

ANNUAL REPORT 1997-98

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		



CENTURY LAMINATING COMPANY LIMITED





CENTURY LAMINATING COMPANY LIMITED

DIRECTORS : MR. M. K. LOHIA — *Chairman*
MR. C. L. LOHIA — *Executive Vice-Chairman*
MR. P. LOHIA — *Managing Director*
MR. N. K. DUGAR — *Whole-time Director*
MR. S. P. ROY
DR. G. BHATTACHARJEE

SECRETARY & CHIEF EXECUTIVE : MR. A. K. PARUI
(FINANCE)

REGISTERED AND HEAD OFFICE : 5, ALEXANDRA COURT,
60/1, CHOWRINGHEE ROAD,
CALCUTTA - 700 020

COLD STORAGE PLANT : B-41, LAWRENCE ROAD,
INDUSTRIAL AREA,
NEW DELHI - 110 035

LAMINATE & FORMALDEHYDE : DELHI HAPUR ROAD,
PLANTS : VILL. : ACHHEJA,
P. O. HAPUR - 245 101,
DIST. : GHAZIABAD (U. P.)

BRANCHES : AHMEDABAD, MUMBAI, BANGALORE,
DELHI, JAIPUR, KARNAL, LUDHIANA,
CHENNAI, PUNE, TINSUKIA, INDORE
AND NAGPUR

AUDITORS : A. MAITRA & COMPANY
Chartered Accountants,
167/7, Lenin Sarani,
CALCUTTA - 700 072

BANKER : BANK OF BARODA

Notice TO THE MEMBERS

NOTICE is hereby given that the thirty three Annual General Meeting of the Members of Century Laminating Company Limited will be held at the Registered Office at 5, Alexandra Court, 60/1, Chowringhee Road, Calcutta - 700 020 on Thursday, the 24th September, 1998 at 4.00 P.M. to transact the following business:

As Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date together with the Auditors' Report and Directors' Report thereon.
2. To declare Dividend for 1997-98.
3. To appoint a Director in place of Shri Man Kumar Lohia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration. M/s. A. Maitra & Co., Chartered Accountants, the retiring Auditors are eligible for re-appointment.

As Special Business :

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

"RESOLVED that pursuant to the provisions of sections 256 and 257 of the Companies Act, 1956, Dr. Gautam Bhattacharjee be and is hereby appointed as Director of the Company."

6. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution :

"RESOLVED that subject to the approval of the Shareholders in General Meeting and pursuant to section 310 of the Companies Act, 1956, the Company does hereby approve the revision and amendment of the terms and conditions of the existing agreement between the Company and Shri Champalal Lohia, Executive Vice-Chairman of the Company, to authorise the Company to pay provident fund contribution (Company's Share) as per enhanced rate of 12% from 10% of salary with effect from 22.09.1997, as specified in the draft supplemental agreement submitted to this meeting and initialled by the Chairman for the purpose of identification and the Board be and is hereby authorised to execute such supplemental agreement under its Common Seal and subject to such modification (not being a modification more advantageous to Shri Champalal Lohia) as may be approved by the shareholders and agreed to by the Board and Shri Champalal Lohia."



Notice (Contd.)

7. To consider and if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution :

"RESOLVED that subject to the approval of the Shareholders in General Meeting and pursuant to section 310 of the Companies Act, 1956 the Company does hereby approve the revision and amendment of the terms and conditions of the existing agreement between the Company and Shri Prakash Lohia, Managing Director of the Company, to authorise the Company to pay provident fund contribution (Company's share) as per enhanced rate of 12% from 10% of Salary with effect from 22.09.1997, as specified in the draft supplemental agreement submitted to this meeting and initialled by the Chairman for the purpose of identification and the Board be and is hereby authorised to execute such supplemental agreement under its common seal and subject to such modification (not being a modification more advantageous to Shri Prakash Lohia) as may be approved by the shareholders and agreed to by the Board and Shri Prakash Lohia."

8. To consider and if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution :

"Resolved that subject to the approval of the Shareholders in General Meeting and pursuant to section 310 of the Companies Act, 1956, the Company does hereby approve the revision and amendment of the terms and conditions of the existing agreement between the Company and Shri Nripen Kumar Dugar, Whole-time Director of the Company, to authorise the Company to pay provident fund contribution (company's share) as per enhanced rate of 12% from 10% of salary with effect from 22.09.1997, as specified in the draft supplemental agreement submitted to this meeting and initialled by the Chairman for the purpose of identification and the Board be and is hereby authorised to execute such supplemental agreement under its common seal and subject to such modification (not being a modification more advantageous to Shri Nripen Kumar Dugar) as may be approved by the shareholders and agreed to by the Board and Shri Nripen Kumar Dugar."

9. To consider and if thought fit, to pass, with or without modification, the following resolution as Special Resolution :

"Resolved that pursuant to the provisions of section 314(1) of the Companies Act, 1956, consent of the Company be and is hereby accorded to Shri Deepak Lohia, a relative of Shri Champalal Lohia, Executive Vice-Chairman of the Company, who holds an office of profit under the Company, for continuing to hold an office or place of profit as "MANAGER (TECHNICAL)" under the Company under a contract of service in the revised scale of Rs. 12500-500-13000 together with the usual allowances and benefits, amenities and facilities including retiring gratuity and provident fund benefits applicable to other employees occupying similar post or posts within the salary scale or grade and the total remuneration as detailed above will be subject to the limit of Rs. 20,000/- per month."

Place : Calcutta

Dated : The 29th day of June, 1998

By Order of the Board
ASOK KUMAR PARUI
Chief Executive (Finance)
and Company Secretary

Notice (Contd.)**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll in his stead and the proxy need not be a member. The proxy forms must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
2. The relevant explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books will be closed from 15th September, 1998 to 24th September, 1998 (both days inclusive).
4. The dividend, when declared, will be payable to the shareholders whose names appear in the Register of Members of the Company as on 24th September, 1998. The dividend will be payable on the amount paid-up on the shares and prorata for the period for which the amount is paid-up. The dividend on bonus shares will be payable from the date of their allotment/issue.
5. Members are requested to bring their copies of Annual Report while attending the Annual General Meeting.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries at least seven days before the date of the Meeting so that, the information required may be made available at the Meeting.
7. Members who have multiple folios in identical names and addresses are requested to intimate our Registrar alongwith the share certificates to enable the Company to consolidate all such shareholdings into one Folio Number.
8. The shareholders are requested to intimate our Registrar immediately any change in their address registered with the Company.
9. The shareholders are hereby informed that all communications in connection with the shares be addressed to **Messrs. ABC Computers Private Limited, National Council of Education, Bengal, Jadavpur University Campus, Jadavpur, Calcutta - 700 032** only, as the Company has engaged them as Registrar and Share Transfer Agents of the Company.



Notice (Contd.)

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

RELATING TO ITEM NO. 5 OF THE NOTICE :

Dr. Gautam Bhattacharjee was appointed as an Additional Director of the Company with effect from 1st August, 1997 by the Board of Directors. In terms of Article 105 of the Company's Articles of Association, he holds office as a Director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose his candidature for the office of Director. The Board considers it desirable that the Company should continue to avail itself of his services.

None of the directors except Dr. Gautam Bhattacharjee is interested or concerned in the resolution.

RELATING TO ITEM NOS. 6, 7 AND 8 OF THE NOTICE :

The present remuneration payable to Shri Champalal Lohia, Executive Vice-Chairman, Shri Prakash Lohia, Managing Director of the Company with effect from 1st May, 1995 was approved by the Shareholders at their Extra-Ordinary General Meeting held on 10th April, 1995 and both the service Agreements were made on 28th April, 1995. Similarly the remuneration payable to Shri Nripen Kumar Dugar, the whole-time Director of the Company with effect from 1st January, 1997 was approved by the Shareholders at their 31st Annual General Meeting held on 13th August, 1996 and the service Agreement was made on 9th December, 1996.

Due to promulgation of the Employees' Provident Funds and Miscellaneous Provisions (Amendment) Ordinance, 1997 effective from 22nd September, 1997 amending the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Board of Directors decided to raise the Company's contribution towards Provident Fund from 10% to 12% of Salary with effect from 22nd September, 1997 and in this respect the Board also decided to recommend to the Company in general Meeting that the terms and conditions of service of Shri Champalal Lohia, Shri Prakash Lohia and Shri Nripen Kumar Dugar as to their remuneration be amended in terms of the draft supplemental agreements as to provide separately for the amendment of Clause 6(b)(VII) of the existing service agreements of Shri Champalal Lohia and Shri Prakash Lohia, dated 28th April, 1995 and Clause 6(b)(v) of the existing service agreement of Shri Nripen Kumar Dugar, dated 9th December, 1996.

The above proposal will not require the approval of the Central Government under Section 310 of the Companies Act, 1956 and as it implies amendment of the remuneration within the limits laid down in Part II of Schedule XIII to the Act. The Board of Directors recommend this resolution to the Shareholders for their approval.

Copies of the existing agreements and the supplemental agreements are open for inspection at the Registered Office of the Company during business hours on any working day.

The above statement may be regarded as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act, 1956.

Shri Champalal Lohia, Shri Prakash Lohia and Shri Man Kumar Lohia being relative of Shri Champalal Lohia and Shri Prakash Lohia as well as Shri Nripen Kumar Dugar are interested or concerned in this resolution.

RELATING TO ITEM NO. 9 OF THE NOTICE :

Under Section 314(1) of the Companies Act, 1956, a special resolution is required for enabling any relative of a Director of the Company for holding office or place of profit or to continue to hold any office or place of profit under the Company on a higher remuneration. Shri Deepak Lohia, son of Shri Champalal Lohia, Executive Vice-Chairman of your Company, joined your Company's services as a MANAGER (TECHNICAL) w.e.f. 1st August, 1997 with the approval of your Board of Directors in their meeting held on 23rd July, 1997 with a total remuneration of Rs. 10,000/- per month. The Board now recommends his revised total remuneration effective from 1st August, 1998 in the scale of Rs. 12000-500-13000 to the members for their approval and giving their consent to Shri Deepak Lohia for holding and continuing to hold an office or place of profit under a contract of service with the Company on the terms and conditions set out in the aforesaid resolution.

Shri Champalal Lohia being a relative of Shri Deepak Lohia, is directly interested in this resolution and Shri Man Kumar Lohia and Shri Prakash Lohia are indirectly interested in this resolution. No other Director is interested in this resolution.

Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting their thirty-third annual report on the business and operations of the Company and audited statement of accounts for the year ended 31st March, 1998:

1.00 FINANCIAL RESULTS

(Rupees in lac)

	Current Year	Previous Year
Total sales (net of excise duty)	5105.26	6396.46
Other Income	148.36	219.98
	<u>5253.62</u>	<u>6616.44</u>
Profit before interest, depreciation and tax	768.78	737.94
Less : Interest	201.76	254.34
Depreciation	<u>113.57</u>	<u>93.00</u>
	<u>315.33</u>	<u>347.34</u>
Profit before tax	453.45	390.60
Less : Provision for tax	110.00	82.50
Profit after tax	343.45	308.10
Add : Transfer from investment allowance utilised reserve	60.30	—
	<u>403.75</u>	<u>308.10</u>
Add : Balance brought forward from previous year	19.02	18.58
	<u>422.77</u>	<u>326.68</u>
Appropriations :		
Proposed dividend	174.67	152.42
Corporate dividend tax	17.47	15.24
Transfer to general reserve	210.00	140.00
Balance carried to balance sheet	20.63	19.02
	<u>422.77</u>	<u>326.68</u>

2.00 OPERATIONS :

The year under review witnessed widespread depression in domestic as well as international markets, which affected operations of all business entities, your company being no exception. Although your company could not better this year's performance in terms of sales turnover as compared to that of last year, marginal increase in net profit before tax by



Directors' Report — (Contd.)

Rs. 62.85 lac as compared to that of last year, despite a drop in turnover (net) by Rs. 1291.20 lac as compared to that of previous year would be satisfying, but not a source of complacency. Against the stiffest competition the company earned Rs. 1811.17 lac foreign exchange (FOB) basis in the current year by exporting decorative laminates. In their pursuit for increasing exports your Directors have been making relentless efforts to tap/identify new market, which are expected to yield results. You will be glad to know that your company has received Top Exporter Awards from PLEXCONCIL for the years ended 31st March, 1996 and 31st March, 1997.

3.00 ISI MARK ON DECORATIVE LAMINATED SHEETS :

Your Company continues to follow the policy of offering value-added and quality products to its customers. In its thrust for quality improvement your company has broken a new ground this year by obtaining the most coveted mark of quality - the ISI mark on decorative laminated sheets. You would, no doubt, take pride in associating yourselves with a company who is the first one in decorative laminates industry in India to have received such hallmark of quality.

4.00 SUBSIDIARY COMPANY :

Your Company's subsidiary, Merino Panel Products Limited had the second full year of commercial production. The Company's holding in the subsidiary is Rs. 149.30 lac out of total paid-up capital of Rs. 200 lac. The subsidiary's Annual Reports and Audited Accounts are annexed herewith. The statement required under section 212(1)(e) of the Companies Act, 1956 is also enclosed.

5.00 DIVIDEND :

Your Directors recommend declaration of a dividend of Rs. 2.50 per share. The dividend is payable on the amount paid up on the share and pro-rata for the period for which the amount is paid up. Dividend on bonus shares issued during the year will be payable from the date of allotment. The estimated total outgo on the dividend is Rs. 174.67 lac which is provided in the accounts.

6.00 LISTING REQUIREMENTS :

The information required under clause 43 of the listing requirement is given below :

Projections vs. Performance for the year ended 31st March, 1998

(Rs. in lac)

Particulars	Projections as per prospectus dated 28.08.1995	Performance
INCOME	6,444.00	5,253.62
Profit after tax	638.61	343.45
Dividend (%)	30.00	25.00
EPS (Rupees)	11.87	3.48

Actual profits are less than projected due to cost increase and other unfavourable factors.

Directors' Report — (Contd.)

Projected vs. Actual utilisation of funds upto 31.3.1998

(Rs. in lac)

Particulars	Projections as per prospectus dated 28.08.1995	Actual utilisation of funds
Civil construction	27.00	25.60
Plant and machinery	409.00	115.41
Long term working capital	212.00	276.06
Issue expenses	70.00	63.58
Contingencies	42.00	—

Projected utilisation was lower mainly due to calls in arrear.

7.00 CASH FLOW STATEMENT :

In accordance with the requirement of clause 32 of the listing agreement with the stock exchanges, a cash flow statement duly verified by your auditors together with their certificate is annexed to the accounts.

8.00 INCREASE IN AUTHORISED CAPITAL :

Authorised share capital of the Company was increased from Rs. 6.00 crore to Rs. 12.00 crore with 120 lac equity shares of Rs. 10/- each in accordance with the resolution of the extra-ordinary general meeting held on 29th April, 1997.

9.00 BONUS SHARES :

As recommended by your Directors, the members in the extra-ordinary general meeting held on 29th April, 1997 approved the issue of bonus shares, later this year, in the ratio of 1:1. Consequently the paid up capital of the Company increased by Rs. 479.18 lac. These shares have been issued out of general reserve of Rs. 109.30 lac and share premium account of Rs. 369.88 lac.

10.00 DIRECTORS :

Shri Jagdish Proşad Menani resigned on 1st August, 1997. The Board places on record its appreciation for the valuable services received by the company during the tenure of his directorship of the Company.

Dr. Gautam Bhattacharjee was appointed as an additional director of the company with effect from 1st August, 1997 and as an additional director he vacates office at the conclusion of forthcoming annual general meeting. A notice has been received from a member signifying his intention to propose the appointment of Dr. Gautam Bhattacharjee, as a director of the company.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Shri Shiba Proşad Roy retires by rotation at the ensuing annual general meeting and is eligible for re-appointment.