



IIMC CASE RESEARCH CENTRE (IIMCCRC)

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A JOURNEY OF TRANSFORMATION: CENTURY TEXTILE INDUSTRIES LIMITED – CEMENT DIVISION

Late one evening, sitting in office with a cool and pleasant breeze blowing in from an open window, JayantDua was reminiscing about his entry as the Chief Executive Officer and Senior President at the Cement Division of Century Textiles and Industries (CTIL), the flagship company of the BK Birla Group.

The Cement Division of Century Textiles and Industries had been an integral part of the larger '*Birla Parivar*' (meaning family).¹ Over the years, the CTIL Cement division had grown & progressed under the legendary leadership of the late Mr.B.K.Birla. From modest beginnings in the 1970's, the CTIL Cement division had stood the test of time and in the process carved a niche for itself in the cement industry. However, its performance had much to be desired.

¹ See L G Burange and Shruti Yamini (2009): "Performance of the Indian Cement Industry: The Competitive Landscape", *Artha Vijnana* (Journal of Gokhale Institute of Politics and Economics, Pune) Vol. LI, No. 3, September 2009, pp. 209-242.

Also see Omkar Goswami (2016): *Goras and Desis: Managing Agencies and the Making of Corporate India*, Penguin.

Prof. Partha Ray of the Indian Institute of Management Calcutta and Menaka Rao has developed this case study as the basis for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation and they cannot be held liable for any loss or profit resulting from the use of the concepts highlighted in the case.

In November 2015, Jayant was appointed as the CEO by the board. Jayant's prior experience in different businesses in the Aditya Birla Group stood him in good stead for the new post - he had worked in Cement (grey & white), Insulator, Life Insurance and different markets both Indian and international. He knew that at CTIL, the Cement Division was facing huge challenges, the main issue being that from 2014 the company's performance was going downhill and the financial performance was unimpressive. The business was floundering and incurring cash losses. The management and HR practices were quite traditional. The product quality was not up to the mark, and its pricing was identifiable with C category cement players in the market. Over the years, the company had become a favourite poaching ground from the competition for market share. The operating margin was in a single digit with a serious cash-flow crunch. There were challenges with its weak distribution network, outdated technology and processes that were not contemporary. The organization was not functioning as one business rather it was working as 4 Units functioning in silos with no cohesive organization structure, driven by respective unit leader's decisions and not by business plans, systems, and processes.

Early in 2016, a senior leadership team joined the company with a vision of creating an agile organization. The process of restructuring the company started in the year 2016 – 2017. With the various initiatives taken-up by the team, both production and bottom lines improved.

In the last 3 years the journey had been one of a business turnaround. With a turnover of approximately ₹5,055 crore & PBDIT, which grew by over 3 times 2015-16 in FY2018-19, the company had turned into a player to look up to within the Cement Industry (**Exhibit 1**).