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For CENTENIAL SURGICAL SUTURE LTD,


DIRECTOR



CENTENIAL SURGICAL SUTURE LTD.

Annual Report 2003 - 2004

CENTENIAL SURGICAL SUTURE LTD.

Annexure to the Notice

EXPLANATORY STATEMENT (As required by Section 173 (2) of the Companies Act, 1956.)

ITEM NO. 5 & 6 :

A. As recommended by the Remuneration Committee and approved by the Board of Directors of the Company, at its meeting held on 5th September, 2003, Mr. C. R. Rawale was re-appointed as a Whole Time Director of the Company for a period of 3 (three) years with effect from 1st October, 2003. The remuneration to Mr. C. R. Rawale, inter alia, includes the payment of salary, perquisites and benefits and is subject to the approval of the members.

Mr. C. R. Rawale has served as a Whole Time Director of the Board of the Company since 1st October, 2000.

The terms & Conditions proposed to be entered into by the Company with Mr. C. R. Rawale in respect of his re-appointment, inter alia, contains the following terms and conditions:

TERMS & CONDITIONS

1. Name & Designation of Director. : Mr. C. R. RAWALE, Whole Time Director.
2. Date of Appointment : Re-Appointed w.e.f. 1st October, 2003
3. Period : 3 years.
4. Salary (p.m) : Rs. 10,000/-p.m. with power to Board to vary from time to time within the limits of schedule XIII of the Companies Act.
5. Minimum Remuneration : In the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to Mr. C. R. Rawale by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Mr. C. R. Rawale shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

He shall carry out such duties as may be entrusted to him subject to the supervision of the Board of Directors and he shall also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors.

B. As recommended by the Remuneration Committee and approved by the Board of Directors of the Company, at its meeting held on 30th June, 2004, Mr. S. R. Kingar was re-appointed as a Whole Time Director of the Company for a period of 3 (three) years with effect from 1st November, 2004. The remuneration to Mr. S. R. Kingar, inter alia, includes the payment of salary, perquisites and benefits and is subject to the approval of the members.

Mr. S. R. Kingar has served as a Whole Time Director of the Board of the Company since 1st November, 2001, his term is expiring on 31st October, 2004. Hence Board re-appointed him for the further period of 3(three) years w.e.f. 1st November, 2004.

The major terms & Conditions proposed to be entered into by the Company with Mr. S. R. Kingar in respect of his re-appointment, inter alia, contains the following:

MAJOR TERMS OF REMUNERATION OF Mr. S. R. KINGAR, WHOLE TIME DIRECTOR:

TERMS & CONDITIONS:

1. Name & Designation of Director. : Mr. S. R. KINGAR, Whole Time Director.
2. Date of Appointment : The original appointment was on 1st November, 2001. However, w.e.f. 1st November, 2004 he is re-appointed.
3. Period : 3 (three) years.
4. Salary (p.m) : *Rs. 50,000/-p.m. with power to Board to vary from time to time within the limits of schedule XIII of the Companies Act.
5. Minimum Remuneration : In the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to Mr. S. R. Kingar by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Mr. S. R. Kingar shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

CENTENIAL SURGICAL SUTURE LTD.**II) PERQUISITES:**

Mr. S. R. Kingar as a Whole Time Director will be entitled for following perquisites, which shall not be part of the ceiling of remuneration.

- a) Contribution to provident Fund, Superannuation fund or annuity fund to the extent such contribution either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity: as per the rules of the Company, payable in accordance with the Approved Gratuity Fund and which shall not exceed half a month's salary for each completed year of service.
- c) Children's education allowance: In case of children studying in or outside India, an allowance limited to a maximum of Rs. 5,000/- per month per child or actual expenses incurred, whichever is less such allowance is admissible upto a maximum of two children.
- d) Holiday passage for children studying outside India/family staying abroad: Return holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from the place of their study or stay abroad India if they are not residing in India with the managerial person.
- e) Leave travel concession: Return passage for self and family in accordance with the rules specified by the Company where it is proposed that the leave be spent in home country instead of anywhere in India.

III). Salary and perquisites specified herein shall be payable to the Whole Time Director notwithstanding the inadequacy or no profits in any financial year during the currency of tenure of his office as such.

IV). The Whole Time Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or committee thereof.

V). The Whole Time Director shall not become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company as per the provisions of the Law in force as applicable to the Company.

VI). The terms and conditions of the said appointment and/or may be altered and varied from time to time by the board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII the Companies Act, 1956, or any amendment hereafter in that regard.

None of the Directors of the company, except Mr. C. R. Rawale & Mr. S. R. Kingar are considered to be interested or concerned in these resolutions respectively.

These Terms & Conditions of re-appointments may be treated as abstracts between the company & Mr. C. R. Rawale & Mr. S. R. Kingar, pursuant to section 302 of the Companies Act, 1956, respectively.

ITEM NO. 7:

Pursuant to section 293(1)(d) of the Companies Act, 1956, requires the consent of the Members in the General Meeting for authorizing the Board of Directors to borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid-up Capital and free reserves.

In view of the growing operations the company requires additional funds as Working Capital. It is therefore recommended to increase the borrowing powers of the Board of Directors to Rs. 20,00,00,000/- (Rupees Twenty Crores only).

The Board of Directors recommends the resolution for approval of the members.

Registered Office:
F-29, MIDC, Murbad, Thane 421 401

Murbad, Thane
June 30, 2004

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

Vijay Majrekar
Chairman cum Managing Director

CENTENIAL SURGICAL SUTURE LTD.

Notice to Members

Notice is hereby given that the Ninth Annual General Meeting of the Company will be held at the Registered Office of the Company at F-29, MIDC, Murbad, Thane - 421401 on Monday, September 27, 2004 at 3.30 p.m. to transact the following business:

A. Ordinary Business

- 1) To receive, consider, approve and adopt the Audited accounts for the year ended March 31, 2004 along with notes and schedule thereon as on and the Balance Sheet as at that date together with the Directors' and Auditors' Reports thereon.
- 2) To appoint a Director in place of Mr. S. H. Jain, Director of the company who retires by rotation & being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. B. S. Limaye, Director of the company who retires by rotation & being eligible offers himself for re-appointment.
- 4) To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

"RESOLVED that M/s. Vipul N. Shah & Associates, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting at a remuneration and reimbursement of out-of-pocket expenses incurred by them for the purpose of the audit of the Company's accounts as may be approved by the Board of Directors of the Company."

B. Special Business

- 5) To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), (hereinafter referred to as "the said Act") the consent of the Company be and is hereby accorded to the re-appointment of Mr. C. R. Rawale as a Whole Time Director of the Company for a period of 3 (three) years with effect from 1st October, 2003 on the terms and conditions including remuneration as placed before this meeting, with liberty to the Board of Directors (hereinafter referred to "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms of the said re-appointment and/or remuneration and/or agreement.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to the Whole Time Director by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Whole Time Director shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient, to give effect to this resolution."

- 6) To consider and if thought fit to pass, with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), (hereinafter referred to as "the said Act") the consent of the Company be and is hereby accorded to the re-appointment of Mr. S. R. Kingar as a Whole Time Director of the Company for a period of 3 (three) years with effect from 1st November, 2004 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Mr. S. R. Kingar, a draft whereof is placed before this meeting, with liberty to the Board of Directors (hereinafter referred to "the Board" which term shall be deemed to include the

CENTENIAL SURGICAL SUTURE LTD.

Remuneration Committee constituted by the Board) to alter and vary the terms of the said re-appointment and/or remuneration and/or agreement.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to the Whole Time Director by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Whole Time Director shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient, to give effect to this resolution."

7) To consider and if thought fit to pass, with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT the consent of the company be and is hereby to the Board of Directors under section 293(1)(d) of the companies Act, 1956 to borrow any sum of moneys from time to time notwithstanding that the money or monies to be borrowed together with the moneys already borrowed by the company (amount from temporary loans obtained from the companies bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the company and the free reserves that is to say reserves not set apart for any specific purposes provided however, the total amount so borrowed shall not exceed Rs. 20,00,00,000/- (Rupees Twenty crore only).

Notes:

- a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not to be a member of the Company.
- b) The instrument appointing proxy should however, be deposited with the Registered office of the Company not less than forty-eight hours before the commencement of the meeting.
- c) Members are requested to notify any changes in their Addresses to the Company's registered office.
- d) Any member requiring further information on Accounts at the meeting is requested to send their queries in writing to the Managing Director of the Company before September 20, 2004.
- e) The Register of Members and Transfer books of the company will remain closed from Tuesday, September 21, 2004 to Saturday, September 27, 2004 (both day's inclusive).
- f) The relevant explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business under item no.4, 5, 6 and 7 as set out above is annexed hereto.
- g) Members are requested to bring their copy of Annual Report for 2003 - 2004 to the Annual General Meeting.
- h) Members are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
- i) Members who are holding shares in identical order or names in more than one folio are requested to write to the company to enable the company to consolidation their holdings in one folio.
- j) No gifts will be distributed.

Registered Office:
F-29, MIDC, Murbad, Thane 421 401

Murbad, Thane
June 30, 2004

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 2003 - 2004

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

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

Ninth Annual Report

2003 – 2004

CENTENIAL SURGICAL SUTURE LTD.**Annual Report 2003 - 2004****Chairman *cum* Managing Director's Report****To the Shareholders,**

The Directors have pleasure in submitting the Ninth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2004.

Financial Performance

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

| | For the year ended 31.3.2004 | For the year ended 31.3.2003 |
|--|---|---|
| Net Profit before Depreciation and Taxation | 1,20,64,405 | 83,76,213 |
| Less : Depreciation | 37,68,718 | 32,69,506 |
| Provision for Deferred Taxation | 1,13,723 | 1,17,825 |
| Provision for Taxation | 37,85,000 | 25,00,000 |
| Net Profit/ (Loss) | 43,97,469 | 24,88,882 |
| Add : Balance from Last Year | 2,77,071 | (22,11,811) |
| <i>Prior Period Profit adjustments</i> | | |
| Less : Appropriation | - | - |
| Transfer to Reserves / Loss carried to Balance Sheet | 46,74,540 | 2,77,071 |

Operations

During the business year 2003 – 2004, 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. 1269.70 lakhs in the business year 2002 – 2003 to Rs. 2135.18 lakhs in the business year 2003 – 2004. The increase in sales and profitability has been achieved primarily on account of better product mix and containment of costs.

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. 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 9001 : 2000 Certification

Your company is ISO 9001 : 2000 certified. The stringent ISO 9001 : 2000 system means effective control over every step to achieve true quality assurance for customers.

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 upgradation of technology and development of new products. Your company's commitment is to meet and exceed those expectations.

CENTENIAL SURGICAL SUTURE LTD.**Annual Report 2003 - 2004****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 expansion for better future.

Director's

During the year Mr. S. H. Jain and Mr. B. S. Limaye, Directors of the company are retiring by rotation and being eligible offers themselves for re-appointment and Mr. C. R. Rawale and Mr. S. R. Kingar are re-appointed as a Whole Time Directors w.e.f. 1st October, 2003 and 1st November, 2004 respectively.

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.

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 for maintaining safety standards and a pollution-free environment.

CENTENIAL SURGICAL SUTURE LTD.**Annual Report 2003 - 2004****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 coming business year. 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 30, 2004

For and on behalf of the Board of Directors

CENTENIAL SURGICAL SUTURE LTD.

Vijay Majrekar

Chairman cum Managing Director

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CENTENIAL SURGICAL SUTURE LTD.**Annual Report 2003 - 2004****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, 2004.

I. Conservation of energy

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

A. Power and fuel consumption

| | 2003-2004 | 2002-2003 |
|-----------------------------------|--------------|--------------|
| 1. Electricity Consumption | | |
| a) Purchased units | 87,793 | 73,454 |
| Total Amount | Rs. 4,26,718 | Rs. 4,00,430 |
| Rate/unit | Rs. 4.86 | Rs. 5.45 |
| b) Own Generation | - | - |
| Through Diesel Generator : | - | - |
| Units | - | - |
| Units per litre of diesel oil | - | - |
| Cost/Unit | - | - |

B. Technology absorption and adaptation

Your Company continuous to focus on research and development activities towards the upgradation 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 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.507.01 lakhs (Previous Year Rs. 343.76 lakhs). The foreign exchange earned during the year was Rs. 144.99 lakhs (Previous Year Rs. 82.01 lakhs). The Company has not imported any technology.