



9th Annual Report

1998 - 1999



Centak Chemicals Limited



The Group Logo

As represented by the 21st Century Atlas

Atlas, the Titan - Collective Strength

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolise the Group's own collective strength. It reflects the combined qualities of astute and dynamic management while emphasising the Group's tenacity, consistency, reliability and overall leadership.

The Sun - Enlightenment and growth

The Sun as a source of infinite energy and inspiration has been used here in conjunction with the head of Atlas to represent the vital and powerful presence of the Group in terms of its industrial prowess as well as its financial, technological and intellectual skills.

The Earth Segments - Diversified activities

Each of the latitudes around the Titan represent various sections of industrial, agricultural, financial and other activities of the Group. As with the world, which is made up of an infinite variety of segments, so is the strength of the Group, made up of its diverse activities.

The Globe - Global Vision

The Group's global vision and international presence is reflected in the figure of the Earth whose sphere represents the solid foundations upon which the company rests.

The symmetry - The Resilience, Versatility and Stability

Seen in its entirety each of the elements - Atlas, the Sun, the Earth divisions, and the Globe, together sum up a well conceptualised industrial conglomerate. One that articulates the essence of the Group.

Strong Foundation Sustained Growth Proven Leadership.



Akzo Nobel is a multinational company that serves customers around the world with healthcare products, coatings, chemicals and fibers, employing approximately 86,000 people. With headquarters in the Netherlands, the Company has activities in almost 70 countries. Annualized sales in 1998 were NLG 30 billion.

Akzo Nobel has a two-layer structure: the corporate center and business units. At the corporate level, key tasks are coordinated in such areas as strategy; finance and control; human resources; technology; health, safety, and environment; and information management.



Ninth Annual Report 1998-99

CENTAK CHEMICALS LIMITED

BOARD OF DIRECTORS

Mr. B. K. Birla
Mr. C. S. Kent
Mr. B. Ch. Jonker
Mr. D. Basu
Mr. D. Y. Gaitonde

PRESIDENT

Mr. Lennart Malmberg

SR. FINANCE MANAGER & SECRETARY

Mr. S. K. Singhvi

AUDITORS

Messrs Price Waterhouse

BANKERS

State Bank of India
Bank of Maharashtra
ABN Amro Bank N. V.

SHARE TRANSFER AGENT

M C S Limited
116/118, Akshay Complex,
Off. Dhole Patil Road, Pune-411 001

REGISTERED OFFICE

Circular Court,
8, A J C Bose Road, 5th Floor,
Calcutta-700 017

HEAD OFFICE

15-17, Gold Fields Plaza,
2nd Floor, 45, Sasoon Road,
Rune-411 001

FACTORY

C-61 (Part), E 19/20, MIDC, Industrial Area, Mahad, Dist. Raigad - 402 301

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NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Ninth Annual General Meeting of the shareholders of CENTAK CHEMICALS LIMITED will be held at Kala Kunj, 48, Shakespeare Sarani, Calcutta - 700 017 on Wednesday the 4th August, 1999 at 10.00 A. M. to transact the following business:

1. To consider and adopt the Report of the Auditors and Directors and the Audited Statements of Accounts for the year ended 31st March, 1999.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. B K Birla who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. D Y Gaitonde who retires by rotation but being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification the following resolution :

AS SPECIAL RESOLUTION

"RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby amended or altered or incorporated with new articles in the manner and to the extent as set out herein below:

- (i) The following interpretation be added after Article 1 (iii).
- (iv) "Depositories Act, 1996" includes any statutory modification or re-enactment thereof for the time being in force.
- (v) "Beneficial owner" means beneficial owner as defined in clause (a) of sub-section 1 of Section 2 of the Depositories Act, 1996.
- (vi) "Depository" shall mean the depository as defined in clause (e) of sub-section 1 of Section 2 of the Depositories Act, 1996.

(vii) "Member(s)" or "Shareholder(s)" - unless otherwise provided, means the duly registered holder, from time to time, of the shares of the Company and also every person holding equity share(s) of the Company and shall also include the beneficial owner of shares as appearing in the records of the Depository.

(viii) "Registered Owner" means a depository whose name is entered as such in the register of members of the Company.

(ii) In Article 14 of the Articles of Association of the Company, after sub-clause (a), the following proviso shall be inserted.

"Provided however that no share certificate(s) shall be issued for shares held with a Depository."

(iii) The following Margin note and Articles shall be added after Article 22 of the Articles of Association and shall be numbered as Articles 22(A).

22(A) The Company shall maintain a Register of Transfers and therein shall be fairly and distinctly entered particulars of every transfer or transmission of every share held in a material form

(iv) The following Title, Margin notes and Articles be inserted after Article 24 and be numbered as Article 24(A) to 24 (F).

DEMATRIALISATION OF SHARES

24(A) Notwithstanding anything contained in these Articles, the Company shall, in accordance with the provisions of the Depositories Act, be entitled to dematerialise any or all its Shares or rematerialise any or all the Shares, held with a Depository and/or offer its Shares, for subscription in a dematerialised form pursuant to the Depositories Act.

- 24(B) The Company shall be required to maintain a Register and Index of Members in accordance with Section 150 and 151 of the Act and the Depositories Act, with details of shares held in material and dematerialised forms, in any media (including electronic media) as may be permitted by law. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members holding shares in a dematerialised form for the purpose of the Act.
- Register and Index of Members
- 24(C) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly the Company shall not (except by an order of a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equitable, contingent or other interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof.
- Recognition of the rights of beneficial owners.
- 24(D) Notwithstanding anything provided hereinabove, in the case of transfer of Shares, where the Company has not issued any certificates and
- Applicability of Depositories Act.
- where such Shares, are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply and accordingly the Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Shares, on behalf of the beneficial owner. Furthermore, nothing contained in Section 108 of the Act or in these Articles shall apply to a transfer of shares effected by a transferor and transferee, both of whom are entered as Beneficial Owners in the records of a Depository.
- 24(E) In respect of Shares, held by the Depository on behalf of a beneficial owner, the provisions of section 153, 153A, 153B, 187B, 187C, and 372A of the Act shall not apply.
- Non applicability of certain provisions of the Act.
- 24(F) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for shares issued by the Company shall apply to shares held with a Depository.
- Distinctive Numbers of Shares held with a Depository
7. To consider and, if thought fit, to pass with or without modification the following resolution :
- AS SPECIAL RESOLUTION**
- "RESOLVED THAT in supersession of previous approvals, consent of the Company be and is hereby accorded to the Board of Directors pursuant to Section 372 A of the Companies Act, 1956 (the Act) and other applicable provisions, if any, to make loans/ advances/ deposits to and/or to acquire by way of subscription, purchase or otherwise the securities of bodies corporate listed below to the extent not exceeding an aggregate limit of 15 crores (Rupees Fifteen Crores) in all such bodies corporate over and above the limit of 60% of the paid up capital and free reserves or 100% of the free reserves whichever is more or such other percentage as applicable at the relevant time, subject to the limit set out hereunder and on such additional terms and conditions as the Board may

deem fit, to enable the Company to earn income on the surplus fund available with the Company.

Limit for each body corporate :

Not exceeding Rs. 5 Crores (Rs. Five Crores).

Hindustan Lever Ltd., Larsen & Toubro Ltd., Tata Engineering & Locomotive Co. Ltd., Mahindra and Mahindra Ltd., Century Textiles & Industries Ltd, Birla Global Finance Ltd., Birla Century Finance Ltd., Century Enka Ltd. Grasim Industries Ltd., Associated Cement Company Ltd., Indian Tobacco Company Ltd. Ranbaxy Laboratories Ltd., Units of Unit Trust of India, Birla Mutual Fund, Prudential ICICI Mutual Fund, Kothari Pioneer Mutual Fund, Kotak Mahindra Mutual Fund, Templeton Mutual Fund, ITC Threadneedle Mutual Fund, IDBI Mutual Fund, SBI Mutual Fund, Reliance Mutual Fund, Alliance Capital Mutual Fund, Sun F & C Mutual Fund, J M Mutual Fund, Debenture / Bonds of ICICI, Debenture / Bonds of IDBI, Debenture / Bonds of IFCI, and Bonds issued by Public Sector undertaking (whether or not incorporated under the Companies Act 1956) owned and controlled by Central/ State Government.

Not exceeding Rs. 3 Crores (Rs. Three Crores).

Southern Petrochemicals Industries Corporation Ltd., Kesoram Industries Ltd. and Duncans Industries Ltd.

Not exceeding Rs. 2 Crores (Rs. Two Crores).

KEC International Ltd., RPG Life Sciences Ltd., National Organic Chemical Industries Ltd., Videocon International Ltd., South India Corporation (Agencies) Ltd, Bombay Dyeing & Manufacturing Company Ltd., Ceat Ltd. Usha Beltron Ltd., Godrej Soaps Ltd., Hindustan Motors Ltd., Godrej Foods Ltd, Titan Industries Ltd. Bayer (India) Ltd., VIP Industries Ltd., Blow Plast Ltd., S. Kumar Synfabs Ltd., National Peroxide Ltd., India Foils Ltd., Dharamsee Morarjee Chemicals Company Ltd, Harrisons Malayam Ltd, Simplex Concrete Pile (India) Ltd., Williamsons Magor & Company Ltd, RPG Cable Ltd, and CESC Ltd."

"RESOLVED FURTHER THAT the Board of Directors has and shall always have the power to make loans/ advances / deposits to and / or to acquire by way of subscription, purchase or otherwise the securities of any body corporate within the permissible limits prescribed under Section 372 A, which at present is 60% of the paid up capital and free reserves or 100% of the free reserves, whichever is more on such terms and conditions as the Board of Directors may in its absolute discretion think fit provided however that the aggregate amount of loans / advances / deposits to and / or investment in securities to the bodies corporate specific above shall not exceed the limit as specified above in respect of each such body corporate."

Mumbai
28th May, 1999.

By Order of the Board

Registered Office :
Circular Court, 8, A J C Bose Road,
5th Floor, Calcutta-700 017

S. K. SINGHVI
Sr. Finance Manager &
Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members of the Company will remain closed from Tuesday the 20th July, 1999 to Wednesday the 4th August, 1999 both days inclusive.
3. The payment of dividend on Equity Shares, if declared at the said meeting will be made to those members whose names shall appear on the Company's Register of Members on 4th August, 1999 or to their nominees. The Dividend warrants will be despatched on or after 4th August, 1999.
4. The unclaimed Final Dividend for the year ended 31st March, 1995 amounting to Rs. 37043.82 has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those shareholders who have so far not claimed or collected their dividend for the said financial year may claim their dividend from the Registrar of Companies, West Bengal by submitting an application in the prescribed form.

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| <p>5. Members desirous of getting any information about the accounts and operation of the Company are requested to address their query to the Secretary at the Registered Office well in advance so that the same may reach him at least seven days before the date of the meeting to enable the management to keep the required information readily available at the meeting.</p> <p>6. Members who are holding shares in identical order of names in more than one folios, are requested to write to the Company to consolidate their holding in one folio.</p> | <p>7. Members are requested to notify change in address, if any, immediately to the Company at its Registered Office quoting their folio numbers.</p> <p>8. Those members who have so far not provided their Bank Account details are requested to inform their Bank Account Number, name of the Bank and Branch of Bank to the Company at its Registered Office quoting their folio no. to avoid the possibility of fraudulent encashment of dividend warrant.</p> |
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EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 6

Consequent to the passing of the Depositories Act, 1996 and with the introduction of the Depository System (the System), certain provisions of the Companies Act, 1956 (the Act) and the Securities Contracts (Regulation) Act, have been amended to facilitate the implementation of the System. Suitable modifications accordingly require to be made in the Articles of Association of the Company pertaining to the issue, holding, transfer and transmission of Shares and other related matters. It is therefore proposed to pass a Special Resolution to give effect to the changes in Articles of Association as referred in item no. 6.

The Board of Directors, therefore, recommend the shareholders approval of this item of the accompanying Notice.

None of the Directors is concerned or interested in passing of this Resolution.

Item No. 7

The Company vide its Resolution passed at Annual General Meeting held on 25th September, 1996 had authorised the Directors to make loans/ advances/ deposits to bodies corporate to the extent not exceeding Rs. 10 Crores (Rs. Ten Crores) over and above the limit as prescribed under then prevailing Section 370 of the Companies Act, 1956. The Surplus Funds from the operation of the Company are growing every year

therefore, the limit for deployment of surplus funds over and above the limit prescribed under the new Section 372 A needs to be increased. The Board of Directors requires authority from the Company by way of a Special Resolution to make loans/ advances/ deposits to and/or to acquire by way of subscription, purchase or otherwise the securities of bodies corporate to the extent not exceeding in aggregate Rs. 15 Crores (Rupees Fifteen Crores) in all such bodies corporate as listed in the Resolution no. 7. The aggregate amount of loans / advances / deposits and / or investment in securities to an individual body corporate shall be subject to the limit set out in the Resolution no. 7 and on such additional terms and conditions as the Board may deem fit, to enable the Company to earn income on the surplus fund available with the Company.

The limit of Rs. 15 Crores (Rs. Fifteen Crores) is over and above the limit of 60% of the paid up capital and free reserves or 100% of the free reserves whichever is more or such other percentage as applicable at the relevant time.

The Resolution set out in the Notice is recommended to the Members for approval.

None of the Directors may be deemed to be concerned or interested in the Resolution except to the extent of loans / advances / deposits or investments in securities that may be given to any bodies corporate in which they are Directors or Members.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 1999

Dear Shareholders,

We have pleasure in presenting the Ninth Annual Report and the Audited Statements of Accounts of your Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

	This Year (Rs./Lacs)	Previous Year (Rs./Lacs)
Turnover	2715.15	2056.89
Other Income	273.74	212.08
Gross Profit	1175.07	1011.71
Less : Depreciation	134.84	114.67
Provision for Taxation	262.00	213.00
Add : Excess provision of tax for earlier year	0.82	14.20
Net profit	779.05	698.24
Add : Balance brought forward from previous year	237.57	76.03
Profit available for appropriation	1016.62	774.27
Less : Proposed Dividend	161.70	147.00
Corporate Dividend Tax on Proposed Dividend	17.78	14.70
Debenture Redemption Reserve	125.00	125.00
General Reserve	350.00	250.00
Balance carried forward to next year	362.14	237.57
	1016.62	774.27

Turnover during the year under review has increased by about 32%, gross profit before depreciation and tax has gone up by about 16% and net profit after tax has increased by about 12% compared to the previous year.

DIVIDEND

For the year 1998-99, we recommend dividend on Equity Shares at the rate of Rs. 3.30 per share. Necessary provision for this has been made in the Accounts.

COURSE OF BUSINESS

The performance of your Company has been satisfactory. The turnover increased in terms of volume by about 19%

and in value by about 32% mainly due to introduction of a new product which has been well received by customers. The demand of polymers is expected to increase by about 8% to 10% per annum and therefore, similar growth can be expected for polymerisation initiators. We are happy to inform that after considerable efforts the speciality initiator for optical lenses produced by your Company has gained acceptance by reputed manufacturer for export production. This product is an import substitute and a large increase in growth of consumption is projected.

During the year technical measures have been taken to increase the capacity of the plant. This will enable your Company to meet growing demand for its products. With such increase in range of products and production capacity the overall outlook of your Company is optimistic.

Income from sales of Akzo Nobel products on agency basis has increased. Sales from this source are expected to grow further.

Technology assistance provided by the collaborators on continuous basis has helped your Company to improve and add new products, increase capacity and efficiency of manufacturing processes.

We would like to acknowledge the contribution made by Akzo Nobel Chemicals bv., for their continued technological assistance for the Plant and process improvements and guidance for marketing.

Y2K COMPLIANCE

Year 2000 problem will not adversely affect operation of your Company. Most of the systems are Y2K compliant. The Company has undertaken detailed study of all the systems so as to eliminate any risk of disruption in operation due to Y2K problem.

The compliance of Y2K problem will be completed by 31st October, 1999.

As most of the systems are Y2K compliant no substantial cost is expected to be incurred to address the Y2K problem.

ORGANISATION AND HUMAN RESOURCES

Your Company believes that employees are the main resource in realising its ambitions in a dynamic business environment. Human Resource Management has been an integral part of our business strategy.

Your Company in pursuit of excellence, has provided development opportunities for the employees through