

Report

37th Annual Report

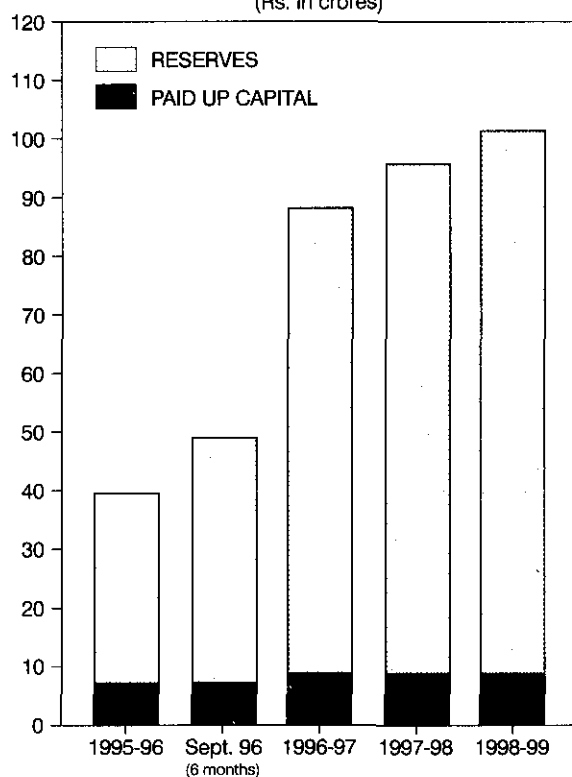
1999

Cabot India Limited

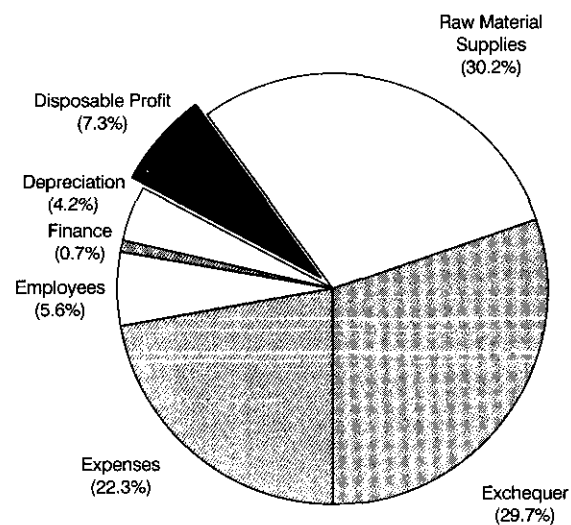
30th September 1999

Shareholders Fund

(Rs. in crores)

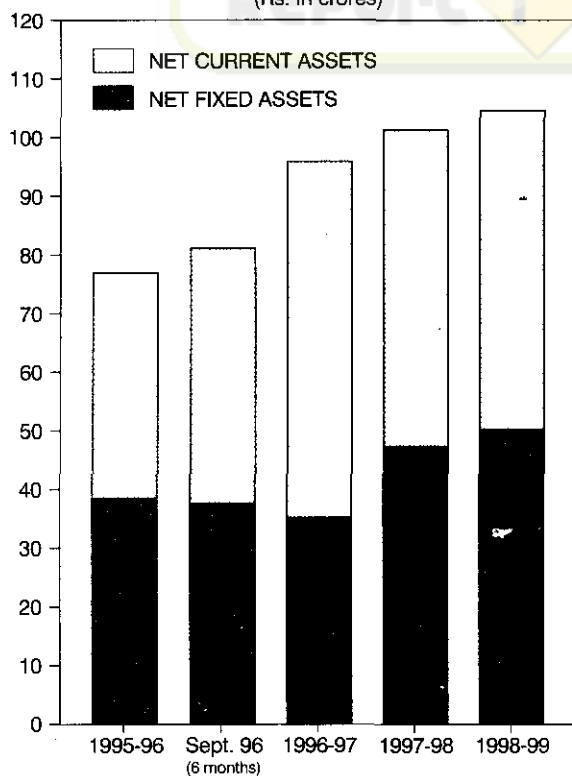


Distribution of Income



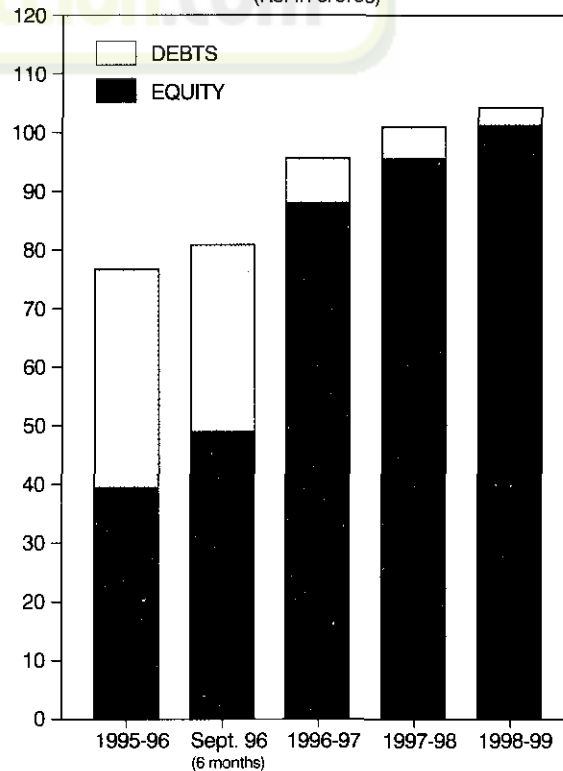
Capital Employed

(Rs. in crores)



Debt Equity

(Rs. in crores)



BOARD OF DIRECTORS

H N Sethna	<i>Chairman</i>
N M Wagle	
M Varadarajan	
K F Burnes	
Ho-il Kim	<i>Alternate for K F Burnes</i>
D R Young	
C R Dua	<i>Alternate for D R Young</i>
Y H Malegam	
Aad Van der Heijden	
Alok Gupta	<i>Managing Director</i>

COMPANY SECRETARY

P Ramanathan

SOLICITORS

Little & Co.

AUDITORSLovell & Lewes, *Chartered Accountants***BANKERS**Union Bank of India
Corporation Bank**REGISTRARS & SHARE TRANSFER AGENTS**IIT Corporate Services Limited
IIT House, Near Vazir Glass Works, Off M. V. Road,
J. B. Nagar, Andheri (East), Mumbai 400 059.
Tel: 822 5599**REGISTRARS TO FIXED DEPOSIT SCHEME**Upendra Dalal & Co.
17, Rajgir Chambers, Opp. Old Custom House,
S. Bhagatsingh Road,
Mumbai 400 023.
Tel: 266 1107, 266 1357**REGISTERED OFFICE**N. K. M. International House,
178, Backbay Reclamation,
Mumbai 400 020.
Tel: 202 7846, 287 5960**FACTORY**MIDC, Plot No. 3, Trans-Thane Creek Area,
Thane-Belapur Road, Post Ghansoli,
Thane 400 701.
Maharashtra.**CONTENTS**

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NOTICE

NOTICE IS HEREBY GIVEN THAT the THIRTY-SEVENTH Annual General Meeting of the Company will be held at Patkar Hall, SNDT Women's University, New Marine Lines, Mumbai - 400 020 on Friday, January 28, 2000, at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the Financial Year ended September 30, 1999 and Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend
3. To elect a Director in place of Mr. K F Burnes, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To elect a Director in place of Mr. D R Young, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and for such purpose to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Messrs. Lovelock & Lewes, Chartered Accountants, Mumbai, be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs. 3,50,000/- per annum and in addition they be reimbursed all out-of-pocket expenses and service tax that may be imposed on the fees from time to time".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things as may be necessary to implement this resolution".

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. Aad van der Heijden who was appointed as a Director at the meeting of the Board of Directors of the Company held on March 19, 1999 and whose term expires at the Annual General Meeting scheduled to be held on January 28, 2000, and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director of the Company, be and is hereby appointed as a Director of the Company, whose period of office will be liable to determination by retirement by rotation."

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of sub-section (4) of Section 309 and other applicable provisions of the Companies Act, 1956, a sum not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198, 349 and 350 of the Act be paid to and distributed amongst the Directors of the Company or some or any other (other than the Managing Director) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for five financial years commencing from October 1, 1999.

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provision of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any Statutory modification or re-enactment thereof for the time being in force)

NOTICE (Contd.)

the Articles of Association of the Company be and are hereby amended, altered and/or substituted in the manner and to the extent set out herein below:

A	Article 2 of Articles of Association shall include the following definitions in alphabetical order, at appropriate places, with marginal notes:
"Beneficial Owner"	"Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
"Depositories Act, 1996"	"Depositories Act, 1996, shall include any statutory modification or re-enactment thereof for the time being in force.
"Depository"	"Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
"SEBI"	"SEBI" means "the Securities and Exchange Board of India" established under section 3 of the Securities and Exchange Board of India Act, 1992.
"Security"	"Security" means any security as may be specified by SEBI from time to time.
B	Definition of Member given in Article 2 be deleted and the following with marginal note be substituted in its place:
"Member"	"Member" means the duly registered holder from time to time of the shares of the Company and includes the subscribers of the Memorandum of the Company and the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
C	Article 11 of the Articles of Association shall be substituted as follows:
11. Register and Index of Members.	"The Company shall cause to be kept a Register and Index of Members in accordance with all appropriate provisions and the rules made there under from time to time and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any State or country outside India a Branch Register of Members resident in that State or country."
D	Article 12 of the Articles of Association shall be substituted as follows:
12 Shares to be numbered progressively and no share to be sub-divided.	The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future, or issued in future in dematerialised form. Except in the manner herein before mentioned, no share shall be subdivided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
E	The following article with marginal note be inserted as Article 12A, after Article 12.
12A Dematerialisation/ rematerialisation of shares.	The Company shall be entitled to dematerialise/ rematerialise its existing shares held in the Depositories and/or to offer its fresh shares in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.
Options for Investors	Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a Depository. Such a person who

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	is the Beneficial Owner of the securities can at any time opt out of a Depository if permitted by the law, in respect of any such security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed issue to the Beneficial Owner the required Certificate of Securities.
	If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the Security and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Security.
Securities in Depositories to be in fungible form.	All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.
Rights of Depositories & Beneficial Owners.	<p>(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.</p> <p>(b) Same as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.</p> <p>(c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.</p>
Service of Documents	Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the Beneficial Owner may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
Transfer of Securities	Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
Allotment of Securities dealt with a Depository	Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository, immediately on allotment of such securities.
F	Article 23 of Articles of Association shall be substituted as follows:
23 Company not bound to recognise any interest in share other than that of registered holder.	"Except as ordered by a court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the beneficial owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent future or partial interest in any share or except only as is by these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them."
G 51(a) Register of Transfers	<p>In Article 51(a) after the words transmission of any share the following words shall be added:</p> <p>"held in material form".</p>

H 57A .	After Article 57 the following Article shall be inserted as Article 57A and shall read as follows:
Transfer or Transmission of shares held in electronic form	In the case of transfer or transmission of shares, or other marketable securities where the Company has not issued any certificate and/or where such shares or securities are being held in an electronic and fungible form in a depository, the provisions of the Depositories Act, 1996 shall apply."
I 95A	The following Article shall be inserted as Article 95A after the existing Article 95:
Voting Rights	A Depository as a registered owner shall not have any voting rights in respect of shares and securities held by it in dematerialised form. However, the beneficial owner as per the Register of Beneficial Owner maintained by a Depository shall be entitled to such rights in respect of shares or securities held by him in the Depository. Any reference to the Member or joint members shall include a reference to Beneficial Owner or joint Beneficial Owners in respect of the shares held in Depository.

By Order of the Board

P RAMANATHAN
Company Secretary

Mumbai,

November 23, 1999

Registered Office:

NKM International House
178 Backbay Reclamation,
Mumbai - 400 020

Notes :

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.

PROXIES IN ORDER TO BE EFFECTIVE, MUST BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

- (2) The Dividend as recommended by the Board, if sanctioned at the Meeting, will be payable on and after February 10, 2000, to those Members whose names are on the Company's Register of Members on January 28, 2000. Dividend will be paid by warrants crossed "Account Payee".

The Register of Members and the Transfer Books of the Company will remain closed from Friday, January 14, 2000 to Friday, January 28, 2000 (both days inclusive).

- (3) UNCLAIMED DIVIDENDS FOR AND UPTO FINANCIAL YEAR ENDED MARCH 1993 HAS ALREADY BEEN TRANSFERRED TO THE GENERAL REVENUE ACCOUNT OF CENTRAL GOVERNMENT IN TERMS OF THE PROVISIONS OF SECTION 205 OF THE COMPANIES ACT, 1956.

Those members who have so far not claimed dividends for the said period may claim the same from the Registrar of Companies, Maharashtra, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowkie, Mumbai 400 033.

No Dividend has been declared for the Financial Years ended March 31, 1994 & March 31, 1995.

- (4) In respect of unclaimed dividend for the Financial Years ended on 31.3.1996, 30.9.1996, 30.9.1997 and 30.9.1998, pursuant to Section 205A(5) of the Companies Act, 1956 as amended, any money transferred to the

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Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the unpaid dividend account shall be transferred by the Company to the Investor Education and Protection Fund to be established by the Central Government.

- (5) Members are requested to intimate immediately change of address, if any, to the Company or its Registrars and Share Transfer Agents, IIT Corporate Services Limited, IIT House, Near Vazir Glass Works, Off M V Road, J B Nagar, ANDHERI (E), Mumbai 400 059 (Tel : 822 55 99). Kindly quote the Registered Folio Number in all your correspondence.
- (6) Members who are holding shares in more than one folio are requested to intimate the Registrars and Transfer Agents the details of all their holdings for consolidation into a single folio.
- (7) MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT ALONG WITH THEM AS COPIES OF THE REPORT WILL NOT BE DISTRIBUTED AT THE MEETING.
- (8) THE RELEVANT EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IS ANNEXED HERETO.

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts to the Special Business mentioned in the accompanying Notice dated November 23, 1999.

Item No. 6

The Board appointed Mr. Aad van der Heijden as an Additional Director on 19th March 1999. Under Section 260 of the Companies Act, 1956 (the Act), Mr Heijden will hold the office only upto the date of 37th Annual General Meeting. Mr. Heijden is the Vice President and Sr. Regional Manager of Cabot Pacific Asia Carbon Black Division.

A Notice has been received under Section 257 of the Act from a member proposing Mr. Heijden's candidature for the office of a Director of the Company with the requisite deposit of Rs. 500/-. The Board considers that the Company would be benefited by his varied experience and valuable guidance and advice to the Company from time to time.

The Appointment of Mr. Heijden as a Director of the Company is commended for approval by the Members.

Mr. Heijden is concerned or interested in the resolution since it relates to his own appointment.

Item No. 7

Pursuant to the provision of Section 309 and other applicable provisions of the Companies Act, 1956, the shareholders had at the 32nd Annual General Meeting held on July 28, 1995, approved of the payment of commission to non-executive Directors (other than the Managing Director and Whole-time Directors) of an amount not exceeding 1% of the net profits of the Company for each of the financial year, valid upto financial year ended September 30, 1999.

In the past five financial years, when the amounts available as per computation were substantial, the Directors have exercised restraint and much lower sums have been distributed among the non-executive resident Directors. No commission has been paid to Cabot's nominee on the Board as non-executive Director. Having regard to the valuable and specific useful service rendered by the non-executive Directors to the Company, it is considered desirable that the non-executive Directors receive a commission for each financial year for a period of five years from October 1, 1999.

The Resolution proposed is entirely an enabling one. Your Directors would exercise self-discipline and no commission will accrue or become payable to the non-executive Directors until the Board at its discretion and within the limit approved by the shareholders and provided in the Company's accounts, decides to distribute the amount of commission after taking into account all relevant circumstances.

All the Directors other than the Managing Director, Mr. Alok Gupta, may be deemed to be concerned or interested in the Resolution to the extent of the commission that may be received by them.

Item No. 8

Consequent to the passing of the Depositories Act, 1996 and introduction of the Depository system, some of the Articles are required to be altered so as to facilitate introduction and implementation of Depository System. In view of the same, it is proposed to make the alterations as set out in the Resolution at Item No. 8 to enable the Company to dematerialise its Securities and to facilitate holding and dealing in its Securities under the Depository System.

The Depository System is a safer and more convenient method for holding and trading in shares and securities of the Company.

The Board recommends passing of the resolution set out in Item No. 8 of the accompanying notice.

The Directors may be deemed to be interested in this resolution to the extent of their share-holdings in the Company.

The Articles of Association of the Company together with the proposed alterations are available for inspections, on any working day of the Company at the Registered Office of the Company.

By Order of the Board

P RAMANATHAN
Company Secretary

Mumbai,
November 23, 1999

Registered Office:
NKM International House
178 Backbay Reclamation
Mumbai - 400 020

