

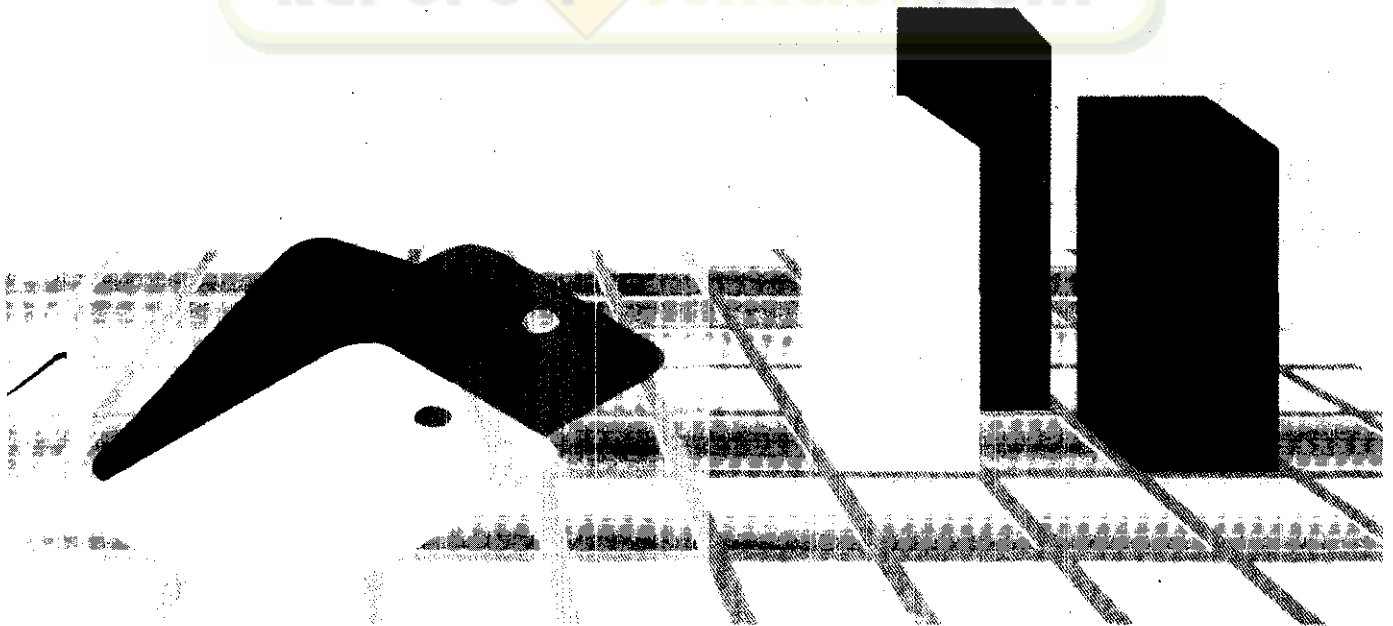
1999 - 2000



Economy ★ Excellence ★ Ethics

Century Laminating Co. Ltd.  
**Annual Report**

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## CENTURY LAMINATING COMPANY LIMITED

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

**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 & OTHER 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** : ICICI BANK LIMITED

## Directors' Report

### TO THE MEMBERS

Your Directors have pleasure in presenting their thirty-fifth annual report on the business and operations of the Company and audited statement of accounts for the year ended 31st March, 2000.

#### 1.00 FINANCIAL RESULTS :

	( Rupees in '000 )	
	Current Year	Previous Year
Total sales (net of excise duty)	67 47 14	57 53 96
Other income	2 06 92	1 60 82
	<u>69 54 06</u>	<u>59 14 78</u>
Profit before interest, depreciation and tax	11 65 73	8 54 58
Less : Interest	2 86 28	2 11 50
Depreciation	<u>1 13 93</u>	<u>1 01 61</u>
	<u>4 00 21</u>	<u>3 13 11</u>
Profit before tax	7 65 52	5 41 47
Less : Provision for tax	<u>2 00 00</u>	<u>2 72 93</u>
Profit after tax	5 65 52	2 68 54
Add : Transfer from investment allowance utilised reserve	—	5 22
Add : Balance brought forward from previous year	21 09	20 63
	<u>5 86 61</u>	<u>2 94 39</u>
Appropriations :		
Transfer to general reserve	1 25 00	54 00
Dividends :		
Interim	3 96 80	—
Proposed	—	1 97 57
Corporate dividend tax	43 65	21 73
Balance carried to balance sheet	<u>21 16</u>	<u>21 09</u>
	<u>5 86 61</u>	<u>2 94 39</u>

#### 2.00 OPERATIONS :

The year under review witnessed highest ever net profit before tax at Rs. 7 65 52 thousand achieved by your Company. While the increase in turnover (inclusive of excise duty) has been of the order of Rs. 10 01 69 thousand, production of decorative laminated sheets also registered an all-time high at 76.15 lac Sq.Mtrs.

Your company has introduced, during the year under review, post forming panel products, and PVA synthetic resin adhesive. These products have started receiving acceptability in the markets, and have, in the opinion of your directors, a bright future.



## Directors' Report — (Contd.)

### 3.00 CAPITAL EXPENDITURE :

A sum of Rs. 2 62 67 thousand was incurred towards capital expenditure for the acquisition of various fixed assets put to use during the year. This excludes assets valuing Rs. 2 21 35 thousand which awaited installation / capitalisation as at end of the year.

### 4.00 WRITE OFF OF OUTSTANDING DUES FROM DECORATIVE LAMINATES INC. USA (DLI) :

Your Company made an inroad in US exports market through DLI (USA)(DLI). All the proceeds of exports made to the parties upto US\$ 3966298.00 have been realised excepting a sum of US\$ 83142.33 (equivalent to Rs. 37 00 thousand). Despite your company's best efforts to have the bills cleared by DLI, the same remained outstanding for over one and a half years, and considering the financial position of DLI, and the fact that the cost of resorting to legal action would be disproportionate to the unrealised amount your Board is of the opinion that the amount is irrecoverable and needs to be written off. In order that the financial statements reflect true position the amount has been written off as bad, in the accounts for the year under review, pending clearance of the Exchange Control Authorities. Your Directors are taking necessary steps to obtain approval of the write off from the Exchange Control Authorities and however, continue with the follow-up action with DLI for recovery of the sum. In case the sum is realised, this will be appropriately dealt with in the accounts.

### 5.00 DIVIDEND :

During the year your Directors declared two interim dividends of Rs. 1.50 per share and Rs. 2.50 per share. The dividends were payable on the amount paid up on the share and pro-rata for the period for which the amount was paid up and dividend on bonus shares issued during the year was payable from the date of allotment. The total outgo on the dividend was Rs. 3 96 80 thousand which has been appropriated in the accounts.

### 6.00 SUBSIDIARY COMPANY :

Your Company's subsidiary, Merino Panel Products Limited (MPPL) had the fourth 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. The performance of MPPL has been equally encouraging during the year under review with highest ever turnover and profit before tax at Rs. 35 07 66 thousand and Rs. 2 62 30 thousand respectively, registering a growth of 35% and 277% respectively over those of the previous year.

### 7.00 CASH FLOW STATEMENT :

In accordance with the requirement of clause 31 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 PAID-UP CAPITAL :

The paid up capital increased by Rs. 38 71 thousand. This is due to issue of 196200 bonus shares as approved by the members in their Extra-Ordinary General Meeting held on 29th April, 1997 as well as recovery of calls-in-arrear sum of Rs. 19 09 thousand. These bonus shares have been issued out of share premium account.

**Directors' Report** --- (Contd.)**9.00 STATUS OF Y2K COMPLIANCE :**

The Y2K transmission was smooth without any disruption to the operations of any of the divisions of your company.

**10.00 DIRECTORS :**

Miss Ruchira Lohia was appointed as a whole-time Director for a term of five years with effect from 1st April, 2000 with your approval in the last Extra-Ordinary General Meeting held on 25th February, 2000.

Tenure of appointment of Sri Champalal Lohia as Executive Vice-chairman and Sri Prakash Lohia as Managing Director of the Company expired on 30th April, 2000. In the Extra Ordinary General Meeting held on 25th February, 2000, Sri Champalal Lohia was re-appointed as Executive Vice-chairman of the Company effective from 1st May, 2000 for a period upto 29th February, 2004 and Sri Prakash Lohia was re-appointed as Managing Director of the company effective from 1st May, 2000 for a period of five years.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Dr. Gautam Bhattacharjee, Director, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

**11.00 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.

**12.00 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.

**13.00 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.

**14.00 PARTICULARS OF EMPLOYEES :**

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

**15.00 ACKNOWLEDGEMENTS**

Your Directors would like to express their grateful appreciation to the continued assistance and co-operation received from the financial institutions, bank 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 30th day of May, 2000

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, 2000.

**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) Improvements in the cooling system of the chemical plants.
- iii) Putting in place of equipment for more effective utilisation of steam.
- iv) Installation of saw dust dryer to decrease moisture content of sawdust.
- v) Incinerator heat to dry the sawdust is being utilised.
- vi) Replacement of higher capacity pumps with tanker capacity after energy audit study.
- vii) Replacing costly supply of power from State Electricity Board with own generation from DG Sets.

**(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 stockyard 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) Provision for one accumulator of about 12T water capacity for continuous running the GT boiler to save the steam cost in a significant way.

**(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) Automation of Boilers will help in saving the electrical energy to a great extent.
- ii) New 25 H P Pump fulfilling the requirement of cooling water for all the kettles, replacing the two pumps has brought significant saving in energy.

## CENTURY LAMINATING COMPANY LIMITED

## ANNEXURE - A — (Contd.)

- iii) Equipment for more effective utilisation of steam will save the steam cost.
- iv) Coal consumption has been totally replaced by saw dust, a fuel cheapest and safest from pollution point of view.
- (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 (1999-2000) :**

		Rs. in '000
<b>OUTGO :</b>		
i) C.I.F. value of imports :		
Raw materials		11 96 82
Consumables and spares		4 94
Capital goods		34 04
ii) Expenditure in foreign currency		12 94
<b>EARNINGS :</b>		
i) Foreign exchange earned ( F.O.B. value of exports)		20 10 31

**ANNEXURE - A — (Contd.)****FORM — A**

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

<b>Particulars</b>	<b>1999-2000</b>	<b>1998-1999</b>
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**A. POWER AND FUEL CONSUMPTION**

1.	Electricity		
	(a) Purchased		
	Units	325694	355098
	Total amount (Rs.)	1771257	1771728
	Rate/Unit (Rs.)	5.44	4.99
	(b) Own generation		
	i) Through diesel generator		
	Units	74000	76000
	Units per litre	10	10
	Cost/Unit (Rs.)	1.24	0.98
	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)		



## ANNEXURE - A — (Contd.)

## FORM — B

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

## Research and development ( R &amp; 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 :
  - 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 environment 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 :
  - 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 30th day of May, 2000

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, 2000 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 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 exclusion 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 granted unsecured loans to companies listed in the register maintained under section 301 of the Companies Act, 1956. A portion of the total loan to its subsidiary company was free of interest and this has been repaid during the year. In our opinion, having regard to the long-term involvement with these companies and explanations given to us in this regard, the terms and conditions of the above loans are not prima-facie prejudicial to the interest of the Company.