

**DIRECTORS' REPORT****Dear Shareholders,**

Your Directors are pleased to present the 23<sup>rd</sup> Annual Report of the Company together with the audited financial statements of the Company for the year ended March 31, 2018.

**Financial Highlights**

Financial Results of the Company's operation for the year under review are as follows:

	<i>Rs. in Lakhs</i>	
<b><i>For the year ended March 31</i></b>	<b>2018</b>	2017
Net Profit before Depreciation & Taxation	<b>301.40</b>	313.46
Less : Depreciation	<b>60.08</b>	58.66
Provision for Deferred Taxation	<b>0.00</b>	0.00
Provision for Taxation / Written Off	<b>87.10</b>	82.92
Net Profit/(Loss)	<b>154.21</b>	171.88
Add : Balance from Last Year	<b>1907.35</b>	1735.46
Prior Period Profit adjustments	<b>0.00</b>	0.00
Less : Appropriation	<b>0.00</b>	0.00
Transfer to Reserves Profit / (Loss) carried to Balance Sheet	<b>2061.56</b>	1907.35

In India, the year 2017 was marked by some major reforms. The transformational Goods and Services Tax (GST) was introduced from July, 2017. This comprehensive tax has replaced the complex multiple indirect tax structure in India. The competition in this business sector intensified during the year as more brands, both local and imported, entered the market to get a share of the demand. This segment was also impacted by the after-effect of demonetisation and the short-term challenges in implementation of GST. During the year, sales of Company's product in the distribution market was impacted as hospitals, nursing homes and distributors restricted purchases. Your Company is fully committed to the global standards of excellence - from design and engineering to manufacturing and service. Your Company leverages the expertise and application knowledge of the global suture requirements for cardiovascular sutures in particular, to bring advanced atraumatic needle product development to its Indian Surgeons. Continuous innovation in the areas of design, research and development of atraumatic needle, simulation and validation, testing and services, are the key value creation driver for our company. Within the cardiovascular division, Centenial offers a wide range of product codes which includes over 300 codes produced catalogue that cover applications for CABG. Your Company enjoys deep manufacturing capabilities and know-how in Cardiovascular Sutures, materials and atraumatic needles, that makes it a trusted partner. Quality is of paramount importance for your Company. It has always been your Company's goal to consistently ensure high quality and product safety in all applications. As a part of CENTENIAL's strategy, your Company has also widened the scope of quality to include two additional aspects efficiency and reliability. Your Company has achieved continuous cost and efficiency improvements. At the same time, your Company aims for better synchronised control, capacity utilisation, and optimised logistics. Your Company's plant is certified by ISO 9001:2015 and ISO 13485:2016. In addition, these ISO certifications are audited on a regular basis. Your Company's plant at Murbad, Thane, Maharashtra has set a benchmark in terms of quality and productivity.

Fiscal 2017 - 2018 was a year of stable progress in our journey and we increased investments in innovation, marketing, advertising and sales coverage to enhance long-term prospects for steadier, sustainable sales growth. We made significant steps in our portfolio transformation of cardiovascular atraumatic needles and general surgery codes and streamlining the product line ups in our ongoing businesses. We made this progress during yet another challenging year. Earnings were impacted by reduced exports to Bangladesh and Nepal. Despite these challenges, delivered steady sales within our range and productivity was above our initial expectations.

The quality and safety of our products are critical to our business and the Company's reputation of its brands, form the foundation of our relationships with SURGEONS and suppliers. Many of our brands have country wide recognition and our financial success is directly dependent on the success of our brands. The success of our brands can suffer if our marketing and advertising plans or product initiatives do not have the desired impact on a brand's image or its ability to attract confidence in our SURGEONS. Our market environment is highly competitive with

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international, regional and local competitors. In many of the markets and industry segments in which we sell our products, we compete against other products. Additionally, many of the product segments in which we compete are differentiated by price tiers. We are well positioned in the industry segments and markets in which we operate, often holding a leadership or significant market share position.

Your Company has been vigorously working to keep its surgeons abreast of technological advancements through revamp and upgradation of atraumatic needles with latest technology so as to ensure better sustainability. Your Company is working on a range of new atraumatic needles and combinations of atraumatic needles and sutures, products and services to consistently exceed SURGEONS expectations. This year CENTENIAL also emphasised on training its employees in PRODUCT THINKING for better and newer ways of marketing so as to foster a culture of innovation and substantial progress. We already have a capable organization with immense trust and loyalty of our surgeons. As we move ahead in our journey we may need swift adaptation and tough decisions, especially for evolving to a product portfolio that is more focused on latest atraumatic needles innovation. As we look ahead, we see a year of continuing challenges but at the same time we are geared up to make the company more efficient, to take on the current and future competitive challenges. We are convinced that your support and cooperation will strengthen CENTENIAL. I would also like to express my appreciation to each of you, for your support and understanding as we move on into the new financial year with great hope.

The Financial year 2017 – 2018 under review witnessed fierce challenges with growing domestic competition and changes in surgeon's preference for cardiovascular atraumatic needles. Further details of operations are given in the management discussion and analysis report, which forms part of this report. **I am also indebted to the Highly-Educated Members of the Board for their guidance and to the Honest, Loyal and Committed Employees, as always.** Our values always guide us, and our history and heritage as a Company, in one word, stands for **trust, service and high Quality**.

We have a brand name which stands for Quality, Reliability, Commitment, Integrity and TRUST.

**Financial Statements / Disclosure of Accounting Treatment in the preparation of Financial Statements**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

These are the Company's first Ind AS Financial Statements. The significant accounting policies which are consistently applied are set out in the Notes to the financial statements.

**Dividend**

In order to conserve resources for the operating business, your Directors after due consideration of the financial accounts of the Company have not recommended any dividend to the equity shareholders.

**Change in nature of business**

There has been no change in the nature of business of the Company. Your Company continues to be a medical device company engaged in manufacturing surgical sutures & other medical devices with sales mainly in India.

**Material changes and commitments affecting the financial position of the Company**

There have not been any material changes affecting the financial position of the Company between the end of the financial year and the date of this report.

**Share Capital**

The paid-up equity shares capital of the Company as on March 31, 2018 was Rs.364.83 Lakhs. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

**Deposits**

The company has not accepted any fixed deposits from the public.

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**Directors and Key Managerial Personnel**

**Retire by rotation**

In accordance with the provisions of the Act and the Articles of Association of the Company, Ms. Anuradha Kashikar, Executive Director of the Company, retires by rotation at the 23<sup>rd</sup> AGM and being eligible, offered herself for re-appointment.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee has re-appointed Ms. Anuradha Kashikar (DIN:00804831) as whole Time Director of the Company for a period of 03 (Three) years with effect from April 1, 2018, subject to approval of shareholders.

**Independent Directors' Declaration**

All Independent Directors have submitted the declaration of Independence as required under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements [LODR]) Regulations, 2015 ("Listing Regulations"). The Board has Independent Non-Executive Director based on fit and proper criteria ~ qualification, expertise, track record, integrity etc. With the enactment of the Companies Act, 2013 (the Act) it is mandatory for every listed Company to appoint requisite number of 'Independent Directors' as defined in Section 149(6) of the Companies Act, 2013. The Company, in compliance with the Listing Agreement, has already appointed Shri Sunil C. Modi, Shri Bhushan S. Limaye, Shri Jagadish B. Shetty and Shri Neel M. Vora as Independent Non-Executive Directors of the Company on the Board. The Board is of the opinion that the existing Independent Directors fulfil the criteria as specified in Section 149 of the Companies Act, 2013 & the Rules made thereunder. Brief profile of the Directors proposed to be appointed / re-appointed and other information as stipulated under Listing Regulations and Secretarial Standard 2 are part of the Corporate Governance Report annexed to this Report.

**Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

**Managerial Remuneration Policy**

The policy on appointment and remuneration of Directors and Key Management Personnel provides an underlying basis and guide for human resource management, thereby aligning plans for strategic growth of the Company. While deciding on the remuneration for Directors and Key Management Personnel, the Board and the Nomination and Remuneration Committee consider the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance and other relevant factors. The policy is pursuant to Section 178(4) of the Companies Act, 2013 and clause 49(IV) (B) (4) of the Listing Agreement.

**Loans, Guarantees or Investments**

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 are NIL during Financial Year 2017 ~ 2018.

**Meetings of the Board**

The meetings of the Board are scheduled at regular intervals to decide and discuss on business performance, policies, strategies and other matters of significance. The schedules of the meetings are circulated in advance, to ensure proper planning and effective participation in meetings. In certain exigencies, decisions of the Board are also accorded through circulation. During the financial year 2017 ~ 2018, the Board of Directors of the Company, met 04 (Four) times. The Meeting details are provided in the Corporate Governance report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days as prescribed in the Companies Act, 2013. Pursuant to the requirements of Schedule IV to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Meeting of the Independent Directors of the Company was also held on February 14, 2018, without the presence of Non-Independent Directors and members of the management, to review the performance of non-independent directors and the Board as a

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whole, the performance of the Chairperson of the company and also to assess the quality, quantity and timeliness of flow of information between the company management and the Board.

**Committees on Board**

The Board of Directors has the following Committees:

1. Audit Committee
2. Remuneration and Nomination Committee
3. Committee of Directors (Stakeholders' Relationship Committee)

The detailed note on the composition of the Board and its committee is provided in the Corporate Governance Report.

**Directors Responsibility Statement**

In Compliance with Section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirm the following:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The Directors had 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 and loss of the Company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis;
- (e) The Company is responsible for establishing and maintaining adequate and effective internal financial controls with regard to its business operations and, in the preparation and presentation of the financial statements, in particular, the assertions on the internal financial controls in accordance with broader criteria established by the Company. Towards the above objective, the Directors have laid down internal financial controls based on internal controls framework established by the Company, which in all material respects were operating effectively as at March 31, 2018.
- (f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively. The Company has substantially complied with material provisions of such acts and regulations as are relevant for its operations.

**Related Party Transactions**

Transactions with related parties are in the ordinary course of business and also on arms' length pricing basis. Prior omnibus approval from the Audit Committee are obtained for transactions which are repetitive and also normal in nature. Further, disclosures are made to the Audit Committee and the Board of Directors on a quarterly basis. Particulars of Contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed form AOC – 2 is appended as Annexure F to the Directors' Report.

**Explanation or comments on Qualifications, Reservations or Adverse Remarks or Disclaimers made by the Auditors and the Practicing Company Secretary in their Reports**

The Auditors' Report does not contain any qualifications, reservations or adverse remarks, but Secretarial Audit Report contains qualifications pursuant to Section 203 of Companies Act, 2013 towards non-appointment of Company Secretary and Regulations 31 (2) of Listing Regulations for dematerialisation of Promoters shareholding. The Company would like to inform that Promoters are having difficulty establishing contact and hence it very difficult to convert each Promoter's physical shareholding into demat and whenever the Company establishes the contact the conversion of the same as per Regulations 31 (2) of Listing Regulations will be completed. Further, the Company has undertaken various efforts like placing advertisements in the local newspapers for appointment of Company Secretary and has yet to receive a suitable candidate. The Company will continue its process of appointing a Company Secretary as required pursuant to provisions of Section 203 and other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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**Auditors**

**Statutory Auditors**

Messrs A. Vijay Kumar & Co., Chartered Accountants, Firm Registration No.009824S who are Statutory Auditors of the Company shall hold office till the conclusion of the forthcoming 23<sup>rd</sup> Annual General Meeting (AGM) and are eligible for re-appointment, pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed there under, it is proposed to appoint Messrs A. Vijay Kumar & Co., Chartered Accountants, as Statutory Auditors of the Company pursuant to the provisions of Sections 139 of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, the retiring Statutory Auditors, to be appointed as Auditors of the Company to hold office from the conclusion of this 23<sup>rd</sup> AGM, and pursuant to the provisions of Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company appoints Messrs A. Vijay Kumar & Co., Chartered Accountants, (Firm Registration No. 009824S) as the Statutory Auditor of the Company for the second term of 5 (Five) Consecutive years to hold office from the conclusion of this meeting until the conclusion of the Twenty Eight Annual General Meeting of the Company, on such Remuneration of Rs.1.25 Lakhs plus applicable tax and out of pocket expenses for the financial year 2018 - 2019 as recommended by the audit committee and as may be mutually decided by the Managing Director of the Company and the Statutory Auditors” (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out of pocket expenses, as may be mutually agreed between the Managing Director of the Company and the Auditors. Messrs A. Vijay Kumar & Co. have given a certificate to the effect that the re-appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013. Your Directors recommend their re-appointment.

**Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. H S Associates, Practising Company Secretaries, to conduct the Secretarial Audit of the Company for the Financial Year 2017 ~ 2018. The Secretarial Auditor’s Report is annexed as Annexure B and forms an integral part of this Report.

**Reporting of frauds by Auditors**

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported to the Audit Committee under Section 143(12) of the Companies Act, 2013, any instance of fraud committed in the Company, by its officers or employees.

**Particulars of employees**

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as per Annexure – E.

**Corporate Governance Code**

In compliances with Regulation 34 of the Listing Regulations a Report of Corporate Governance is included in the Annual Report and the certificate from Messrs H. S. Associates, Company Secretaries confirming the compliance of conditions on Corporate Governance is annexed thereto. ~ Annexure B

**Management discussion and analysis**

Management’s Discussion and Analysis Report for the year under review, as stipulated under the Listing Regulations is presented in a separate section forming part of the Annual Report.

**Policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules thereunder. An Internal Complaints Committee has been constituted to inquire into complaints of sexual harassment and recommend appropriate action. During the year under review, the Internal Complaints Committee has not received any complaint of sexual harassment.

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**Conservation to energy, technology absorption, foreign exchange earnings & outgo**

The particulars as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as Annexure C to the Directors' Report. Your Company continuous to focus on research and development activities towards the upgradation of technology, development, testing and certification of atraumatic needles and sutures for conformity to new Indian / International standards and export market. The Company has installed new machinery designed to its special requirements and has been able to save in cost of production and also manufacture products to various surgeons specifications. Besides development work for several new product codes for exports has been undertaken. Emphasis on new product codes development and process improvement will continue to be the priority areas of our research and development activity, enhancement in quality and service to our customer.

**Extract of Annual Return**

An extract of the Annual return has been annexed as Annexure D to the Directors' Report in compliance with Section 92 of the Companies Act, 2013 read with applicable Rules made thereunder.

**Internal Control Systems and their adequacy**

The Company has an adequate Internal Control System, commensurate with the size, scale and complexity of its operations. Messers Utsav Shah & Associates, Chartered Accountants, are appointed with scope of the Internal Audit duly approved by the Audit Committee. To maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee. The Internal Auditor evaluates the adequacy of the internal control system in the Company on the basis of statement of operations procedure, instruction manuals, accounting policy and procedures.

**Whistle Blower Policy / Vigil Mechanism**

The Company has implemented a whistle blower policy, whereby employees, Directors and other stakeholders can report matters such as generic grievances, misconduct, misappropriation of assets and non-compliance to code of conduct to the Company. The policy safeguards the whistle blowers to report concerns or grievances and also provides direct access to the Chairman of the Audit Committee.

**People and Safety**

CENTENIAL values all our employees and makes effort through Quality of work life to help their growth. Your Company has always placed emphasis on our people and safety at workplace. Industrial relations in the Company were cordial throughout the business year under review.

**Environment and safety**

The Company accords the highest priority for maintaining safety standards and a pollution-free environment.

**Transfer of Unpaid and Unclaimed Amounts to IEPF**

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. Since no dividend has been paid this Section is not applicable to our Company.

**Subsidiaries and Joint ventures**

The Company has no subsidiary and not entered in joint ventures.

**Employee Stock Option Plan (ESOP)**

The Company does not have an Employee Stock Option Plan ('ESOP').

**Research and Development**

The Company's research & development activities continue to be directed towards up gradation of technology and development of new product codes and packaging lines. Your Company's commitment is to meet and exceed those expectations.

### **Familiarisation Programme for Independent Directors**

The details of training and familiarisation programme are provided in the Corporate Governance Report. Further, at the time of appointment of an Independent Non-Executive Director, the Company issues a formal letter of appointment outlining his / her role function, duties and responsibilities. The format of the letter of appointment is available on our website : [http://www.centennialindia.com/code\\_of\\_conduct/](http://www.centennialindia.com/code_of_conduct/)

### **Policy on Directors Appointment and Remuneration**

The policy of the Company on Director's appointment and remuneration, including the criteria for determining qualifications, positive attributes, Independence of a Director and other matters, as required under sub section (3) of Section 178 of the Companies Act, 2013. The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future. During the year, there has been no significant material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### **Corporate Social Responsibility**

The Provisions of Section 134(3)(o) and Section 135 of the Companies Act, 2013 read with Rule 8 of Companies (CSR Policy) Rules, 2014 regarding corporate social responsibility do not apply to the company for the period under review.

### **Credit Ratings**

CRISIL continued to reaffirm their rating of "BBB / Stable" and "A3+", for various banking facilities throughout the year enabling your Company to avail facilities from bank(s) at attractive rates indicating a very strong degree of safety for timely payment of financial obligations.

### **ISO 9001 : 2015 and ISO 13485 : 2016 Certification**

Our Company is ISO 9001 : 2015 and ISO 13485 : 2016 certified and the stringent ISO 9001 : 2015 and ISO 13485 : 2016 system means effective control over every step to achieve true Quality Assurance for our products.

### **Acknowledgments**

Your Directors would like to express their appreciation for the assistance and co-operation received from the Food and Drugs Administration, Banks, Government Authorities, Surgeons, Hospitals, Nursing homes, the committed services by our Executives, Staff and Employees, to the members of the Board for their guidance who contributed to the success of our Company.

By Order of the Board of Directors

For **C**ENTENIAL SURGICAL SUTURE LTD

Place of Signature : Mumbai, Maharashtra

Date: August 9, 2018

Vijay MAJREKAR

Managing Director

DIN: 00804808

Registered Office :

Corporate Identification Number: L99999MH1995PLC089759

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