

CENTENIAL SURGICAL SUTURE LTD.

Annual Report 2010 - 2011

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COMPANY INFORMATION

BOARD OF DIRECTORS

Vijay Majrekar
Chairman and Managing Director

Devraj Poojary
Executive Director

S. H. Jain
Independent Non Executive Director

B. S. Limaye
Independent Non Executive Director

S. C. Modi
Independent Non Executive Director

S. Mhatre
Chief Operating Officer

U. V. Kotian
Chief Financial Officer

REGISTERED OFFICE

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

BANKERS

*Canara Bank
HDFC Bank Ltd.
Co-operative Bank of Ahmedabad
Gopinath Patil Parsik Janata Sahakari Bank Ltd.
State Bank of India*

MANUFACTURING FACILITIES & SITE

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

WEBSITE

www.centenialindia.com

AUDITORS

*Vipul N. Shah & Associates
6, Samir Complex, S. M. Road,
Ambawadi, Ahmedabad - 380 015.*

SHARE REGISTRARS

*Purva Sharegistry India Pvt, Ltd.
33, Printing House, 28-D Police Court Lane,
Fort, Mumbai - 400 001.*

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Chairman and Managing Director's Report

To the Shareholders,

Your Directors have pleasure in presenting their Sixteenth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2011. This is the sixteenth year in the journey of Centenial Surgical Suture Ltd.

Our world grows more complex everyday and we encounter increased challenges. The CENTENIAL management and its staff have risen to challenges for more than 16 years, with commitment, hard work and are confident we will continue to do so in the years' ahead. Through all these years, our Company has faced many tough times and enjoyed equal moments of glory. Everything is worth it, if one is able to create lasting values and a strong core. 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, stronger and the passion for Innovation is vibrant and urgent. 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.

Our values always guide us, and our history and heritage as a company, in one word, stands for trust, service and high Quality. Our demanding standards of governance have set us apart, even more, now, and in the future. Clearly investors and employees will appreciate and learn to value and differentiate between organisations like ours that are ethical, honest, well-governed and transparent, and others, for whom governance is a platitude. This is a huge strength, built over time into our genetic coding. It will always stand us in good stead. We are focusing on building strong administrative and support functions and have concurrently invested in systems for financial accounting, accurate billing, objective legal system, strong human resources and excellent Quality. Your company will exploit its strengths in cardio and vascular sutures business and exploring growth opportunities. Clearly the way to succeed in this market is through improved processes and enhanced production of the right Quality. Despite the negativity of growth we are confident that your company will give an encouraging performance during this financial year, with higher sales growth and improved profitability as compared to the previous year. This would have a long lasting positive impact on both yield levels and productivity.

We have a brand name which stands for Quality, reliability, commitment and integrity. The CENTENIAL name is pronounced with great deal of respect, in domestic as well as international markets. It has been created through sheer sincere dedication. This makes us believe that it will be long lasting and something we can build further on.

In July 2011, our Company completed its 16th year of operations. Market conditions have been challenging. Credit allocation is a factor to contend with. Your Company has been working through this demanding situation to ensure that viable products move forward. In some cases, we have been successful. Your Company continues to be impacted adversely by prices. This has resulted in higher accumulation of receivables and with the sale of products at a discounted prices resulting lower sales and profitability.

To further your company's growth, the Cardio Vascular products is being given additional impetus. New production lines have been established to increase the production substantially in the coming years. The management of your company is planning to increase the market share of Cardio Vascular products business. Confidence in our products will further accelerate the success rate in the coming years. Considering the challenging business environment your Company's performance can be termed as satisfactory.

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Financial Performance

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

	For the year ended 31.3.2011	For the year ended 31.3.2010
Net Profit before Depreciation and Taxation	3,85,62,683	3,07,75,597
Less : Depreciation	64,69,294	72,18,584
Provision for Deferred Taxation	12,978	3,16,002
Provision for Taxation	1,12,95,065	77,40,027
Net Profit/(Loss)	2,07,85,346	1,55,00,981
Add : Balance from Last Year	6,88,20,216	5,33,19,235
<i>Prior Period Profit adjustments</i>		
Less : Appropriation	0	0
Transfer to Reserves Loss carried to Balance Sheet	8,96,05,562	6,88,20,216

Operations

During the business year 2010 – 2011, achieved a turnover of Rs.5024.53 Lakhs for the financial year under review (Previous year Rs.4763.76 Lakhs). 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. 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. With a noticeably lower sales partially due to lower exports and profitability 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.

Even after sixteen years, the passion for innovation is vibrant and urgent. It also gives us happiness that SURGEON'S have reposed faith in our ability to make a difference. We have a brand name, which stands for reliability, commitment and SAFETY. The **Centenial** name is pronounced with great deal of respect, in the domestic market. It has been created through sheer dedication. This makes us 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. We think our spirit and our resolve are something, which cannot be replicated. This indeed is a defining value.

ISO 9001 : 2008 Certification

Your company is ISO 9001 : 2008 certified. The stringent ISO 9001 : 2008 system means effective control over every step to achieve true quality assurance for our products.

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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

Your Directors after careful consideration of the accounts of the company and the industry scenario have not recommended any dividend to the equity shareholders of the company. While placing on record their deep concern, the Directors decided that in view of the inadequate profits it would not be possible to declare dividend as there was a need to conserve the profits for better financial health of the company.

Directors

During the year, Shri S. H. Jain, Director of the Company is retiring by rotation and being eligible offers himself for re-appointment. Shri Vijay Majrekar, Managing Director of the Company is re-appointed w.e.f. October 1, 2011.

Directors Responsibility Statement

As required u/s 217(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 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 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 58A of the Company's Act, 1956 during the year.

Particulars of employees

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended, the name and other particulars of the employee are set out in the annexure to the Directors Report.

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Corporate Governance Code

A separate report on Corporate Governance is enclosed as a part of this Annual Report. Certificate of Messrs Vipul N. Shah & Associates, regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with stock exchange is enclosed herewith.

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 confidence shown in us. We see a bright future for the company and for value - creation for our stakeholders. We 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. We would like to thank all the stakeholders for their trust and support. I am also thankful to the members of the board for their insight and guidance. I would also like to extend a special thank you to all the members of the management team and employees who contributed each day to the success of our company. Your Directors also place on record their deep sense of appreciation for the services rendered by the employees of the company.

Registered Office :

F-29, MIDC, Murbad, Thane 421401.

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

Murbad, Thane, August 12, 2011

Vijay Majrekar
Chairman and Managing Director

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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, 2011.

A. Conservation of energy

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

I. Power and fuel consumption	2010 - 2011	2009 - 2010
1. Electricity Consumption		
a) Purchased units	2,24,493	2,23,258
Total Amount	Rs.14,10,320	Rs.12,60,436
Rate/unit	Rs. 6.28	Rs. 5.64
b) Own Generation		
Through Diesel Generator :		
Units	3,380	2,992
Units per litre of diesel oil	4.18	4.65
Cost/Unit	Rs. 9.92	Rs. 7.76
II. Consumption per unit of production	2010 - 2011	2009 - 2010
Electricity	0.52	0.48
Furnance Oil	-	-
Coal (specify quality)	-	-
Others (specify)	-	-

B. Technology absorption

Efforts made in technology absorption as per Form B of the Annexure:

Form B

Form for disclosure of particulars with respect to absorption of technology.

Research and development (R & D)

1. Specific areas in which Reserch & Development (R & D) is being carried out by the Company :
In-house Reserch and Development work is carried out to develop new products and to improve existing products.
2. Benefits derived as a result of the above R&D :
Improvement in products.
3. Future plan of action:
The Company will carry on R & D activities to improve existng products and develop new products.
4. Expenditure on R&D :
No Significant expenditure is incurred.

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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.807.96 lakhs (Previous Year Rs.666.80 lakhs). The foreign exchange earned during the year was Rs.140.64 lakhs (Previous Year Rs.68.69 lakhs). The Company has not imported any technology.