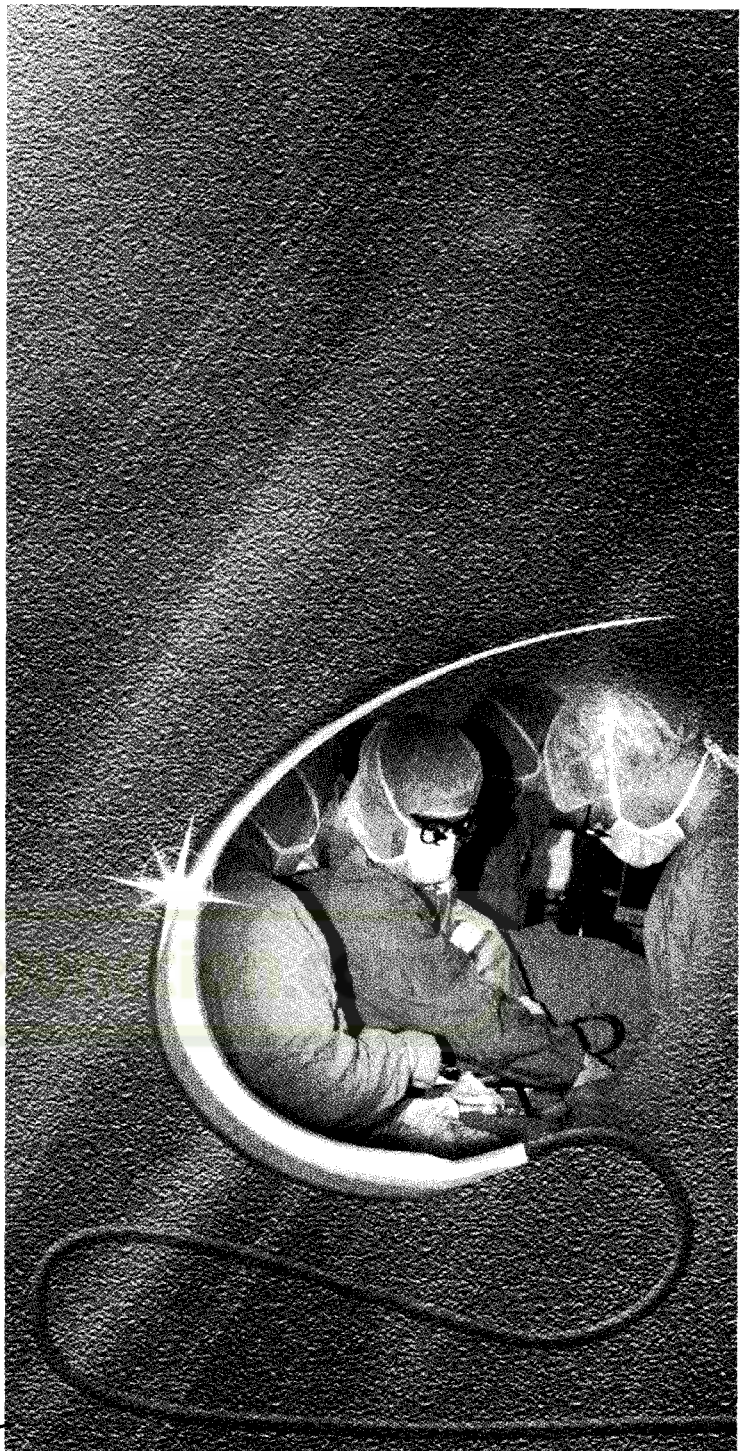


Report

CERTIFIED TRUE - COPY  
For CENTENIAL SURGICAL SUTURE LTD.

DIRECTOR



*Annual Report  
2008 - 2009*

 **CENTENIAL**  
SURGICAL SUTURE LTD.

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**CENTENIAL SURGICAL SUTURE LTD.**

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**Annual Report 2008 - 2009**

**BOARD OF DIRECTORS**

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

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

**Devraj Poojary** – *Executive Director*

**N. M. Birje** - *Independent Non Executive Director*

**S. H. Jain** - *Independent Non Executive Director*

**B. S. Limaye** - *Independent Non Executive Director*

**Registered Office**

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

**Bankers**

*Canara Bank*

*Co-operative Bank of Ahmedabad*

*HDFC Bank Ltd.*

*Kotak Mahindra Bank Ltd.*

*Parsik Janata Sahakari Bank Ltd.*

**Manufacturing Facilities & Site**

*F-29 ; B-17, MIDC, Murbad, Thane - 421401.*

*Village Dhavale, Ulhasnagar, Thane.*

**Auditors**

*Vipul N. Shah & Associates*

*Chartered Accountants*

**Registrar and Transfer Agent**

*Purva Sharegistry India Pvt, Ltd.*

*33, Printing House, 28-D Police Court Lane,*

*Fort, Mumbai - 400 001.*

**Fourteenth Annual Report**

**2008 – 2009**

**DISCLAIMER :** The information and opinions contained in this report do not constitute an offer to buy any of Centenial Surgical Suture Ltd. securities, businesses, products or services. The report also contains forward-looking statements, qualified by words such as 'expect', 'plan', 'estimate', 'believe', 'project', 'intends', 'exploit', and 'anticipates', and words of similar substance in connection with any discussion of future performance, that we believe to be true at the time of the preparation of the report. The actual events may differ from those anticipated in these statements because of risk, uncertainty or the validity of our assumptions and we do not guarantee that these forward looking statements will be realized, although we believe that we have been prudent in our assumptions. Centenial Surgical Suture Ltd. does not take on any obligation to publicly update any forward- looking statement, whether as a result of new information, future events or otherwise.

**CENTENIAL SURGICAL SUTURE LTD.****Annual Report 2008 - 2009****Chairman cum Managing Director's Report****To the Shareholders,**

The Directors have pleasure in submitting the Fourteenth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2009. This is the fourteenth year in the journey of Centenial Surgical Suture Ltd. Through all these years, Centenial Surgical Suture Ltd. has faced many a tough times and enjoyed equal moments of glory. Everything is worth it, if one is able to create lasting values and a strong core. I would like to think that we have been able to create a foundation, which is enabling us to overcome challenging times such as now and helping us to adapt to the current situation while retaining our strength to fulfill the long-term vision.

**Financial Performance**

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

	<b>For the year ended 31.3.2009</b>	<b>For the year ended 31.3.2008</b>
Net Profit before Depreciation and Taxation	3,65,52,129	3,11,01,770
Less : Depreciation	79,94,156	74,42,761
Provision for Deferred Taxation	(97,045)	2,49,089
Provision for Taxation	1,12,09,715	1,00,99,911
Net Profit/ (Loss)	1,74,45,300	1,33,10,012
Add : Balance from Last Year	4,45,04,915	3,11,94,903
<i>Prior Period Profit adjustments</i>		
Less : Appropriation	86,30,980	-
Transfer to Reserves / Loss carried to Balance Sheet	5,33,19,235	4,45,04,915

**Operations**

During the business year 2008 – 2009, your company continued to make progress in terms of broadening of its product portfolio and extending its operational reach into new markets. The sales of the Company increased from Rs. 4126.86 lakhs in the business year 2007 – 2008 to Rs. 4915.31 lakhs in the business year 2008 – 2009. We believe that tough times don't last, tough people do. At a time like this, we constantly remind ourselves, that our collective endeavour as an organization is to build businesses for the long haul. In the past too, there have been sharp swings in business cycles and there will be more of these in the future, though hopefully not of the magnitude and ferociousness we are seeing today. And each time in the past we have come out of the eye of the storm, we have emerged fitter and stronger.

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.

As a measure of performance which aims to deliver a better deal to all the stakeholders of the company, be it customers, employees, shareholders, the community and the environment.

Our customers have never wavered in their unanimous opinion of our capability and our commitment to serve them. A strong and satisfied client base is more than borne out by the fact that we still continue to draw 80% of our business from repeat customers.



## CENTENIAL SURGICAL SUTURE LTD.

### Annual Report 2008 - 2009

Even after fourteen years, the passion for Innovation is vibrant and urgent. It also gives me happiness that customers have reposed faith in our ability to make a difference. We have a brand name, which stands for reliability, commitment and SAFETY. The Centenial Surgical Suture Ltd. name is pronounced with great deal of respect, in the domestic market. It has been created through sheer dedication. This makes me believe that it will be long lasting and something we can build further on. The quality of management and the professionals of the company is the true reputation builder of the company. More than 95% of the current workforce has grown with us, with some clocking more than ten years. They realize the value of success and the hard work required to sustain this success. They have been an important part of the journey of creating value leadership. I think our spirit and our resolve are something, which cannot be replicated. This indeed is a defining value.

### ISO 9001 : 2000 / ISO 13485 : 2003 / CE Certification

Your company is ISO 9001 : 2000 ; ISO 13485 : 2003 and CE certified. The stringent ISO 9001 : 2000 and ISO 13485 : 2003 system means effective control over every step to achieve true quality assurance for customers. Further the Company has obtained CE Certification for sutures. The CE symbol and the reference number of the notified body denote that the product fulfils the basic requirements in accordance with the Medical Device Directive (MDD) 93 / 42 / EEC.

### 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.

### People and Safety

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. Industrial relations in the company were cordial throughout the business year under review. This year's results were possible due to the excellent individual and team efforts of our employees. The Board of Directors 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.

### Issued Capital

During the year the issued capital changed from Rs.7,20,02,000/- to Rs.3,64,83,000/-. The Company has forfeited of 35,51,900 Partly Paid-up Equity Shares due to non payment of allotment money.

### Directors

During the year, Mr. N. M. Birje and Mr. S. H. Jain, Director of the Company are retiring by rotation and being eligible offer themselves for re-appointment. Mr. C. R. Rawale, Whole Time Director is re-appointed w.e.f. October 1, 2009. Managerial remuneration of Mr. Vijay Majrekar, Managing Director of the Company was revised w.e.f. April 1, 2009. Mr. S. S. Laud, Independent Non Executive Director and Mr. Shyam Kingar, Executive Director of the Company resigned from the Board w.e.f. April 16, 2009.

### Director's 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;

**CENTENIAL SURGICAL SUTURE LTD.****Annual Report 2008 - 2009**

- (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.

**Compliance Certificate**

Compliance Certificate as required under section 383A of the Companies Act, 1956 prepared and issued by HS Associates, Company Secretaries in Practice, is annexed hereto.

**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.

**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 offer 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**

We appreciate the continued support of our shareholders, and the significant number of investors and lenders who have stayed with us, and those who have increased their positions during the past year. We deeply appreciate your support, and confidence shown in us. I see a bright future for the company and for value - creation for our stakeholders.

I would like to thank you for the support and faith you have shown in us, and look forward to a fruitful relationship for years to come.

**Registered Office :**

F-29, MIDC, Murbad, Thane 421 401

Murbad, Thane  
July 31, 2009

*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 2008 - 2009****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, 2009.

**A. Conservation of energy**

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

**I. Power and fuel consumption**

	2008 - 2009	2007 - 2008
<b>1. Electricity Consumption</b>		
a) Purchased units	2,00,635	2,02,358
Total Amount	Rs.10,80,992	Rs.12,54,070
Rate/unit	Rs. 5.39	Rs. 6.19
b) Own Generation		
Through Diesel Generator :		
Units	1,600	1,400
Units per litre of diesel oil	3.85	4.58
Cost/Unit	Rs. 9.25	Rs. 7.63

**II. Consumption per unit of production**

	2008 - 2009	2007 - 2008
Electricity	0.43	0.44
Furnance Oil	-	-
Coal (specify quality)	-	-
Others (specify)	-	-

**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. 882.39 lakhs (Previous Year Rs. 698.37 lakhs). The foreign exchange earned during the year was Rs. 194.29 lakhs (Previous Year Rs. 164.25 lakhs). The Company has not imported any technology.

## CENTENIAL SURGICAL SUTURE LTD.

Annual Report 2008 - 2009

### 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

Measures to improve marketing and sales force effectiveness met with considerable success as seen from the financial results for the year 2008 - 2009, sales increased from Rs. 4126.86 lakhs to Rs. 4915.31 lakhs. Reduction in the cost of materials 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 business year 2008 - 2009.

#### Quality

Your Company has been consistently meeting the quality objectives of ISO 9001 : 2000, ISO 13485 : 2003 and CE Certification.

#### 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, 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 carried out. 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. Your Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

#### Opportunities and Threats

The surgical industry depends largely on new surgical applications 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.

**CENTENIAL SURGICAL SUTURE LTD.****Annual Report 2008 - 2009****Product Performance**

The overall growth of business in the country has not been upto the desired levels because of restricted funding. The range of products has been steadily growing since 2005. The Company has consolidated its position in cardiovascular sutures segment and further consolidation is expected in 2008-2009. With the introduction of new suture ranges, the sales has been growing steadily. However, in view of unrestricted imports, competition, sales and profitability of the Company has been affected.

**Outlook**

During 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. 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 2008 - 2009. The Company has a team of special skilled workers at its plant.

**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  
July 31, 2009

*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 2008 - 2009

## 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**

Details of Directors Seeking Appointment / Reappointment at the Forthcoming Annual general meeting (pursuant to clause 49 VI (IA) of the Listing Agreement)

Name of the Director	N. M. Birje	C. R. Rawale	S. H. Jain
Date of Birth	15.07.1942	30.06.1962	07.04.1967
Date of Appointment	01.03.2002	27.07.1999	01.03.2002
Expertise in specific Functional Area	Extensively Experienced in Banking	Extensively Experienced in Factory Management	Capital Markets, Finance and Accounts
List of other Indian Public Limited Companies in which Directorship held	--	--	Macro Financial Services (P) Limited
Chairman / Member of the Board Committees of other Public Limited Companies	--	--	--
No. of shares held by them	100	100	100

Centenial Surgical Suture Ltd., Board presently consist of promoter and Non-Executive/Independent Directors, many of whom are acknowledged as leading professionals in their respective fields. The Board comprises of 4 (Four) Executive Directors out of which 1 (one) Director is a promoter and the remaining 4 (four) Directors are Independent Non-Executive 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 27, 2008	No. of other Companies in which Director	Membership of other Board Committees
Mr. Vijay Majrekar	Chairman, Executive	6	Yes	-	-
Mr. Shyam R. Kingar	Executive Director	6	Yes	-	-
Mr. C. R. Rawale	Whole Time Director	6	Yes	-	-
Mr. Devraj Poojary	Executive Director	6	Yes	-	-
Mr. N. M. Birje	Independent, Non- Executive	6	Yes	-	-
Mr. B. S. Limaye	Independent, Non- Executive	6	Yes	-	-
Mr. S. H. Jain	Independent, Non- Executive	6	Yes	1	-
Mr. S. S. Laud	Independent, Non- Executive	6	No	-	-

## CENTENIAL SURGICAL SUTURE LTD.

## Annual Report 2008 - 2009

*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 I* of the Listing Agreement, from time to time.

During the year there were in total Six Board Meetings which were held on 30/04/2008, 30/06/2008, 31/07/2008, 31/10/2008, 10/12/2008 and 31/01/2009. The time gap between the two meetings was not more than 4 (four) months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes.

## Audit Committee

Pursuant to the provisions of Section 292(A) of the Companies Act, 1956 and Clause 49 of the Listing Agreement the Audit Committee was formed. The said Committee consists of 3 (three) Non Executive Independent Directors and one promoter Director. During the year there were in total 4 Audit Committee Meetings were held on June 30, 2008, July 31, 2008, October 31, 2008 and January 31, 2009. The time gap between the two meetings was not more than 4 months.

The constitution of the Committee and the attendance of each member of the Committee are given below:

<u>Name</u>	<u>Designation</u>	<u>Non-executive/ Independent</u>	<u>Committee Meetings Attended</u>
Mr. B. S. Limaye	Chairman	Independent Non Executive Director	4
Mr. S. H. Jain	Member	Independent Non Executive Director	4
Mr. N. M. Birje	Member	Independent Non Executive Director	4
Mr. Vijay Majrekar	Member	Managing Director	4

The terms of reference of the Audit Committee include the following :

To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors / Internal Auditors;

- To review compliance with internal control systems;
- To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- To investigate into any matter in relation to items specified in *section 292A* of the Companies Act, 1956 OR as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice, if necessary;
- To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report.

## Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified for audit committees under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956, and are as follows:

- to review the results announcement and the report and accounts/review at the end of a quarter, half year and the full year before submission to the Board, focusing particularly on:
  - any changes in accounting policies and practices
  - major judgmental areas
  - significant adjustments resulting from the audit
  - the going concern assumption
  - compliance with accepted accounting standards
  - compliance with stock exchange and legal requirements;
- to consider the appointment of the statutory auditors, the audit fee, and any matters of resignation or dismissal;
- to discuss with the statutory auditor before the audit commences the nature and scope of the audit;