

ANNUAL REPORT

merino

ISO 9002 company

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*
 DR. G. BHATTACHARJEE
 MR. A. N. ROY

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

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

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

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

BANKERS : BANK OF BARODA
 ICICI BANKING CORPORATION LTD.

CENTURY LAMINATING COMPANY LIMITED

Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting their thirty-fourth annual report on the business and operations of the Company and audited statement of accounts for the year ended 31st March, 1999.

1.00 FINANCIAL RESULTS :

		(Rupees in '000)	
		Current Year	Previous Year
Total sales (net of excise duty)		62 67 87	55 19 54
Other income		1 60 82	1 48 36
		<u>64 28 69</u>	<u>56 67 90</u>
Profit before interest, depreciation and tax		8 54 58	7 68 78
Less : Interest	2 11 50		2 01 76
Depreciation	<u>1 01 61</u>		<u>1 13 57</u>
		<u>3 13 11</u>	<u>3 15 33</u>
Profit before tax		5 41 47	4 53 45
Less : Provision for tax (including shortfall of Rs. 1 52 93 thousand on account of earlier years but provided in the year under review)		<u>2 72 93</u>	<u>1 10 00</u>
Profit after tax		2 68 54	3 43 45
Add : Transfer from investment allowance utilised reserve		5 22	60 30
Add : Balance brought forward from previous year		<u>20 63</u>	<u>19 02</u>
		<u>2 94 39</u>	<u>4 22 77</u>
Appropriations :			
Proposed dividend		1 97 57	1 74 67
Corporate dividend tax		21 73	17 47
Transfer to general reserve		54 00	2 10 00
Balance carried to balance sheet		<u>21 09</u>	<u>20 63</u>
		<u>2 94 39</u>	<u>4 22 77</u>

2.00 OPERATIONS :

The year under review witnessed highest ever net profit before tax at Rs. 5 41 47 thousand achieved by your Company. While the increase in turnover (inclusive of excise duty) has been of the order of Rs. 8 65 77 thousand, production of decorative laminated sheets also registered an all-time high at 75.02 lac Sq.mtrs.



Directors' Report — (Contd.)

The sale of decorative laminated sheets (in physical terms) during the year clocked a growth of 24% as compared to that of the last year.

The Company settled income tax disputes during the year in availment of special scheme, and primarily for this reason the shortfall in income-tax provision on account of earlier years to the tune of Rs. 1 52 93 thousand has been adjusted in the current year.

3.00 ISO 9002 CERTIFICATION :

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 ISO 9002 certification from DNV Certification B.V., The Netherlands. Your overwhelming co-operation and support resulted in our achievement of this certification and yours is the first Company in decorative laminates industry in India to have this certification.

4.00 SUBSIDIARY COMPANY :

Your Company's subsidiary, Merino Panel Products Limited had the third full year of commercial production. The Company's holding in the subsidiary's equity is Rs. 1 49 30 thousand out of the total paid-up equity capital of Rs. 2 00 00 thousand. The subsidiary's Audited Accounts and Directors' and Auditors' Reports 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. 2.00 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. 1 97 57 thousand which is provided in the accounts. The Corporate Dividend Tax on this payout amounts to Rs. 21 73 thousand.

6.00 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.

7.00 PAID-UP CAPITAL :

The paid up capital increased by Rs. 78 thousand. This is due to issue of 5200 bonus shares as approved by the members in their Extra-Ordinary General Meeting held on 29th April, 1997 as well as recovery of call-in-arrear sum of Rs. 26 thousand. These bonus shares have been issued out of share premium account.

8.00 YEAR 2000 (Y2K) :

The Company has taken steps to make the complete system Year 2000 (Y2K) compliant in Company's computer system and equipment. The Company is in touch with its key suppliers and service providers to determine their state of Y2K readiness, and as it appears no problem is anticipated in this regard.

CENTURY LAMINATING COMPANY LIMITED

Directors' Report — (Contd.)**9.00 DIRECTORS :**

Your Company lost one of its Directors Late Shiba Prosad Roy who passed away on 29th March, 1999. Late Roy was a member of the Board since 22nd May, 1995 and always took keen interest in the working of the Company. The Board places on record its appreciation for the valuable services received by the Company during the tenure of his directorship of the Company.

Sri Amar Nath Roy was appointed as an additional director of the company with effect from 3rd May, 1999 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 Sri Roy as a Director of the Company.

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

10.00 AUDITORS

Messrs. A. Maitra & Co., Chartered Accountants, retire at the conclusion of the ensuing annual general meeting and, being eligible have given their consent for re-appointment.

11.00 AUDITORS' REPORT :

In regard to auditors comment on inadequacy of internal audit system, it is stated that effective steps are being taken to strengthen the same. Other observations made by the auditors in their report are self-explanatory and also have been further clarified in respective notes to the accounts.

12.00 ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE :

Information in accordance with the provisions of section 217 (1) (e) to the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure.

13.00 PARTICULARS OF EMPLOYEES :

During the year under review, no person was in receipt of remuneration to the extent of limits laid down under the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended.

14.00 ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation to the continued assistance and co-operation received from the financial institutions, banks and customers. Your Directors wish to place on record their deep sense of appreciation for the dedicated services rendered by the executives, staff and workers to the Company for its continuing success. The relationship with the employees continues to be cordial.

Calcutta,
The 29th day of May, 1999

For and on behalf of the Board
M. K. LOHIA
Chairman



ANNEXURE - A**ANNEXURE TO DIRECTORS' REPORT**

Particulars for conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to section 217 (1) (e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the Directors' Report for the year ended 31st March, 1999

A. CONSERVATION OF ENERGY**(a) Energy conservation measures taken :**

- i) Automation of Boiler with soft starter controlled operation of higher duty motor of ID & FD fans.
- ii) Saw dust dryer to decrease moisture content of sawdust.
- iii) Utilisation of incinerator heat to dry the sawdust.
- iv) Replacement of higher capacity pumps with tanker capacity after energy audit study.
- v) Replacing costly supply from State Electricity Board by own generation.

(b) Additional investments and proposals for reduction of consumption of energy :

- i) Bio-gas generator for the purpose of lighting shop floors, internal roads and passages and stock yard of the plant.
- ii) Gasifier generator on experimental basis which will run on waste generated in the factory and agro-waste abundantly available locally. This will further be scaled up to run the big generating set cost-efficiently and will replace diesel consumption by about 65%.
- iii) An inverter costing Rs. 6 Lakhs for energy saving in boilers is being planned for installation. Order has been placed for integrating the inverter with PLC controlled fuel feeding system to improve overall efficiency of the boiler further.

CENTURY LAMINATING COMPANY LIMITED

ANNEXURE - A — (Contd.)

- (c) **Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :**
- i) Coal consumption is totally replaced by saw dust, a fuel cheapest and safest from pollution point of view.
 - ii) Consumption of less units of coal, diesel and electricity is expected, over and above reduction of total energy cost.
- (d) **Total energy consumption and energy consumption per unit of production :**
The particulars are given as per Form 'A' enclosed to the extent applicable relating to cold storage unit.

B. TECHNOLOGY ABSORPTION

- (e) **Efforts made in technology absorption as per Form — B :**
Form — B enclosed to the extent applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (f) **Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans :**

Engagement of overseas agents, planned foreign travels to coincide with overseas industrial fairs, direct negotiation with prospective buyers and prompt supply of specific quality goods are the major initiatives taken to increase exports.

Besides, continuous research is going on for producing and supplying environment-friendly quality product to sustain in the overseas markets.

- (g) **Total foreign exchange used and earned (1998-99) :**

	Rs. in '000
i) C.I.F. value of imports :	
Raw materials	13 28 54
Consumables and spares	6 45
Capital goods	20 14
ii) Expenditure in foreign currency	4 81
iii) Foreign exchange earned (F.O.B. Value of exports)	21 29 38



ANNEXURE - A — (Contd.)

FORM — A

Form for disclosure of particulars with respect to conservation of energy at
the cold storage (to the extent applicable)

Particulars	1998-99	1997-98
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A. POWER AND FUEL CONSUMPTION

1. Electricity

(a) Purchased

Units

35 50 98

33 55 87

Total amount (Rs.)

1 77 17 28

1 62 82 22

Rate/Unit (Rs.)

4.99

4.85

(b) Own generation

i) Through diesel generator

Units

7 60 00

3 70 00

Units per litre

10

10

Cost/Unit (Rs.)

0.98

1.03

ii) Through steam turbine generator

Units

Units per litre of fuel oil/gas

N. A.

N. A.

Cost/Unit (Rs.)

2. Coal (specify quality and where used)

Quantity (tonnes)

Total cost (Rs.)

N. A.

N. A.

Average rate (Rs. per tonne)

3. Furnace oil

Quantity (K. ltrs.)

Total amount (Rs.)

N. A.

N. A.

Average rate (Rs./K. ltrs.)

4. Others

Quantity

Total cost (Rs.)

N. A.

N. A.

Average rate (Rs./Unit)

B. CONSUMPTION PER UNIT OF PRODUCTION

Production (with details) unit

Electricity

Furnace oil

N. A.

N. A.

Coal (specify quality)

Others (specify)

CENTURY LAMINATING COMPANY LIMITED

ANNEXURE - A — (Contd.)

FORM — B

Disclosure of particulars with respect to technology absorption
(to the extent applicable)

Research and development (R & D)

- | | | |
|--|---|--|
| 1. Specific areas in which R & D carried out by the Company | : | Research and Development works cover the areas of replacement of costly and hazardous chemicals, introduction of new design, production of high value items, reduction in energy costs, maintenance and betterment of product quality etc. Our laboratory has been equipped to perform all the major tests required for raw materials and other goods as per international and national standards. |
| 2. Benefits derived as a result of the above R & D | : | In spite of competition, the company could sustain and even increase its share in the market, both domestic and overseas. |
| 3. Future plan of action | : | <ul style="list-style-type: none"> a) In-house formulation for cost-effective products for international acceptance. b) Updating the machines to make products competitive in domestic and overseas markets. c) Efforts to make process of manufacture pollution free and produce environment- friendly products. d) More and more use of different types of agro-waste as fuel. e) Undertaking a thorough industrial engineering study including TPM and TQM studies. f) Acquisition of a 750 K.V. Generator. g) Implementation of environment management system as per ISO 14001 standard in the laminating unit to achieve and discharge international environmental obligations, which are being adopted in international business circles. |
| 4. Expenditure on R & D | : | Research and development expenditure is not identified separately. However, the recurring expenses are booked as revenue expenses under proper heads of expenditure. |
| a) Capital | | |
| b) Recurring | | |
| c) Total | | |
| d) Total R & D expenditure as a percentage of total turnover (%) | | |

Technology absorption, adaptation and innovation

- | | | |
|---|---|-------|
| 1. Efforts made | : | NIL |
| 2. Benefits | : | NIL |
| 3. Particulars of technology imported during the last 5 years reckoned from the beginning of the financial year | : | NIL |
| a) Technology imported | : | NIL |
| b) Year of import | : | NIL |
| c) Has technology been fully absorbed ? | : | N.A. |
| d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action | : | N. A. |

Calcutta,
The 29th day of May, 1999

For and on behalf of the Board
M. K. LOHIA
Chairman



Auditors' Report TO THE MEMBERS

We have audited the attached Balance Sheet of CENTURY LAMINATING COMPANY LIMITED as at 31st March, 1999 and also the Profit and Loss Account of the Company for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by Central Government in exercise of the power conferred by section 227 (4A) of the Companies Act, 1956 and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we state that :

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company are physically verified by the management at reasonable intervals having regard to the size of the Company and nature of fixed assets. No discrepancies were noticed on such verification.
- ii) None of the fixed assets of the Company has been revalued during the year.
- iii) Physical verification of finished goods, stores, spare parts and raw materials in the custody of the Company has been conducted by the management at reasonable intervals.
- iv) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) The discrepancies noticed on physical verification were not material as compared to the book records and have been properly dealt with in the books of account.
- vi) On the basis of our examination as considered necessary, and subject to inclusion of MODVAT benefits on raw materials, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- vii) The rate of interest and other terms and conditions on which unsecured loans have been obtained from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 as well as from companies under the same management as defined under section 370 (1B) of the said Act, are, in our opinion, not prima-facie prejudicial to the interests of the Company.
- viii) The Company has not granted any loan to Companies listed in the register maintained under section 301 of the Companies Act, 1956. The company has granted loan to its subsidiary company, a portion of such loan being interest-free. In our opinion, having regard to the long-term involvement with this Company and the explanations given to us in this regard, the terms and conditions of the above are not prima-facie prejudicial to the interests of the Company.