



Economy ★ Excellence ★ Ethics

Century Laminating Co. Ltd.

ANNUAL REPORT 2001-2002



An ISO 9001 & ISO 14001
Certified Company



CENTURY LAMINATING COMPANY LIMITED

- BOARD OF DIRECTORS** : MR. M. K. LOHIA — *Chairman*
 MR. C. L. LOHIA — *Executive Vice-Chairman*
 MR. R. C. LOHIA — *Director (Technical)*
 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
 DR. H. P. MITRA
- 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, BANGALORE, BHUBANESWAR
 CHENNAI, DELHI, ERNAKULAM, HYDERABAD
 JAIPUR, MUMBAI, NAGPUR, PUNE AND TINSUKIA
- AUDITORS** : A. MAITRA & COMPANY
Chartered Accountants,
 167/7, Lenin Sarani,
 KOLKATA - 700 072
- BANKERS** : ICICI BANK LIMITED
 STATE BANK OF INDIA
- REGISTRAR & SHARE TRANSFER AGENT** : AXC COMPUTERS PRIVATE LIMITED
 National Council of Education, Bengal Bldg.
 Jadavpur University Campus,
 Jadavpur,
 Kolkata - 700 032

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Directors' Report & Management Discussion and Analysis

Dear Members,

Your Directors have pleasure in presenting their thirty-seventh annual report together with the audited accounts of your Company for the year ended 31st March, 2002.

1. FINANCIAL RESULTS

		(Rupees in '000)	
		Current Year	Previous Year
Sales (net of excise duty)		97 73 72	85 09 45
Other Income		1 60 35	3 42 44
		<u>99 34 07</u>	<u>88 51 89</u>
Profit before Interest, Depreciation and Tax		12 78 08	14 86 83
Less : Interest	1 97 91		2 44 07
Depreciation	1 61 69	3 59 60	1 45 28
Profit before Tax		<u>9 18 48</u>	<u>10 97 48</u>
Less : Provision for Tax (including Deferred Tax of Rs. 45 16 thousand in the current year and previous year - Nil)		2 76 16	3 50 00
Profit after Tax		<u>6 42 32</u>	<u>7 47 48</u>
Add : Balance brought forward from previous year		20 69	21 16
		<u>6 63 01</u>	<u>7 68 64</u>
Appropriations			
Transfer to general reserve		64 00	5 75 00
Dividends -			
Interim		1 55 52	—
Proposed		—	1 56 94
Corporate Dividend Tax		15 86	16 01
Balance carried to Balance Sheet		<u>4 27 63</u>	<u>20 69</u>
		<u>6 63 01</u>	<u>7 68 64</u>

2. DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The year under review witnessed highest ever revenue at Rs. 99 34 07 thousand achieved by your Company. Production of decorative laminated sheets also registered an all time high at 97.92 lac sq. mtrs. Net profit before tax for the year recorded a decline as compared to the previous year mainly due to incurrence of some expenditure of non-recurring nature, drop in income from sale of export incentives and increase in some expenses on operation. These adverse effects have been partly offset by economy in finance charges and on other account.

3. INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company has consolidated its position as a premium quality manufacturer of decorative laminated sheets in India as well as in overseas countries. Your Company has also expanded

Directors' Report *(Contd.)*

its project for manufacturing of higher sized laminates. The products of furniture division have started receiving market acceptance in a big way.

4. OPPORTUNITIES AND THREATS

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, recycling heat and better production processes that consume less energy. Production losses 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. In its thrust for quality improvement your Company has broken a new ground during the year by obtaining ISO 9001 certification from Bureau Veritas Quality International. Your overwhelming co-operation and support resulted in our achievement of this certification. The Company is confident to meet the threat posed by unorganized sector.

5. SEGMENT-WISE BUSINESS PERFORMANCE

Decorative laminates continue to be the dominant business segment contributing about 77% of the total revenue for the year ended 31st March, 2002 while panel products and furniture components contributed about 11%. Almost entire operating profit for the year has been contributed by decorative laminates segment. Truly, this segment is the focal point of the business segments. Export performance for the year in respect of laminates has been encouraging.

6. OUTLOOK

Efforts that are being taken up for cost reduction and production enhancement is expected to yield better performance and result in the years to come. The management effort has been focused on adopting and attaining global practices in financing, quality systems, and quality of work life of the employees, coupled with this is a renewed commitment to you and value creation for customers and superior level of employees motivation.

7. RISKS AND CONCERNS

The Company's business operations are exposed to risk of foreign currency appreciation as a substantial portion of raw materials input is imported. The impact thereof is partially offset by exports earnings. Also, the Company is a net foreign exchange earner. The Company's performance is also dependent on the outlook of construction industry.

8. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an adequate system of internal control commensurate with the size of the Company and the nature of its business, which ensures that transactions are recorded, authorized and reported correctly apart from safeguarding its assets against loss from wastage, unauthorized use and removal.

The internal control system is supplemented by documented policies, guidelines and procedures and an extensive program of review carried out by the Company's Internal Audit function which



Directors' Report (Contd.)

submits detailed reports periodically to the management and the Audit Committee.

During the current year your Company is in process of implementing the first phase of Enterprise Resource Planning Module-Baan in finance, production and distribution areas. Implementation of the module will integrate the operations of branches set up at various locations and make the systems in alignment with the best international practices.

Your Company's statutory auditors have, in their report, confirmed the adequacy of the internal control procedures.

9. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Your Company considers human resource to be the most important contributing element of the organization. A dedicated and silent workforce of 469 has always led your Company to the pinnacle of performance with an untiring effort for betterment. The relations continue to be cordial.

10. SAFETY, HEALTH AND ENVIRONMENT MEASURES

Your Company is committed to excellence in safety, health and environment and gives the highest priority to health and safety of its employees, customers, suppliers and the people at large as well as to protection of the environment. The management of your Company is strongly focussed on continuous improvement in these areas. In keeping with the policy, your Company's plants are being audited inhouse and with a view to enhancing safety standards your Company places considerable importance on training employees in all aspects of safety. The Company has always accorded top most priority to the well-being and health of its employees and their families. Your Company also take care of hygienic conditions of plants. Considering the high level of commitment towards creating, maintaining and ensuring a safe and clean environment standards your Company has already been accredited with ISO 14001 certification from Bureau Veritas Quality International for its Laminate plant at Hapur, U.P.

11. EXPORT EARNINGS

Your Company's Export earnings during the year were Rs. 28 87 48 thousand (F.O.B value)-once again a new high. We have every expectation that we shall again get the award for the highest exporter of Decorative Laminates. Your Company has been awarded the highest recognition for exports by The Plastics Export Promotion Council for the year 2000-2001. This is the sixth year in a row. Your Company expects to retain this position also for the year under review. Your Directors are particularly gratified to have fulfilled one of the avowed objectives of the group management of serving national interest by contributing to the country's foreign exchange earnings.

12. FUTURE PROSPECTS

High Pressure Decorative Laminates

Your Company has embarked upon production of higher sized laminates mainly for exports. A huge market of such product exists overseas. Your Company is confident that it will be in a

Directors' Report *(Contd.)*

position to utilize the capacity tapping this huge market.

Export market of standard sized laminates is encouraging. Your directors feel that a reasonable growth of sales will be achieved in the years ahead.

Furniture and Furniture Components

Your Company's furniture division has witnessed wide acceptance of certain items launched. Your directors are hopeful that in course of time this furniture division will contribute a substantial portion of revenue to your Company. The outlook is encouraging.

13. CAPITAL EXPENDITURE

A sum of Rs. 10 17 16 thousand was spent on acquisition of assets which were capitalized during the year. A sum of Rs. 2 82 11 thousand incurred towards capital expenditure awaits capitalization / installation as at end of the year. During the year some of the assets (original cost of Rs. 38 51 thousand) were disposed off.

14. DOUBTFUL ADVANCES

In pursuance of your approval your Company had financed from time to time a sum Rs. 51,90,522/- to Merinoply & Chemicals Limited, an associate Company and a portion of the outstanding amount was adjusted by way of sale of machinery by this Company. In view of complete stoppage of production activity in pursuance of the Order of Hon'ble Supreme Court pertaining to the pollution control, the said Company is still under severe financial strain and has not been in a position to repay an amount of Rs.21,21,783/-. Your directors are informed that one of the creditors of the said Company has filed winding up petition of the said Company.

Your directors are, therefore, of the opinion that the outstanding are doubtful of recovery and adequate provision has been made in the accounts.

15. DIVIDEND

During the year your directors declared an interim dividend of Rs. 1.50 per share. The dividend was paid on the amount paid up on the share on record date i.e. 26th March, 2002. The total outgo on the dividend was Rs. 1 55 52 thousand and tax on dividend was Rs. 15 86 thousand which have been appropriated in the accounts. No final dividend has been proposed in order to enable the Company to conserve its resources for achieving growth.

16. DELISTING OF SHARES

You must have noticed that Stock Exchanges have not been able to impart desired liquidity to the shares of your Company, despite its improved performances. Market capitalization has also not increased. Expenses on listing of Company's shares are on the rise. Accordingly the delisting was considered to be the only option available. The Company received your approval for delisting of shares from Kolkata, Mumbai, Delhi and Chennai Stock Exchanges at the Extra-Ordinary General Meeting held on 20th March, 2002. Your directors have initiated necessary follow-up action in this regard. Some of the promoters of your Company have initiated



Directors' Report (Contd.)

action for acquisition of shares from public.

17. NOTICE FROM STOCK EXCHANGE

You are aware that an interim dividend of 15% was declared and disbursed on 30th March, 2002. The Board, following the general relaxation of mandatory notice period of thirty days for book closure as required by listing agreements with the stock exchanges, gave notice for such dividend as a follow-up of earlier declaration of 10% for which mandatory notice of 30 days was issued. Your directors following the oral advice of The Stock Exchange, Mumbai fixed the record date for payment of 15% interim dividend as 26th of March, 2002 as against 28th March, 2002 for earlier declaration of 10%. Such declaration with a shorter notice period of nine days has been put in question by The Stock Exchange, Mumbai. This stock exchange has issued a show cause notice which is being appropriately dealt with by your Board, following the legal advice.

18. FORFEITURE OF SHARES

During the year your directors have forfeited 1,96,500 equity shares of your Company as these shares continued to remain partly paid. Proper notices have been given before these shares were forfeited.

19. SUBSIDIARY COMPANY

Your company's subsidiary, Merino Panel Products Limited had the fifth full year of commercial production. The total revenue of the subsidiary for the year under review were Rs. 39 65 89 thousand. The profits earned by your subsidiary Company were the highest ever registered at Rs. 4 38 43 thousand. The Company's holding in the subsidiary's equity continues to 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.

20. CASH FLOW STATEMENT

In accordance with the requirement of clauses 31, 32 and other provisions of the listing agreement with the stock exchanges, Cash Flow Statement duly verified by your auditors together with their certificate and Consolidated Financial Statement as audited by your auditors are annexed to the accounts.

21. CONSOLIDATED FINANCIAL STATEMENTS

As required by Accounting Standard 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, the audited Consolidated Financial Statements of the Group are annexed. These Group accounts have been prepared on the basis of audited financial statement received from subsidiary Company, as approved by their Board and as amended.

22. DIRECTORS

Sri Rup Chand Lohia was appointed Director (Technical) and Dr. Hara Prasad Mitra, Director of the Company both effective from 1st January, 2002 with your approval at the Extra-Ordinary

Directors' Report — (Contd.)

General Meetings held on 31st December, 2001 and 20th March, 2002.

Tenure of appointment of Sri Nripen Kumar Dugar as a Whole-time Director of the Company expired on 31st December, 2001 and with your approval at the Extra-Ordinary General Meetings held on 31st December, 2001 and 20th March, 2002 Shri Dugar was re-appointed a Whole-time Director with effect from 1st January, 2002 for a further period of five years.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Sri Amar Nath Roy and Dr. Gautam Bhattacharjee, Directors, retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

23. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. that in the preparation of the annual accounts for the financial year ended 31st March, 2002 the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b. that the Directors had selected such accounting policies and applied them consistently and made judgements 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.
- c. that the Directors had 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.
- d. that the Directors had prepared the accounts for the financial year ended 31st March, 2002 on a going concern basis.

24. AUDITORS

Messrs A. Maitra & Co., Chartered Accountants, retire at the conclusion of the ensuing annual general meeting. You will be required to appoint the Statutory Auditors of the Company.

25. CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under the Listing Agreements with the Stock Exchanges. A separate Report on Corporate Governance alongwith the certificate of the Auditors, Messrs. A Maitra & Co., Chartered Accountants confirming compliance of the conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreements entered into with Stock Exchanges is annexed.

26. 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



Directors' Report (Contd.)

outgo is given in the annexure to this report.

27. 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.

28. ACKNOWLEDGEMENTS

The Directors would like to express their sincere thanks for the continued assistance and co-operation received from the company's bankers, financial institutions and customers.

Right from the inception, your company's Directors and management have followed a policy of developing excellent team spirit among the management, officers, employees and workers. This has resulted in building a dedicated team of management, officers, employees and workers with whom your Directors and management have the best of relations.

Kolkata,
The 28th day of June, 2002

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

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