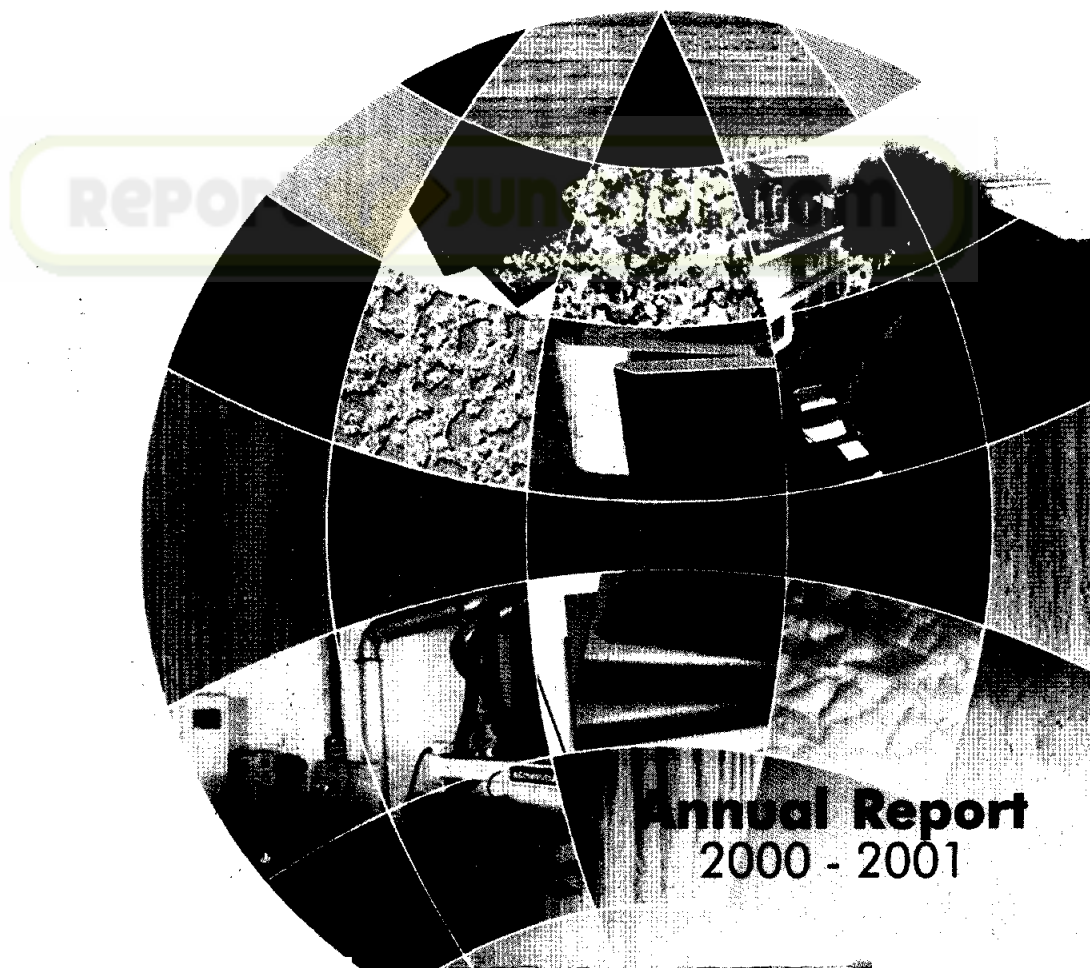




Economy ★ Excellence ★ Ethics

Century Laminating Co. Ltd.

ECONOMY, EXCELLENCE, ETHICS
powering our universal achievements





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
MR. S. BANERJEE

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

REGISTERED AND HEAD OFFICE : 5, ALEXANDRA COURT,
60/1, CHOWRINGHEE ROAD,
KOLKATA - 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,
KOLKATA - 700 072

BANKERS : ICICI BANK LIMITED

Century Laminating Company Limited**Directors' Report
TO THE MEMBERS****Dear Members,**

Your Directors have pleasure in presenting their Thirty-sixth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2001.

1. FINANCIAL RESULTS

(Rupees in '000)

	<u>Current Year</u>	<u>Previous Year</u>
Total Sales (net of excise duty)	85 09 45	67 47 14
Other Income	<u>3 42 44</u>	<u>2 06 92</u>
	<u>88 51 89</u>	<u>69 54 06</u>
Profit before interest, depreciation and tax	14 86 83	11 65 73
Less : Interest	2 44 07	2 86 28
Depreciation	<u>1 45 28</u>	<u>1 13 93</u>
Profit before tax	10 97 48	7 65 52
Less : Provision for tax	<u>3 50 00</u>	<u>2 00 00</u>
Profit after tax	7 47 48	5 65 52
Add : Balance brought forward		
from previous year	<u>21 16</u>	<u>21 09</u>
	<u>7 68 64</u>	<u>5 86 61</u>
Appropriations :		
Transfer to general reserve	5 75 00	1 25 00
Dividends :		
Interim	-	3 96 80
Proposed	1 56 94	-
Corporate Dividend Tax	16 01	43 65
Balance carried to Balance Sheet	<u>20 69</u>	<u>21 16</u>
	<u>7 68 64</u>	<u>5 86 61</u>

2. OPERATIONS

The year under review witnessed highest ever net profit before tax at Rs.10 97 48 thousand achieved by your company. The turnover (net of excise duty) increased by Rs.17 62 31 thousand to a record level of Rs.85 09 45 thousand. Production of decorative laminated sheets also registered an all time high at 89.88 lac sq. mtrs. There has not only been a higher level of turnover but also a better sale-mix. All these have been the result of your management's constant endeavour for excellence and value addition to your company's products. Your management leads a dedicated and motivated team of technical and other personnel. This has resulted in technical innovations and superior quality products which have made your company market leaders in India and a large segment of international markets. Your Company has consistently followed group policy of high business ethics and excellence in products and services to customers at competitive rates. Your management has been continuously carrying out research and development not only to enhance its edge on product quality but also to reduce cost by conservation of energy by use of cheaper and unconventional fuels, re-cycling heat and using better production processes that consume less energy. Production yields have been maximized, wastage and downtimes have been minimized and number of loads per day has been increased to compare favourably with the standard accepted internationally. We have reduced cost wherever possible without compromising on quality.



Directors' Report - (Contd.)

3. LIBERALISATION AND FUTURE OUTLOOK

Government is continuing with its effect policy of lifting tariff barriers and lowering import duties. Effective 1.3.2001, import duties have been substantially reduced on both decorative laminates and some of our industrial inputs. While this will somewhat reduce our cost of production, we shall have to compete with cheaper imports of decorative laminates. However given the excellence of your company's products, its reputation and goodwill, we are confident that we shall be able to face the challenge. Our efforts to reduce cost without compromising quality will, of course, continue. Your Company can, therefore, look forward to a continuing era of consolidation, expansion and prosperity - a striking contrast in the present era of import overflows. Longterm outlook of decorative laminates industry is positive.

4. CAPITAL EXPENDITURE

A sum of Rs. 36393 thousand was incurred towards capital expenditure for the acquisition of various fixed assets put to use during the year. This amount excludes sum spent on assets valued at Rs.26354 thousand which awaited installation/capitalisation as at end of the year.

5. DEMATERIALISATION OF SHARES

To provide quicker and more convenient service to you and also as per SEBI's instructions your Company's shares have been dematerialized. To provide wider option to you, we have engaged two depositories - National Securities Depository Ltd. effective 26.01.2001 and Central Depository Services (India) Ltd. effective 05.02.2001. As per SEBI's instructions, trading in your company's shares in Demat form will be compulsory on and from 26.06.2001. We have sent circulars to everyone of you on 31.01.2001 giving all the details. In addition this has also been published in two newspapers viz. The Financial Express & Aajkaal (Bengali) both on 08.02.2001.

6. DIVIDEND

Your directors propose a dividend of Rs.1.5 per share. In accordance with SEBI's guidelines for Demat shares, dividend will be paid at full rates on shares fully paid or credited as fully paid on record date irrespective of the date on which the shares were fully paid or credited as fully paid. Articles of Association of your Company have been amended accordingly. However, dividend on shares partly paid will continue to be paid proportionately on the amount paid up. The total payment of dividend and tax thereon are estimated at Rs.1 56 94 thousand and Rs. 16 01 thousand respectively.

7. SUBSIDIARY COMPANY

Your company's subsidiary, Merino Panel Products Limited had the fifth full year of commercial production. The turnover and the profit before tax of the subsidiary for the year under review are Rs. 37 06 70 thousand and Rs. 1 97 97 thousand respectively. The company's holding in the subsidiary's equity is 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 Auditor's Reports are annexed herewith. The statement required under section 212(1)(e) of the Companies Act, 1956 is also enclosed.

8. 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's Auditors together with their certificate is annexed to the Accounts.

Century Laminating Company Limited**Directors' Report - (Contd.)****9. INCREASE IN CAPITAL**

As approved by you in the Extra-ordinary General Meeting held on 16.05.2001, the authorised capital of your company has been increased from Rs.12 crore to Rs.17 crore.

The paid-up capital increased by Rs.18 82 thousand. This is due to payment of calls in arrears as also issue of pending bonus shares on these shares.

10. AUDIT COMMITTEE & CORPORATE GOVERNANCE

As required under the provisions of section 292A of the companies Act 1956 (as amended) your Board has taken necessary steps to constitute an Audit Committee.

In terms of clause 49 of the Listing Agreement entered into with Stock Exchanges, requirement of the code of Corporate Governance will be complied with well before the deadline of 31.03.2002.

11. DIRECTORS

Sri Shyamal Banerjee was appointed as an Additional Director of the Company with effect from 29th May, 2001 and as an Additional Director he vacates office at the conclusion of forth coming annual general meeting.

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association Sri Man Kumar Lohia and Sri Nripen Kumar Dugar, Directors, retire by rotation at the ensuing annual general meeting and are eligible for re-appointment.

12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of section 217(2AA) of the Companies Act, 1956 with respect to Directors responsibility statement, it is hereby confirmed :

- i. that in the preparation of the annual accounts for the financial year ended 31st March, 2001 the applicable accounting standards have been followed alongwith 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 of the company for the year under review.
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. that the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a going concern basis.

13. COMMERCIAL PAPERS

To obtain cheaper finance, your directors obtained sanction for placement of Commercial Papers bearing interest @ 13% p.a. Credit rating of your Company which is mandatory for Commercial Papers was done by ICRA who gave A1 rating indicating highest safety. Your company issued Commercial Papers amounting to Rs.3 crore (face value). These matured and were paid on 08.03.2001. The maximum amount raised at any time during the financial year ended 31.03.2001 was Rs.3 crore as noted above and there was no amount outstanding as at the end of the financial year.

**Directors' Report - (Contd.)****14. EXPORT EARNINGS**

Your Company's Export earnings during the year were Rs.23 43 09 thousand. Your Directors are particularly gratified to have fulfilled one of the avowed objectives of the management of serving national interest by contributing to the country's foreign exchange earnings.

15. Y2K COMPLIANCE

As reported last year the Y2K transition was smooth and without any disruption to the operations of any of the divisions of your company.

16. ISO 9002

During the year under review your Company has obtained ISO 9002 : 1994 certification from DNV, the Netherlands in respect of its branches at Kolkata, Mumbai, Bangalore, Chennai, Delhi, Pune, Nagpur and Ahmedabad.

17. 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.

18. AUDITORS' REPORT

Observations and comments made by the Auditors in their report are self-explanatory and also have been further clarified in the relevant note to the accounts.

19. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with 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 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the annexure.

20. PARTICULARS OF EMPLOYEES

During the year under review no employee was in receipt of remuneration requiring disclosure under the provision of Section 217(2)(A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975, as amended.

21. ACKNOWLEDGEMENTS

Your directors put on record their gratitude for the initiative and team efforts of every member of the family, and also for the assistance, guidance and advice received from the company's bank and financial institution, in achievement of the company objectives. They hope these will continue for all years to come.

For and on behalf of the Board

C. L. LOHIA

Executive Vice-Chairman

P. LOHIA

Managing Director

New Delhi,
The 30th day of May, 2001

Century Laminating Company Limited**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, 2001.

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 utilization of steam.
- iv) Installation of sawdust 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 by own generation from DG Sets. Replacement of 500 KVA and 200 KVA DG Sets by 750 KVA DG Set to improve fuel efficiency.

(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 to 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 of the GT boiler to save the steam cost significantly.

(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.
- 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.



ANNEXURE - A (Contd.)

(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 (2000-2001) :

	(Rs. in '000)
OUTGO :	
i) C.I.F. value of imports :	
Raw materials	18 30 35
Consumables and spares	15 61
Capital goods	35 26
ii) Expenditure in foreign currency	14 99
EARNINGS :	
i) Foreign exchange earned (F.O.B. value of exports)	22 87 73

Century Laminating Company Limited**ANNEXURE - A (Contd.)****FORM - A**

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

Particulars	2000-2001	1999-2000
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
(a) Purchased		
Units	31 39 32	32 56 94
Total amount (Rs.)	1 76 65 63	1 77 12 57
Rate/Unit (Rs.)	5.63	5.44
(b) Own generation		
i) Through diesel generator		
Units	12 60 00	7 40 00
Units per litre	10	10
Cost/Unit (Rs.)	1.55	1.24
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 (tones)		
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.)

FROM - 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 :
 - 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.