuneration Committee to implement and administer the ESOS 2023. The Shareholders of the Company have approved ESOS 2023 on 09th March, 2023 by way of postal ballot through remote e-voting under which the Company may create, offer and grant from time to time, in one or more tranches, not exceeding 17,25,000 employee stock options to its employees as defined in the aforesaid scheme working exclusively with the Company and its group company(ies) (as defined under SEBI SBEB and SE Regulations) including subsidiary company(ies) and associate company(ies) of the Company. As per the scheme equity shares of the Company would be acquired through secondary acquisition on the platform of a recognized Stock Exchange for cash



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consideration by a trust formed for this purpose viz. 'CTIL Employee Welfare Trust'. Each option when exercised would be converted into one fully paid-up equity share of ₹ 10/- each of the Company. The options under ESOS 2023 would vest not earlier than minimum vesting period of one year and not later than five years from the date of grant of options. The exercise price shall be the average purchase price of shares acquired by the Trust through secondary acquisition in one or more tranches on recognized Stock Exchanges. The further details related thereto have been mentioned in the Scheme. For the year ended 31st March, 2023, since the Company has not granted any option to its employees, the relevant disclosures are not applicable.

20. KEY MANAGERIAL PERSONNEL:

Mr. J.C. Laddha and Mr. R.K. Dalmia, were the Managing Director and Whole-time Director of the Company respectively up to 11th August, 2022. Mr. R.K. Dalmia is the Managing Director of the Company with effect from 12th August, 2022. Mr. Snehal Shah and Mr. Atul K. Kedia are the Chief Financial Officer and Company Secretary respectively of the Company.

21. CORPORATE GOVERNANCE:

A separate report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from the Auditors of the Company regarding compliance with the Corporate Governance norms stipulated is annexed to this Annual Report on Corporate Governance.

22. AUDIT COMMITTEE AND VIGIL MECHANISM:

The Audit Committee comprises of four members and all of them are Independent Directors. The Company Secretary is the Secretary of the Committee. All transactions with related parties are on an arm's length basis. During the year, there are no instances where the Board had not accepted the recommendations of the Audit Committee. The Company has in place a vigil mechanism for Directors and Employees, to report genuine concerns about any wrongful and/or unethical conduct with respect to the Company or its business or affairs. This policy provides for formal reporting by whistle blowers of malpractices, misuse or abuse of authority, fraud, and violation of the Company's policies or rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, unethical behaviour and other matters or activity on account of which the interest of the Company is

affected or is likely to be affected. The Policy requires that all protected disclosures can be addressed to the Vigilance and Ethics Officer of the Company or to the Chairman of the Audit Committee / Managing Director in exceptional cases. All protected disclosures under this policy are to be recorded and thoroughly investigated. If an investigation leads the Vigilance and Ethics Officer / Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Vigilance and Ethics Officer / Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as he may deem fit. The details of the vigil mechanism are also available on the Company's website www.centurytextind.com.

23. RISK MANAGEMENT:

The Company has constituted a Risk Management Committee, mandated to review the risk management plan/process of the Company. The Risk Management Committee identifies potential risks and assesses their potential impact with the objective of taking timely action to mitigate the risks, as provided under the Enterprise Risk Management (ERM) Framework of the Company.

The Audit Committee has also been delegated with the responsibility of monitoring and reviewing risk management, assessment and minimization procedures, developing, implementing and monitoring the risk management plan and identifying, reviewing and mitigating all elements of risks which the Company may be exposed to.

The key risks identified by the Company include, financial & economic risk, competition risk, operational risk, cyber security and data protection risk and compliance of all applicable statutes and regulations. The Company has well defined ERM policy & mechanism to mitigate these risks. The Company reviews the risk register periodically, to align with the changes in economic environment, market practices and regulations. The top risks of the company and its businesses are reviewed at least twice in a year by the Risk Management Committee. The last such review was done on 20th March, 2023.

24. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

In terms of the provisions of section 135 of the Companies Act, 2013, read with Companies

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(Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The Committee recommends to the Board activities as specified in Schedule VII of the Companies Act, 2013 to be undertaken during the year. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance report, which forms part of this Annual Report.

The Company also has in place a CSR Policy and the same is available on the Company's website: www.centurytextind.com. During the year, the Company has identified and approved CSR projects of ₹ 4.45 Crores, being its statutory obligation for financial year 2022-23 and the entire amount has already been spent by the Company in the financial year 2022-23. Further, the Company has also fulfilled its balance obligation for the previous year i.e. 2021-22 by spending the amount of ₹ 0.73 Crores this year. During the year, the Company undertook several projects covering promotion of education (inclusive of providing scholarship for needy and meritorious students through A World of Opportunity Foundation - AWOOF); infrastructure development; preventive healthcare; skill development; sustainable livelihood etc. These projects were primarily initiated in neighbouring villages around the Company's plant locations. The Company's key objective is to actively contribute to the social and economic development of the communities in which it operates. The Company also provides awareness on mental health which has become increasingly prominent in recent times. The Company reached out to around 79 locations across 15 States.

As a socially responsible and caring Company, we are committed to playing a larger role in building a better, sustainable way of life for the weaker and marginalized sections of the society and raise the country's human development index.

The particulars required to be disclosed pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in 'Annexure II' forming part of this Annual Report.

25. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee comprises of four members, of which three, including the Chairman of the Committee, are Independent Directors.

The salient feature of Company's Remuneration Policy is attached as 'Annexure-III' and forms a part of this Report. The Remuneration Policy is available on the website of the Company viz. www.centurytextind.com.

26. RELATED PARTY TRANSACTIONS:

All transactions entered with related parties as defined under the Companies Act, 2013 during the financial year, were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with the related parties during the financial year, which conflicted with the interest of the Company and hence, enclosing of Form AOC-2 is not required. Suitable disclosure as required by the Accounting Standard (Ind-AS 24) has been made in the notes to the Financial Statements.

Prior approval of Audit Committee is obtained for all the related party transactions. Further, prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee for its approval, on a quarterly basis. The policy on Related Party Transactions as approved by the Board has been uploaded on the Company's website.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The Solicitors for the Company, M/s. Mulla & Mulla & Craigie Blunt & Caroe, provide the legal services required by the Company from time to time. The transactions with the said firm are on an arm's length basis and in the ordinary course of business. Mr. Yazdi P. Dandiwala, one of the Directors of the Company is a Senior Partner in the said firm of Solicitors.

27. DECLARATION BY INDEPENDENT DIRECTORS:

Necessary declarations have been obtained from all the Independent Directors that they meet the criteria of independence under sub-section (6) of Section 149 of the Companies Act, 2013 and as per Regulation 25 read with Regulation 16 of SEBI LODR Regulations. In the opinion of the Board there has been no change in the circumstances which may affect the status of independent directors of the Company and



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the Board is satisfied of the integrity, expertise and experience (including proficiency in terms of Section 150(1) of the Companies Act, 2013 and applicable rules thereunder) of all Independent Directors on the Board. In terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 Independent Directors of the Company have already undertaken requisite steps towards the inclusion of their names in the databank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

28. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

During the year 2022-23, no significant and material order has been passed by any regulator or by any Court or Tribunal which has a material impact on the financial position of the Company.

29. INTERNAL FINANCIAL CONTROL:

The Company has in place adequate internal financial control systems, commensurate with the size, scale, and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the operations was observed. The Company has appropriate policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence of the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information. During the year under review, the Company has not come across any incidence of fraud. The internal auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company. Based on the report of the internal auditor, the respective departments undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

30. SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES:

Birla Estates Private Ltd., a Wholly Owned Subsidiary of the Company has various on-going projects viz. 'Birla Vanya' at Kalyan near Mumbai, 'Birla Alokya' at Bengaluru, Birla Navya (under Avarna Projects, LLP between Birla Estates and Anantraj) at Gurugram, Birla

Niyaara at Worli, Mumbai and Birla Tisya at Rajajinagar, Bengaluru.

Last year, Birla Estates Private Ltd. had also entered into an agreement to jointly develop a prime 52-acre land parcel in North Bengaluru with M S Ramaiah Realty LLP. Further Birla Estates Private Ltd had also purchased 10.25-acre land at Rajarajeshwari Nagar, South Bengaluru. Both these projects are expected to be launched in FY24.

During the year, Birla Estates Pvt. Ltd. registered a loss after tax of ₹ 47.90 Crores (previous year profit after tax of ₹ 17.70 Crores) and Birla Century Exports Pvt. Ltd., another Wholly Owned Subsidiary of the Company registered a loss of ₹ 0.62 Crores (previous year loss of ₹ 0.91 Crores).

None of the Subsidiaries mentioned above is a material subsidiary as per the threshold limit laid down under the SEBI LODR Regulations.

Industry House Ltd., in which the Company holds about 35% of equity share capital is an Associate Company. Despite this fact, the accounts of Industry House Ltd. have not been consolidated with that of the Company as there is no requirement for the same as per the IND-AS 28.

As reported last year your Company has formed a 50:50 Joint Venture in collaboration with Grasim Industries Limited namely 'Birla Advanced Knits Private Limited' (JV Company) to manufacture Circular Knit Fabrics. The project is located at the existing Birla Century Campus in Bharuch District. It is having knitting and processing capacity of about 600 Ton of fabric per month. The salient feature of this project is blending of different fibres majorly Viscose, Modal and Excel (Lyocell) fibres. At the global level, production through this kind of fibres are already popular, however, there is less focus among Indian manufacturers and less awareness among Indian customers. To capitalize the benefits and to develop the market and by overcoming the limitations of viscose / viscose blend knits, your Company had invested in technology, machines skill-set which can meet the customer expectations at cost competitive price.

Hence, this project is expected to help India to substitute import and enhance export. The plant has been erected & commercial production has commenced from 01st April, 2023.

During the year, the JV Company registered a loss of ₹ 1.84 Crores (previous year loss of ₹ 0.13 Crores) (50% profit/loss).

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31. CONSOLIDATED FINANCIAL STATEMENT:

The Directors also present the audited consolidated financial statements incorporating the duly audited financial statements of the subsidiaries, as prepared in compliance with the Companies Act, 2013, applicable Accounting Standards and other applicable laws, if any. A separate statement containing the salient features of its subsidiaries, associates and joint venture in the prescribed form AOC-1 is annexed separately.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014, is annexed herewith as 'Annexure-IV'.

33. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

The Company has zero tolerance for sexual harassment at workplace. During the year under review, the Company has received two complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same were investigated in accordance with the procedures prescribed and have been disposed off by taking appropriate action. These two complaints received during the year, were outstanding as on 31st March, 2023 and as on the date of this report, there is no outstanding complaint. The Company has complied with the provisions relating to the constitution of an Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company is committed to providing a safe and conducive work environment to all its employees and associates.

34. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING:

A separate section of Business Responsibility and Sustainability Report forms part of this Annual Report as required under Regulation 34(2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

35. PARTICULARS OF EMPLOYEES:

The prescribed particulars of employees required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as 'Annexure-V' and form a part of this Report.

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2023 is given in a separate Annexure to this Report.

The said Annexure is not being sent along with this Report to the Members of the Company in line with the provisions of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by the Members at the Registered Office of the Company, 21 days before the 126th Annual General Meeting and up to the date of the said Annual General Meeting during the business hours on working days.

None of the employees listed in the said Annexure is a relative of any Director of the Company. None of the employees holds (by himself or along with his/her spouse and dependent children) more than two percent of the equity shares of the Company.

36. ANNUAL RETURN:

The web-link for the Annual Return placed on the Company's website is <https://www.centurytextind.com/assets/pdf/download-forms/annual-return-2023.pdf>

37. GENERAL DISCLOSURES:

- i. There were no material changes and commitments affecting the financial position of the Company between end of the financial year and the date of report.
- ii. There was no revision in the financial statements.
- iii. The Company has not issued any sweat equity shares.
- iv. The Company has not issued any shares with differential voting rights.
- v. There has been no change in nature of business.



DIRECTORS' REPORT (Contd.)

- vi. The Company has not made any application during the year under Insolvency and Bankruptcy Code, 2016 and there is no proceeding pending under the said Code as at the end of the financial year.
- vii. During the year, the Company has not undergone any one-time settlement and therefore the disclosure in this regard is not applicable.

38. ACKNOWLEDGEMENTS:

Your directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. members, customers,

dealers, vendors, banks, and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unwavering commitment and continued contribution to the Company's well-being.

Registered Office:

On behalf of the Board

Century Bhavan

Dr Annie Besant Road

R.K. Dalmia

Y.P. Dandiwala

Worli, Mumbai-400 030

Managing Director

Director

Dated: 24th April, 2023

DIN: 00040951

DIN: 01055000