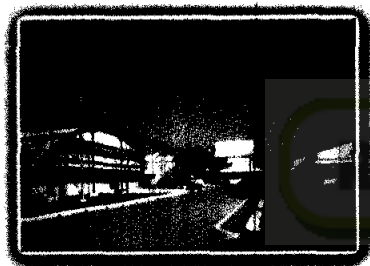


11th Annual Report 2000-2001



Centak Chemicals Limited



Akzo Nobel is a multinational Company that serves customers throughout the world with healthcare products, coatings and chemicals. Headquartered in the Netherlands, the Company has activities in more than 75 countries. In the year 2000 sales were EUR 14.0 billion.

Akzo Nobel has a two-layer organizational 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; legal affairs and intellectual property; communications; health; safety, and environment; and information management; and risk and insurance management.



Eleventh Annual Report 2000-2001

CENTAK CHEMICALS LIMITED

BOARD OF DIRECTORS

Mr. R. E. Margevich
Mr. B. Stuu
Mr. D. Basu
Mr. D. Y. Gaitonde
Mr. A. S. Dalal

PRESIDENT

Mr. Lennart Malmberg

SR. FINANCE MANAGER & SECRETARY

Mr. S. K. Singhvi

AUDITORS

Messrs Price Waterhouse

BANKERS

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

SHARE TRANSFER AGENT

M C S Limited
116/118, Akshay Complex,
Off. Dhole Patil Road, Pune-411 001
Tel. : 020-6129597

REGISTERED OFFICE

7th Floor, Birla Building,
9/1, R.N. Mukherjee Road,
Kolkata-700 001. Tel.: 033-2436003

HEAD OFFICE

401, 4th Floor,
Century Arcade, Narangi Baug Road,
Pune-411 001. Tel.: 020-6125822

FACTORY

C-61 (Part), E 19/20, MIDC, Industrial Area, Mahad, Dist. Raigad - 402 301. Tel. : 02145-32153

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NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Eleventh Annual General Meeting of the Shareholders of CENTAK CHEMICALS LIMITED will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017 on Friday, the 14th September, 2001 at 10.30 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, 2001.
2. To appoint a Director in place of Mr. D. Basu who retires by rotation but being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. D. Y. Gaitonde who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

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

AS SPECIAL RESOLUTION

"RESOLVED THAT subject to the approval of the Central Government and pursuant to Section 21 of the Companies Act, 1956 and any other applicable provisions, the Name of the Company be and is hereby changed to Akzo Nobel Chemicals (India) Limited."

"RESOLVED FURTHER THAT Clause I of the Memorandum of Association and Sub-clause (i) of Article 1 of the Articles of Association of the Company be altered accordingly."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary, desirable or appropriate to give effect to this Resolution."

By Order of the Board

Mumbai
23rd July, 2001

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 OF THE COMPANY.
2. The Register of Members of the Company will remain closed from Monday, the 10th September, 2001 to Friday, the 14th September, 2001 both days inclusive.
3. 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.
4. (i) The unclaimed dividend of the financial year 1994-95 has been transferred to the General Revenue Account of the Central Government in terms of provisions of Section 205A of the Companies Act, 1956. Those Shareholders who have so far not claimed their dividend for the financial year 1994-95 may claim their dividend from the Registrar of Companies, West Bengal by submitting an application in the prescribed form.
(ii) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year 1995-96 and thereafter which remain unpaid/unclaimed for a period of 7 (Seven) years will be transferred to the Investor Education and Protection Fund to be constituted by the Central Government under Section 205C of the Companies Act, 1956.

It may kindly be noted that once the unpaid/unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.

5. The Equity Shares of the Company are listed on the following Stock Exchanges :
(i) The Calcutta Stock Exchange Association Limited, 7, Lyons Range, Calcutta - 700 001.
(ii) The Stock Exchange, Mumbai, Jeejeebhoy Tower, Dalal Street, Mumbai - 400 023.
(iii) Vadodara Stock Exchange Limited, Fortune Towers, Sayaji Gunj, Vadodara - 390 005.

The listing fee to the above Exchanges has been paid.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

The Company has become a subsidiary of the Akzo Nobel Chemicals International B.V. pursuant to the acquisition of Shares from the co-promoters and public. As requested by Akzo Nobel Chemicals International B.V., the Board of Directors propose to change the Name of the Company to Akzo Nobel Chemicals (India) Limited to represent the association of the Company with Akzo Nobel.

As per Section 21 of the Companies Act, 1956, the proposed change requires your approval by Special Resolution and the approval of the Central Government.

The Board of Directors recommends the Resolution for your approval.

None of the Directors is concerned or interested in the Resolution except as *Member of the Company*.



DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2001

Dear Shareholders,

We have pleasure in presenting the Eleventh Annual Report and the Audited Statements of Accounts of your Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	This Year (Rs./Lacs)	Previous Year (Rs./Lacs)
Turnover	2125.30	2969.49
Other Income	263.29	317.06
Gross Profit	824.58	1279.69
Less : Depreciation	128.73	141.67
Provision for Taxation	189.00	313.00
Add : Excess/(Short) provision of tax for earlier year(s)	13.18	(30.32)
Net profit	520.03	794.70
Add : Balance brought forward from previous year	477.35	362.14
Profit available for appropriation	997.38	1156.84
Less : Interim Dividend	161.70	161.70
Corporate Dividend Tax on Interim Dividend	36.54	17.79
General Reserve	53.00	500.00
Balance carried forward to next year	746.14	477.35
	997.38	1156.84

DIVIDEND

For the year 2000-2001, we have declared and paid interim dividend on Equity Shares at the rate of Rs. 3.30 per Share. Necessary provision for this has been made in the Accounts. In order to conserve resources final dividend has not been recommended for the year ended 31st March, 2001.

COURSE OF BUSINESS

Considering the general slowdown in the economy which also affected polymer industries, the performance of your Company has been generally satisfactory. Compared to the previous year turnover for the year ended 31st March, 2001 decreased by about 28% and the net profit after tax declined by about 35%. Prices of the Company's products have been under pressure due to cheaper imports, also due to a weak Euro. The anomaly of higher duty on imported raw materials as compared to that on the finished products continues to be there despite continued representations to the authorities concerned. Since it is expected that the markets for the Company's product will continue to be stagnant we expect that competition will intensify in the years to come.

Plant operations were smooth and safe.

Your Company is planning to explore export market to expand its business.

We would like to acknowledge the valuable contribution of Akzo Nobel Chemicals International B.V., through continued technological assistance.

AKZO NOBEL SHAREHOLDING

Akzo Nobel Chemicals International B.V., the co-promoter, has as part of its global strategy, decided to make the Company a subsidiary to enhance its commitment to business in India. Pursuant to this it has acquired 52.99% Equity Shares of the Company from Century Enka Limited (18.98%), Century Textiles and Industries Limited (16%) and 18.01% from Public through Open Offer. Akzo Nobel Chemicals International B.V. now owns 92.99 % Equity Share Capital of the Company.

SHIFTING OF REGISTERED OFFICE

Your Company has passed a Special Resolution approving shifting of Registered Office of the Company from the State of West Bengal to the State of Maharashtra in the Extra Ordinary General Meeting held on 27th June, 2001. Procedural formalities are in process to shift the Registered Office.

DE-LISTING OF SHARES

Akzo Nobel Chemicals International B.V. has opted for de-listing of the Shares of the Company in accordance with Rule 21(3) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers)

**DIRECTORS' REPORT** (Contd.)

Regulations, 1997. The Company will accordingly apply for de-listing of its Shares from the Stock Exchanges.

CHANGE OF NAME

The Board has decided to change the name of the Company to Akzo Nobel Chemicals (India) Limited. Process to obtain necessary approvals to effect the change has been initiated.

ORGANISATION AND HUMAN RESOURCES

Well trained and highly motivated employees is one of the critical success factors of your Company. We provide conducive working environment with the ambition to create a continuously learning organization, which stimulates team work and transparency.

We have the ambition to be the first choice of customers, shareholders and the employees. The management of your Company fosters culture of openness and fairness, encourages creativity and develops entrepreneurial spirit. Employees of your Company are committed to follow ethical practices.

In our commitment for development and training of the employees and to prepare them to meet increasing challenges of business, all key people were trained abroad on various programmes on emerging needs. Also employees were trained in soft skills and management development.

We would like to place on record our appreciation of the dedicated services of all employees of the Company and continue to support their initiatives to do better.

SAFETY, HEALTH AND ENVIRONMENT

Awareness towards Safety, Health and Environment is imparted to employees through various programmes since they are prime concerns of your Company. Regular and well planned intensive safety training programmes are conducted to keep staff well prepared for fire fighting and other hazards.

Statutory Rules and Regulations for Safety, Health and Environment are strictly observed.

The Company has proper waste disposal and effluent treatment systems.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Energy conservation measures, progress made in technology absorption and foreign exchange earnings and outgo as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in a separate statement attached hereto and forming a part of the Report.

CORPORATE GOVERNANCE

Your Company has complied with Corporate Governance requirements as recommended by Kumar Mangalam Birla Committee and embodied by the Stock Exchanges by way of Clause 49 of the Listing Agreement. A detailed report on Corporate Governance and Management Discussion and Analysis has been incorporated in this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors report that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they 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 or loss of the Company for the financial year ended on that date;
- they 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;
- they had prepared Annual Accounts on a going concern basis.

DIRECTORS

Mr. B. K. Birla has resigned from the Directorship of the Company. He made outstanding and significant

contribution in the establishment of the Company and its *eventful development through its first decade of existence*. As one of the highly respected and recognised leaders in Business and Industry, his business acumen was of considerable help in all important matters pertaining to the Company. *Being the Chairman of number of reputed companies with unrivalled high standards of governance*, his guidance was invaluable to the management of the Company to establish its reputation for integrity and fairness.

In accordance with the Articles of Association of the Company, Mr. D. Basu and Mr. D. Y. Gaitonde will retire by rotation and being eligible offer themselves for re-appointment. A brief resume of Mr. D. Basu and Mr. D. Y. Gaitonde who are seeking re-appointment as Directors has been given under the Corporate Governance Report forming part of the Annual Report.

AUDITORS

Messrs Price Waterhouse, the Auditors of the Company, will retire from the office of the Auditors and being eligible, offer themselves for re-appointment. Their remuneration for the current year is to be fixed by you.

GENERAL

Details of remuneration paid to employees as required by Section 217(2A) of the Companies Act, 1956, are set out in a separate statement attached hereto and forming part of the Report.

ACKNOWLEDGEMENT

The Directors are thankful to the State Government, Financial Institutions, Bankers and Shareholders for their continual support from time to time extended to the Company for better performance.

Mumbai
23rd July, 2001

D. Y. GAITONDE
A. S. DALAL
Directors





Annexure to the Directors' Report

(Additional information given in terms of Notification 1029 of 31.12.1988 issued by the Department of Company Affairs)

A. CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken :
- (i) Use of water-cooled refrigerated system continued.
 - (ii) 'Auto Start & Auto Stop Systems' have been used to save energy.
 - (iii) Cold storage insulation properly maintained to prevent heat loss.
 - (iv) Refrigeration system of (+) 10° C Cold Storages were modified from air cooled condenser to water cooled condenser. This has resulted in energy saving.
- (b) Additional investment and proposals, if any, being implemented for saving of energy :
This is under consideration.
- (c) As an effect of the above measures taken, there shall be a saving in electrical and maintenance cost of the Company.

B. TECHNOLOGY ABSORPTION

- (a) Research & Development
- (1) Specific areas in which R & D is carried out by the Company : NIL
 - (2) Benefits derived as a result of the above R & D : NIL
 - (3) Future plan of action : NIL
 - (4) Expenditure on R & D : NIL
- (b) Technology Absorption, Adaptation, Innovation
- (1) Efforts towards technology absorption, adaptation and innovation :
Production processes were upgraded in keeping with latest technological advancement.
 - (2) Benefits derived as a result of above efforts :
Above efforts have resulted in increase in yield, reaction efficiency, reduction of batch times and cost reduction.

INFORMATION ON IMPORTED TECHNOLOGY

(Imported during the last 5 years from the beginning of the financial year)

(a) Technology imported	(b) Year of import	(c) Technology absorption
Technical documentation for process know how.	1996-97	Received and absorbed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on foreign exchange earnings and outgo is contained in Schedule I, item 5 (b), (c), (d) and (e) in Notes on Accounts.

Mumbai
23rd July, 2001

D. Y. GAITONDE
A. S. DALAL
Directors

Annexure to the Directors' Report (Contd.)**FORM-A**

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION		2000-2001	1999-2000
ELECTRICITY			
(a) Purchased			
Units (KWH)		1374708	1715710
Total amount (Rs.)		5675582	6917247
Rate per Unit (Rs.)		4.13	4.03
(b) Own Generation			
Through Diesel generators			
Units (KWH)		2140	8400
Units per ltr. of diesel oils		1.88	3.26
Cost per Unit (Rs.)		10.35	4.91
B. CONSUMPTION PER UNIT OF PRODUCTION	Standard	Current Year	Previous Year
PRODUCTS (with details) UNIT			
ELECTRICITY (KWH/Ton of Product)			
Polymerisation Initiators		3807.28	3614.75

Annexure to the Directors' Report

STATEMENT CONTAINING INFORMATION AS PER SECTION 217 (2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2001.

Name, Designation/Nature of Duties, Remuneration Received (Rs.), Qualification, Experience (Years), Date of Commencement of Employment, Age (Years), Last Employment held.

(a) Employed throughout the year and were in receipt of remuneration for the year in aggregate of not less than Rs.12,00,000/-.

Mr. L. Malmberg, President, Rs.19,45,549/-, Ph.D. (Organic Chemistry), 37, 01.01.1995, 63, General Manager (Initiators), Kenobel AB, Sweden.

(b) Employed for part of the year and were in receipt of remuneration at the rate of not less than Rs. 1,00,000/- per month.

NIL

NOTES :

1. Remuneration includes salaries, house rent and the monetary value of perquisites calculated in accordance with the provisions of the Income-Tax Act, 1961 and the Rules made thereunder.
2. Nature of Employment - Contractual.
3. The employee is not a relative of any of the Directors of the Company.

Mumbai
23rd July, 2001

D. Y. GAITONDE
A. S. DALAL
Directors