



ISO 9001: 2000 Certified Co.

## 20th Annual Report 2010-11

# STYLAM INDUSTRIES LIMITED



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Jagdish Gupta  
Satish Gupta  
Mahavir Singh  
Satpal Garg  
Ravinder Krishan

Chairman-cum-Managing Director  
Executive Director  
Nominee Director (HSIDC)  
Director  
Director

**A.G.M. (Finance & Accounts)**  
Vijay Bhatia

**Company Secretary**  
Harkiran Kaur

### REGISTERED OFFICE

SCO 14, Sector 7-C, Madhya Marg,  
Chandigarh – 160019 (INDIA)  
Tele: - +91-172-5021555, 5021666  
Fax: - +91-172 -2795213, 5021495  
Email: info@stylam.com  
Website: www.stylam.com

### WORKS

192-93, Industrial Area, Phase – I,  
Panchkula – 134 108 (Haryana)  
Tele: - +91-172- 2565387, 2563907  
Fax: - +91-172 – 2565033  
Email: works@stylam.com

### AUDITORS

M/s Sunil K Sood & Co.  
Chartered Accountants  
#143, Sector – 7,  
Panchkula – 134 109 (Haryana)

### SHARE TRANSFER AGENT

Link Intime India Private Limited  
A-40, 2nd Floor, Naraina Industrial Area  
Phase – II, Near Batra Banquet Hall,  
New Delhi – 110 028  
Ph: 011-41410592-93-94, 25897309  
Fax: 011-41410591  
Email: delhi@linkintime.co.in

### BANKERS

**State Bank of Patiala**  
SCO 103-107, Sector 8-C  
Chandigarh – 160 018

**Citi Bank**  
Sector 9-C, Chandigarh

### CONTENTS

Notice	1
Director's Report	4
Management Discussion and Analysis Report	8
Corporate Governance Report	10
Auditors' Report	17
Balance Sheet	20
Profit and Loss Account	21
Schedules	22
Cash Flow Statement	36
Balance Sheet Abstract	37
Proxy Form & Attendance Slips	39



**NOTICE OF 20<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of the Members of Stylam Industries Limited will be held on Wednesday, the 28<sup>th</sup> day of September 2011 at Chandigarh Club Limited, Sector -1, Chandigarh at 10:00 A.M to transact the following business: -

**ORDINARY BUSINESS**

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2011 and Profit and Loss Account for the year ended on that date alongwith reports of the Auditors and Directors' thereon.
2. To appoint a Director in place of Mr. Ravinder Krishan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s Sunil K Sood & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Director to fix their remuneration.

**SPECIAL BUSINESS**

4. 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 Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the monthly remuneration of Sh. Jagdish Gupta, Managing Director be increased from Rs.2,50,000/- p.m. to Rs.3,00,000/- p.m. with effect from 01.10.2011 and that the use of company's car and telephone at residence used by him for official duties, shall not be included in the remuneration package."
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 Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the monthly remuneration of Sh. Satish Gupta, Executive Director be increased from Rs.2,50,000/- p.m. to Rs.3,00,000/- p.m. with effect from 01.10.2011 and that the use of company's car and telephone at residence used by him for official duties, shall not be included in the remuneration package."
6. 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 Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the company for mortgaging and/or charging, from time to time and on such terms and conditions as it may think fit, the whole or substantially the whole of the Company's undertakings or any one or more of them including present and future properties whether movable or immovable comprised in such undertakings, as the case may be, together with the power to take over the management of the business of the Company in certain events for securing any loans and/or advances already obtained or that may be obtained from any financial institutions/banks, insurance companies or person or persons, and/or to secure any debentures issued or that may be issued and all interests, compound/additional interests, commitment charges, costs, charges, expenses and all other moneys payable by the Company to the concerned lenders within the overall limit of Rs. 100 Crores (Rupees one hundred crores)."  
"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things that may be necessary, desirable or expedient for giving effect to the above Resolution."

By Order of the Board  
For Stylam Industries Limited  
Sd/-  
Jagdish Gupta  
Chairman & Managing Director

Place : Chandigarh  
Dated : 13<sup>th</sup> August, 2011



**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business as set out above is given below and forms part of the notice.
3. The Register of members and the Share Transfer Books of the Company will remain closed from Friday, the 23<sup>rd</sup> day of September, 2011 to Wednesday, the 28<sup>th</sup> Day of September, 2011 (both days inclusive) pursuant to provisions of Section 154 of the Companies Act, 1956 and clauses of listing agreement entered into with Stock exchanges.
4. Members holding shares in physical form are requested to notify/send any change in their address/mandate/bank details and particulars of their account in case the same have not been sent earlier to the Company's Registrar and Transfer Agent to facilitate better services.
5. Members desirous of having any information as regards accounts are requested to write to the Company at least ten days in advance so as to enable the Management to keep the information ready.
6. Members are requested to bring their copies of the Report to the meeting, as no further copies would be made available.

**Explanatory Statement Pursuant to Section 173(2) of Companies Act, 1956**

**Item No. 4 & 5**

Shri Jagdish Gupta, Managing Director and Shri Satish Gupta, Executive Director are the promoter Directors of the Company. They have been associated with the Company since its inception. Due to their vision and guidance, the Company has made its existence world over and renowned for its quality industrial laminates under the brand name "STYLAM".

The monthly remuneration of Shri Jagdish Gupta, Managing Director and Shri Satish Gupta, Executive Director were increased from 1<sup>st</sup> September, 2010 as monthly salary of Rs. 2,50,000/- p.m.

However in view of the rise of cost of living the Board has decided to increase their monthly remuneration to Rs.3,00,000/- p.m. for Shri Jagdish Gupta, Managing Director and Rs. 3,00,000/- p.m. for Shri Satish Gupta, Executive Director.

The members are requested to grant their consent and pass the resolution as Ordinary Resolutions.

Shri Jagdish Gupta and Shri Satish Gupta being the Directors of the Company are concerned or interested in the said resolution.

**Item No. 6**

The borrowings of the Company are required to be secured by an appropriate mortgage or charge on the assets of the Company in certain events, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before the creation of charges. The resolution is purely enabling in character.

Your directors, therefore, recommend the resolution for your approval.

None of the directors are in any way concerned or interested in this resolution.

By Order of the Board  
For Stylam Industries Limited  
Sd/-  
Jagdish Gupta  
Chairman & Managing Director

Place : Chandigarh  
Dated : 13<sup>th</sup> August, 2011



## STYLAM INDUSTRIES LIMITED

Place : Chandigarh

Dated : 13<sup>th</sup> August, 2011

### I. GENERAL INFORMATION

1. The Company engaged in the manufacture of Luxury grade decorative laminated sheets for both home and industry use, under the brand name STYLAM.
2. More than 80% of the products are being exported to over 60 countries around the world, along with exports to 20 countries in Europe providing testimony for our commitment to quality.
3. During the year, your Company has exported goods worth Rs.5872.23 Lacs, which is higher by 25.55% than previous year. The Company has earned Export Incentives worth Rs. 354.11 Lacs on Export Sales.

### II. INFORMATION ABOUT THE DIRECTORS

1. Managing Director & Executive Director
2. Current Remuneration Rs. 2,50,000 p.m.
3. Proposed Remuneration Rs. 3,00,000 p.m. (both)

### III. OTHER INFORMATION

1. The old products sustained the pricing pressures and continued to support the bottom line & there is also a change in consumer preference in terms of ready-made furniture and machine-made furniture, which requires engineered products like MDF and particleboard, thereby increasing.
2. Growth is imperative for enterprise success. We are constantly scouting for and evaluating new opportunities of growth that will take your Company to new heights.
3. To continuously upgrade the product through innovations and convergence of new technology and to produce the best quality at the lowest cost.
4. The company is aiming for a healthy growth which will be achieved through an appropriate mix of international and domestic business. The company is also trying to add a new product segment in Laminates which will help to penetrate into newer markets. The company has installed new machinery thus increasing its manufacturing capacity.

Amount for prior period year	1159.35	1159.35
Provision for depreciation	1487.51	1487.51
Income tax paid for earlier year W/OIT	155.34	155.34
Depreciation on Intangible Capitalised	—	—
Balance carried forward to Balance sheet	1818.45	1818.45



## STYLAM INDUSTRIES LIMITED

### DIRECTORS' REPORT

The Directors are pleased to present the 20<sup>th</sup> Annual Report together with Audited statement of Accounts for the year ended 31<sup>st</sup> March, 2011.

#### **FINANCIAL RESULTS**

The Financial performance of the Company for the year ended 31<sup>st</sup> March 2011 is summarized below :-

(Rs. In Lacs)

<b>PARTICULARS</b>	<b>Year Ending 31<sup>st</sup> March 2011</b>	<b>Year Ending 31<sup>st</sup> March 2010</b>
<b>Sales &amp; other Income</b>	<b>8700.94</b>	<b>6479.68</b>
<b>Profit before Interest, Depreciation, Tax &amp; Amortisation</b>	<b>832.99</b>	<b>709.79</b>
Less: - Interest	141.08	125.90
- Depreciation	159.78	138.78
- Amortisation	0.00	0.00
<b>Profit before Tax</b>	<b>532.13</b>	<b>445.11</b>
Add: - Profit/(Loss) on sale of Assets	-	(7.66)
Prior Period Ajustment	(0.82)	9.27
	<b>531.31</b>	<b>446.72</b>
Less: - Provision for Current Year Tax	110.24	170.77
- Provision for Deferred Tax	45.47	(24.17)
<b>Profit after Tax</b>	<b>375.60</b>	<b>300.12</b>
Less: - Interim/Final Dividend (FY 2009-10)	54.87	54.87
Dividend Distribution Tax	9.11	9.42
<b>Current Year Profit Available for Appropriation</b>	<b>311.62</b>	<b>235.83</b>
Amount B/F from Previous year	1169.95	967.28
<b>Profit after Tax available for Appropriations</b>	<b>1481.57</b>	<b>1203.11</b>
Income tax paid for earlier year W/Off	163.14	—
Depreciation on Interest Capitalised	—	33.16
<b>Balance carried forward to Balance sheet.</b>	<b>1318.43</b>	<b>1169.95</b>

#### **OPERATIONS**

During the year under review, your company has achieved a turnover of Rs.8700.94 Lacs as compared to the previous year's turnover of Rs.6479.68 Lacs. Profit before tax was Rs.532.13 Lacs. This is due to imbalance in demand and supply; however the Company is making continuous efforts to retain its market share through certain strategic market interventions.

#### **EXPORTS**

During the year, your Company has exported goods worth Rs.5872.23 Lacs, which is higher by 25.55% than previous year. The Company has earned Export Incentives worth Rs. 354.11 Lacs on Export Sales.

#### **DIVIDEND**

To strengthen the long term prospects and ensuring sustainable growth in assets and revenue, it is important for your company to evaluate various opportunities in which your company operates. Your company, currently has several expansion plans and continues to explore newer opportunities, both domestic and international.

Your Board of Directors considers this to be in the strategic interest of the company and believe that this will greatly enhance the long term shareholder value. In order to fund expansion and implementation stages, conservation of funds is of vital importance. Therefore, your directors have not recommended any dividend for the financial year 2010-11.



## CAPITAL STRUCTURE

There was no change in the capital structure during the period.

## DIRECTORS

In accordance with the articles of association of the company, Sh. Ravinder Krishan retire by rotation at the company's forthcoming annual general meeting and, being eligible offer themselves for re-appointment.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the listing agreement with the Stock exchanges is enclosed and form part of this director report.

## AUDITORS

M/s Sunil K Sood & Co., Chartered Accountants, the Company's Auditors, retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGOINGS:

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earning and outgo as required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed and form part of this report.

## CEO/CFO CERTIFICATION

The CEO (Managing Director) of the Company has certified to the Board in the manner required under Corporate Governance Code, concerning the annual financial statements.

## CORPORATE GOVERNANCE

The company has complied with the mandatory provisions of the Corporate Governance as prescribed in the Clause 49 of the listing agreement with the stock exchange. A separate report on Corporate Governance is enclosed as a part of the Director's report along with the Auditors Certificate on the compliance of Corporate Governance.

## DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956 ("the Act"), your directors confirm that:

- (i) in preparation of the annual accounts for the year ending 31<sup>st</sup> March 2011, the applicable accounting standards have been followed;
- (ii) 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 for the year ended 31<sup>st</sup> March, 2011 and the profit for that year;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on going concern basis.

## ACKNOWLEDGEMENT

Your Directors thank all the employees for their sincere efforts, active involvement and devoted services rendered.

Your Directors thank the shareholders of the Company for the confidence reposed in the Management of the Company.

Your Directors place on record their gratitude to the Customers, Suppliers, company's Bankers and Financial Institutions for their support and cooperation during the year under review.

For and On behalf of the Board

-Sd-

Jagdish Gupta

Chairman & Managing Director

Place: Chandigarh

Date: 13<sup>th</sup> August, 2011



**ANNEXURE TO DIRECTORS REPORT**

Information pursuant to the Companies (disclosure of particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Report of Directors

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

The company has given high priority in the conservation of energy on an on-going basis. The need to conserve energy is being inculcated amongst the employees of the Company.

**Additional investments and proposals, if any being implemented for reduction of consumption of energy:**

- Installed new higher capacity 6TPH boiler having 3-pass technology for better productivity and lower specific fuel consumption.
- Installed new Thermax VTIF make Thermic Fluid Heater with higher heating efficiency.
- Installed new 1000 KVA Servo Stabilizer and Transformer having very low no load/full load losses for better electrical energy efficiency.

**Impact of measures taken:**

The impact is not visible as the percentage of cost of power is negligible in total cost of production

**b) Total energy consumption and Energy Consumption per unit of production as per Form A (Rule 2) is not given as the Company is not covered under the list of specified industries.**

Electricity Consumed	2010-11	2009-10
Electricity Consumed (In Value)	Rs 116,38,431	Rs 71,18,353
Electricity Consumed (In Units)	2087424	1569060
Average Cost (Per Unit)	Rs 5.57	Rs 4.54
Electricity Generating Through Generator		
Diesel Consumed (In Value)	Rs. 29,40,645	Rs 50,58,664
Units Produced and Consumed	278013	493110
Average Cost (Per Unit)	Rs. 10.58	Rs 10.26

**B. TECHNOLOGY ABSORPTION****I) RESEARCH & DEVELOPMENT (R&D)****a) Specific area in which R&D carried out by the Company :**

Research and Development has been carried out for quality improvement and adhering to standard grammage of laminated Sheets.

**b) Benefits derived as a result of the above R&D :**

Increase in overall efficiency, productivity and quality of outgoing and a wider design range of laminates sheets and decrease in cost of production.

**c) Future plan of action :**

Future improvement in production process, quality of product, introduction of new design, reduction in cost of production etc

**d) Expenditure on R & D during the year 2010-11 is Nil.****II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.**

- a) The Company has not imported any technology. However it is constantly keeping an eye on the technology being used by its competitors.

**C. FOREIGN EXCHANGE EARNING AND OUTGO**

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:



During the year, your Company has exported goods worth Rs.5872.23 Lacs, which is higher by 25.55% than previous year. The Company has earned Export Incentives worth Rs. 354.11 Lacs on Export Sales.

The Company imported capital goods which resulted in foreign exchange outgo equivalent to Rs.470.76 Lacs approx. In addition the Company has imported papers & Chemicals equivalent to Rs.1656.28 Lacs approx on CIF basis.

**2. Total foreign exchange used and earned :**

During the year the Company has earned foreign exchange Rs.5769.24 Lacs. The Complete details have been given at Point "H" of Note 15 of Notes on Accounts.



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry Structure and Developments**

The structure of Laminates Industry is broadly classified into two sectors viz organized and unorganized sector. The Company comes under the organized sector and is engaged in the manufacture and production of high quality grade laminates catering to international as well as domestic market.

The company has opted for different product- mix market-wise in order to cater to demand of Real Estate Industry. The Company has been manufacturing industrial as well as advanced grade laminates i.e. Post forming and Antistatic laminates under the brand name 'STYLAM'.

### **Opportunities and Threats**

The demand for laminates is growing both in the country as well as in the international market. India is one of the largest exporters of Laminates in the world and volume has been increasing every year. The general trend worldwide is a preference shift from wood-based panel products to engineered panels like MDF and particleboard. India's consumer market is expected to be the world's fifth largest (from twelfth) by 2025. Consumer interest is currently being stimulated by the introduction of new technologies, new product features, and easier installation. Laminate flooring manufacturers and marketers are also receiving a boost from the relatively strong housing market. This is giving a lift to the important residential replacement market. In addition, marketers have been able to take advantage of favorable demographics, as well as declining average prices. Rising demand has resulted in manufacturers making investments in new production capacity.

There is a change in consumer preference in terms of ready-made furniture and machine-made furniture, which requires engineered products like MDF and particleboard, thereby increasing. However, increased demand has led to significant numbers of players who have entered into this profitable area. As a result, your Company is facing pressures on volumes and price. To combat the same, your company is focusing on cost reduction measures through reduction of wastages, effective supply chain management and continued focus on quality research and development.

### **Future Outlook**

The company is aiming for a healthy growth which will be achieved through an appropriate mix of international and domestic business. The company is also trying to add a new product segment in Laminates which will help to penetrate into newer markets. The company has installed new machinery thus increasing its manufacturing capacity.

### **Internal Control system & their adequacy**

The company has the stringent system of internal control which ensures that its assets are protected against loss from unauthorized use or disposition and all transaction are authorized, recorded and reported in conformity with generally accepted accounting principles.

The internal control systems are documented with clearly defined authority limits. These systems are design to ensure accuracy and reliability of accounting date, promotion of operational efficiency and adherence to the prescribed management policies. These policies are periodically updated to meet current business requirements. An independent internal audit function is important element of the company's internal control system.

### **Financial Performance**

'Stylam recorded a gross turnover of Rs 83.15 cr up by 19.16 cr over the previous year. The company has earned Post-tax profits of Rs.375.60 Lacs.

Revenues from exports increased from Rs. 48.86 cr to Rs. 62.26 cr recording a growth of 27.43%. The revenue from Domestic sales increased from Rs. 15.13 cr to Rs. 20.89 cr recording a growth of 38.07%.

The profitability of the company has also received a set back due to increase in raw material costs and inflation all over the world. However, due to operational efficiency and better realization the company has maintained the bottom line.

### **Human Resource / Industrial Relations**

During the year Company cultivated a work environment that encouraged high performance, team efforts, work culture and up gradation of talent & capabilities.

Human Resources Management is the key focus area for the company and there has been constant endeavour to attract and retain the best talent.