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For CENTENIAL SURGICAL SUTURE LTD.  
*Kashika*  
DIRECTOR.



**CENTENIAL SURGICAL SUTURE LTD.**

**Annual Report 2002 - 2003**

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**CENTENIAL SURGICAL SUTURE LTD.**

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**Annual Report 2002 - 2003**

**BOARD OF DIRECTORS**

**Vijay Majrekar** – *Chairman cum Managing Director*

**Anuradha Kashikar** – *Executive Director*

**C. R. Rawale** – *Whole time Director*

**S. R. Kingar** – *Whole time Director*

**N. M. Birje** – *Director*

**S. H. Jain** – *Director*

**B. S. Limaye** – *Director*

**S. S. Laud** – *Director*

**Registered Office**

*F-29, MIDC, Murbad, Thane - 421401.*

**Bankers**

*Canara Bank*

*Bank of India*

*Parsik Janata Sahakari Bank Ltd.*

*Co-operative Bank of Ahmedabd*

**Manufacturing Site, Plant & Research Facilities**

*Village Dhavale, Ulhasnagar, Thane.*

*F-29, MIDC, Murbad, Thane - 421401.*

**Auditors**

*Vipul N. Shah & Associates*

*Chartered Accountants*

**Eighth Annual Report**

**2002 – 2003**

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**CENTENIAL SURGICAL SUTURE LTD.****Annual Report 2002 - 2003****Chairman cum Managing Director's Report****To the Shareholders,**

The Directors have pleasure in submitting the Eighth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2003.

**Financial Performance**

Financial Results of the Company's operation for the year under review are as follows:

	<b>For the year ended 31.3.2003</b>	<b>For the year ended 31.3.2002</b>
Net Profit before Depreciation and Taxation	<b>83,76,213</b>	52,73,112
Less : Depreciation	<b>32,69,506</b>	30,34,914
Provision for Deferred Taxation	<b>1,17,825</b>	2,20,045
Provision for Taxation	<b>25,00,000</b>	
Net Profit/ (Loss)	<b>24,88,882</b>	20,18,153
Add : Balance from Last Year	<b>(22,11,811)</b>	(41,33,292)
Prior Period Profit adjustments		
Less : Appropriation	-	-
Transfer to Reserves / Loss carried to Balance Sheet	<b>277071</b>	(21,15,139)

**Operations**

During the business year 2002 –2003, your company continued to make progress in terms of diversification and broadening of its product portfolio and extending its operational reach into new markets. The sales of the Company grew from Rs. 663.64 lakhs in the business year 2001 – 2002 to Rs. 1269.70 lakhs in the business year 2002 – 2003. The increase in sales and profitability has been achieved primarily on account of better product mix and containment of costs.

Your Company also took numerous steps during the year to re-structure its products portfolio and the object clearly is to establish leadership and make the operations world class and increasingly competitive. Efforts are also directed at reducing cost and improving deliveries and its ultimate aim is to enhance shareholder's value. With all the efforts made, Your Company is confident of withstanding the rigours of international and domestic competition and emerging successful. The cornerstone of our manufacturing philosophy is Quality. The future of our Company looks bright. New products being developed are getting market acceptance. Many established surgeons have tried our products and started using them continuously and the trends are encouraging. Overall, considerable increases in the production and sales of the Company can be foreseen. The technical functioning of our plant as indicated by the above-mentioned results, the capacity utilisation's was quite satisfactory and production levels were selectively improved as required. Despite the continuing efforts to curtail costs, the prescribed adjustments to be made for depreciation and carried over losses have been unavoidably heavy. Even with a noticeably better performance during the current year, the Directors regret that they are still not in a position to recommend a dividend.

**ISO 9002 Certification**

Your company earned the coveted ISO 9002 certification on the basis of sound quality standards. The stringent ISO 9002 system means effective control over every step to achieve true quality assurance for customers.

**CENTENIAL SURGICAL SUTURE LTD.****Annual Report 2002 - 2003****Research and Development**

Your Company strongly believes that sustained growth in this Suture industry can be achieved through continuous pursuit for innovation. Maintaining World Class Quality Standards is an obsession with top management that percolates to every level, making CENTENIAL facilities and products a landmark. Everyday Surgeon's expectations continually increase. The Company's Research & Development activities continue to be directed towards up gradation of technology and development of new products in the area of sutures. Your company's commitment is to meet and exceed those expectations.

**People and Safety**

Industrial relations in the company were cordial throughout the business year under review. Your Company believes the most valuable asset of every company is its human resource. CENTENIAL values all our employees and makes effort through Quality of work life to help their growth. Your Company has always placed emphasis on our people and safety at workplace. This year's results were possible due to the excellent individual and team efforts of our employees. I take this opportunity to thank them for their efforts and for those that will come this business year. The Board of Directors wish to place on record their sincere appreciation for the continued support and excellent work of all the employees.

**Dividend**

The Directors do not recommend dividend for the year under review in view of insufficient funds.

**Director's**

During the year Mr. N. M. Birje, Director of the company is retiring by rotation & being eligible offers himself for reappointment. The managerial remuneration of Mr. Vijay Majrekar, Managing Director, Ms. Anuradha Kashiar, Executive Director and Mr. Shyam Kingar, Whole Time Director was revised w.e.f. 1<sup>st</sup> November, 2002. Mr. S. S. Laud was appointed as Director pursuant to Section 260 of the Companies Act, 1956, w.e.f. 29<sup>th</sup> April, 2003.

**Directors Responsibility Statement**

As required u/s 217 A (2AA) of the Companies Act, 1956 we hereby state :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgment 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 or loss of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

**Deposits**

The Company has not accepted any deposits under section 58-A of the Company's Act, 1956 during the year.

**Particulars of employees**

In accordance with section 217 (2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended, your Directors have to report that during the year under review there has been no employee in the service of the company drawing a salary of Rs.2,00,000 per month or where employed for the whole year remuneration aggregating Rs.24,00,000 p.a. or above.

**CENTENIAL SURGICAL SUTURE LTD.****Annual Report 2002 - 2003****Conservation of energy, technology absorption, foreign exchange earning and out goings**

Conservation of energy continues to be a priority area for the Company and efforts are directed to reduce energy costs. Information required under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, is given in the annexure to this report.

**Environment and safety**

The Company accords the highest priority to maintaining safety standards and a pollution-free environment.

**Subsidiaries**

Since the Company has no subsidiaries, Section 212 of the Companies Act, 1956 does not apply.

**Auditors**

Auditors Messrs. Vipul N. Shah & Associates, Chartered Accountants, retire and being eligible offers themselves for reappointment. Members are requested to appoint them for the current year and to fix their remuneration. The report of auditors is self-explanatory and hence does not require any explanation from the Board as such.

**Acknowledgment**

Your Directors place on record their grateful thanks for the assistance, co-operation and continued support extended to the Company by the Medical Profession, Food and Drug Administration, Drugs Control Authorities, Bankers, Suppliers, Government Agencies, Business Associates, Stockists, Collaborators and to all esteemed Shareholders of the Company for their confidence, faith and understanding. The support and Co-operation extended by the local citizens is heartening and needs special mention. With our range of products, services and a team of dedicated employees, we are confident of a steady and consistent performance in the new millennium. Finally, I would like to thank my colleagues on the Board for their wisdom, guidance and advice.

**Registered Office :**

*F-29, MIDC, Murbad, Thane 421 401*

*Murbad, Thane*

*June 28, 2003*

*For and on behalf of the Board of Directors*

**CENTENIAL SURGICAL SUTURE LTD.**

**Vijay Majrekar**

*Chairman cum Managing Director*

**CENTENIAL SURGICAL SUTURE LTD.****Annual Report 2002 - 2003****Annexure to Directors' Report**

Information under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended on March 31, 2003.

**I. Conservation of energy**

The Company continues to explore measures, which will help in conservation and saving of energy.

**A. Power and fuel consumption**

	2002-2003	2001-2002
<b>1. Electricity Consumption</b>		
a) Purchased units	73,454	71,187
Total Amount	Rs. 4,00,430	Rs. 2,29,790
Rate/unit	Rs. 5.45	Rs. 3.23
b) Own Generation	-	-
Through Diesel Generator :	-	-
Units	-	-
Units per litre of diesel oil	-	-
Cost/Unit	-	-

**B. Technology absorption and adaptation.**

Your Company's continuous to focus on Research and Development activities towards the up gradation of technology, development, testing and certification of atraumatic needles and sutures for conformity to new Indian / International standards and exclusive export market. The Company has installed new machinery's designed to its special requirements and has been able to save in cost of production and also manufacture products to various surgeons specifications. Besides development work for several new product codes for Exports has been undertaken. Emphasis on new product codes development and process improvement will continue to be the priority areas of our Research and Development activity, enhancement in quality and service to our customer.

**C. Foreign exchange earnings and outgo.**

During the year foreign exchange outgo was Rs.343.76 lakhs (Previous Year Rs. 168.55 lakhs). The foreign exchange earned during the year was Rs. 82.01 lakhs (Previous Year Rs. 4.30 lakhs). The Company has not imported any technology.

**CENTENIAL SURGICAL SUTURE LTD.****Annual Report 2002 - 2003****Management Discussion and Analysis Report****BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Indian Generally Accepted Accounting Principles (Indian GAAP). In the adoption of the accounting standards there are no material departures from the prescribed Indian accounting standards. Your Company's management believes that it has been objective and prudent in making estimates and judgements relating to the financial statements and believes that these financial statements are a fair representation of your Company's operations and profits for the year.

**Overview**

As will be seen from the financial results for the year, sales increased from Rs. 663.64 lakhs to Rs. 1269.70 lakhs. The significant improvement in sales is due to strategies adopted by your Company in 2001 and 2002, aimed at improving the Sales. Measures to improve marketing and sales force effectiveness met with considerable success. Reduction in the cost of goods has been achieved through procurement and production efficiencies and local sourcing. In summary the sharp focus on demand generation for key products, procurement and manufacturing efficiencies, tight control on expenses have helped improve profits for the year.

**Quality**

Your Company has been consistently meeting the quality objectives of ISO 9002. The Company is also in the process of upgrading to ISO 9001: 2000 version.

**Research and Development**

The Company has achieved the following through Research and Development:

- Development of new value added products.
- Process improvements resulting in better yields and further improvement in quality of products.

**Energy Conservation**

Regular studies are carried out to ascertain the quantitative energy consumption patterns and variances are analysed and corrective actions taken. The Company is continuously working towards further improvements in energy consumption levels.

**Health, Safety and Environment**

During the period under review, medical check up of all regular employees has been introduced. All requirements pertaining to pollution control, environmental protection and safety have been complied with. Employees have been trained to observe the guidelines relating to safety, health and environment.

**Company's Philosophy on code of Governance**

Philosophy of your company on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and all its interactions with its stakeholders, including shareholders, employees and the government. Your company is committed to achieving the highest international standards of corporate governance. CENTENIAL SURGICAL SUTURE LTD., believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.



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**CENTENIAL SURGICAL SUTURE LTD.**

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**Annual Report 2002 - 2003****Opportunities and Threats**

The Surgical industries depends largely on new surgical application and surgeries. In the last few years, the increase in the allocation of funds for such purposes have been on the increase and as such the opportunity of growth in surgical items is unlimited.

However, there exists untapped potential in the nursing home sector. The Company has arrangement / understanding with various distribution market and sell various items which are required in the nursing home market.

The most serious threat to the business of the Company is from unrestricted import and dumping of products by importers from various countries. Availability of significant quantities of spurious goods is also affecting business. This matter is of serious concern to the Company and though it is very difficult to completely stop such activities, the Company has taken a number of steps to combat this menace and this has started yielding results.

**Product Performance**

The overall growth of business in the country has not been upto the desired levels because of restricted funding. The situation has further been aggravated by the stagnating economic scenario. The range of Sutures has been steadily growing since 1998. The Company has consolidated its position in Cardiovascular Surgery Suture segment and further consolidation is expected. With the introduction of new suture ranges, the sales has been growing steadily. However, in view of unrestricted imports and competition, sales and profitability of the Company has been affected.

**Outlook**

During the first quarter of the current financial year there has been an improvement in the market conditions resulting in an increase in despatches and higher sales price realisations. It is expected that this trend will continue. Further the growth rate of the Indian economy has been projected and your Company is also likely to benefit from this economic growth. Also due to increase in the production capacity there would be improvement in the profits of the Company in the coming years.

**Risks and Concerns**

The management believes that your Company's business is subject to a number of risks. Your company has developed its business plan based on its view of the evolving regulatory framework. Many of the components of the regulatory regime are established or articulated by the relevant regulatory authorities, including FDA & WHO-GMP. In the event that the assumptions used in the business plan are different from the existing regulations, there would be an impact on your Company's business.

**Adequacy of Internal Controls**

Your Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

**Material Development in Human Resources and Industrial Relation**

Industrial relations at the plant of the Company remained cordial during the year under review. The Company has a team of special skilled workers at its plant.

**Directors' Responsibility Statement**

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements 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



**CENTENIAL SURGICAL SUTURE LTD.****Annual Report 2002 - 2003**

- end of the financial year ended March 31, 2003 and of the profit of the Company for that year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - (iv) that the Directors have prepared the annual accounts on a going concern basis.

**Corporate Governance**

Your Company conforms to norms of Corporate Governance adopted by them. As a Listed Company, necessary measures are taken to comply with the Listing Agreements with the Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms a part of this Report.

**Cautionary Note**

The statements in the Report of the Board of Directors and the Management Discussion and Analysis section describing the Company's projections, estimates, expectations or predictions may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors' envisage in terms of future performance and outlook since the Company's operations are influenced by many external and internal factors beyond the control of the Company.

**Registered Office :**

F-29, MIDC, Murbad, Thane 421 401

Murbad, Thane  
June 28, 2003

*For and on behalf of the Board of Directors*  
**CENTENIAL SURGICAL SUTURE LTD.**

**Vijay Majrekar**  
*Chairman cum Managing Director*

**CENTENIAL SURGICAL SUTURE LTD.****Annual Report 2002 - 2003****CORPORATE GOVERNANCE***(Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchange)**The following is the report on the Corporate Governance Code as implemented by your Company.***Mandatory Requirements****Company's Philosophy on Corporate Governance**

The company's philosophy on Corporate Governance is to practice transparency and accountability in its operations leading to effective control and management of the organization. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organization towards creating wealth and shareholder value.

**Board of Directors**

Centenial Surgical Suture Ltd., Board presently consists of a majority of non-executive / independent directors, many of whom are acknowledged as leading professionals in their respective fields. The Board comprises of four (4) Executive Directors and four (4) Non-Executive Directors (Independent Directors).

The constitution of Board is given below:

Director	Executive/Non Executive/ Independent *	No. of Board Meetings attended	Attendance of last AGM held on September 28, 2002	No. of other Companies in which Director	Membership of other Board Committees
Mr. Vijay Majrekar	Chairman, Executive	6	Yes	-	-
Ms. A. Kashikar	Executive Director	6	Yes	-	-
Mr. C. R. Rawale	Whole Time Director	6	Yes	-	-
Mr. S. R. Kingar	Whole Time Director	6	Yes	-	-
Mr. N. Birje	Independent, Non- Executive	6	Yes	-	-
Mr. B. Limaye	Independent, Non- Executive	6	Yes	-	-
Mr. S. Jain	Independent, Non- Executive	6	Yes	1	-
Mr. S. Laud	Independent, Non- Executive	-	No	-	-

*An Independent Director is a director who apart from receiving director's fees does not have any material pecuniary relationship or transactions with the Company, its promoters or its management or its subsidiaries, which in the judgment of the Board may affect their independence of judgment.*

**Attendance of Directors at Board Meetings and Annual General Meeting**

The Board of the Company met six times during the last financial year. The Company placed before the Board various documents and reports, including those specified under *Annexure 1* of the Listing Agreement, from time to time.