



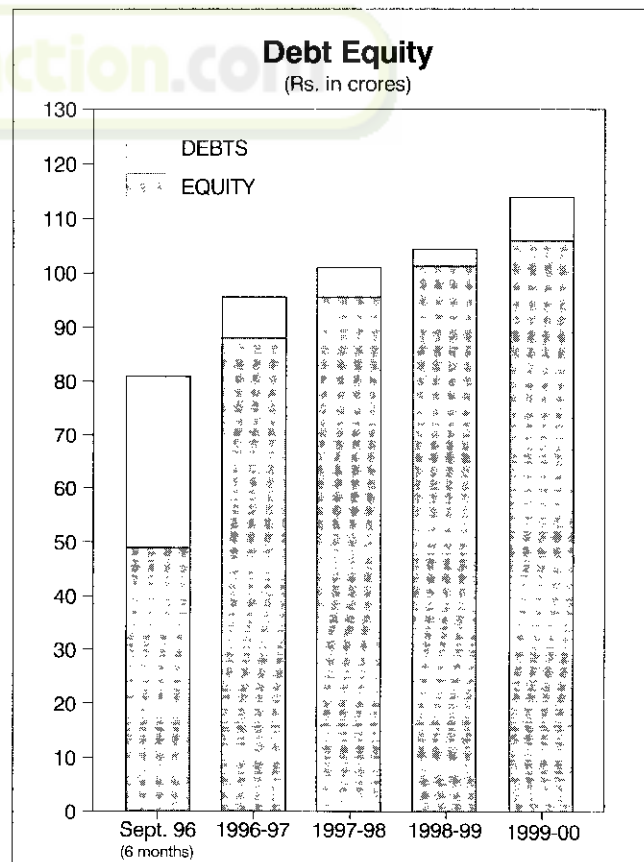
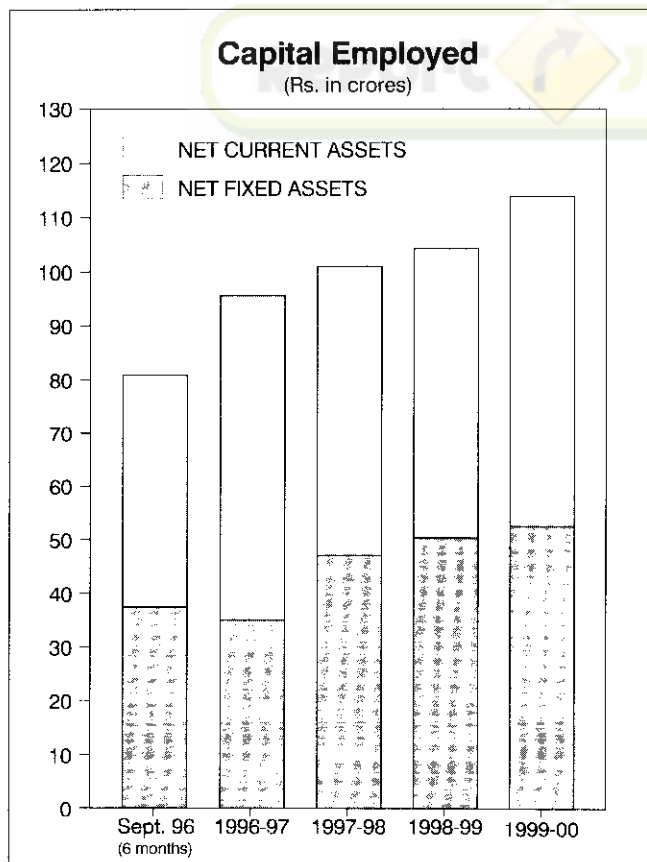
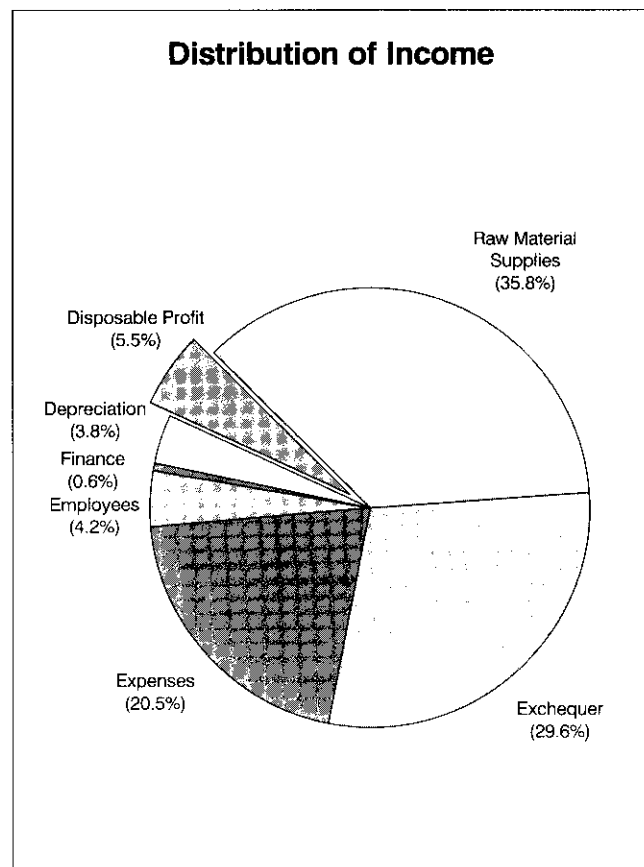
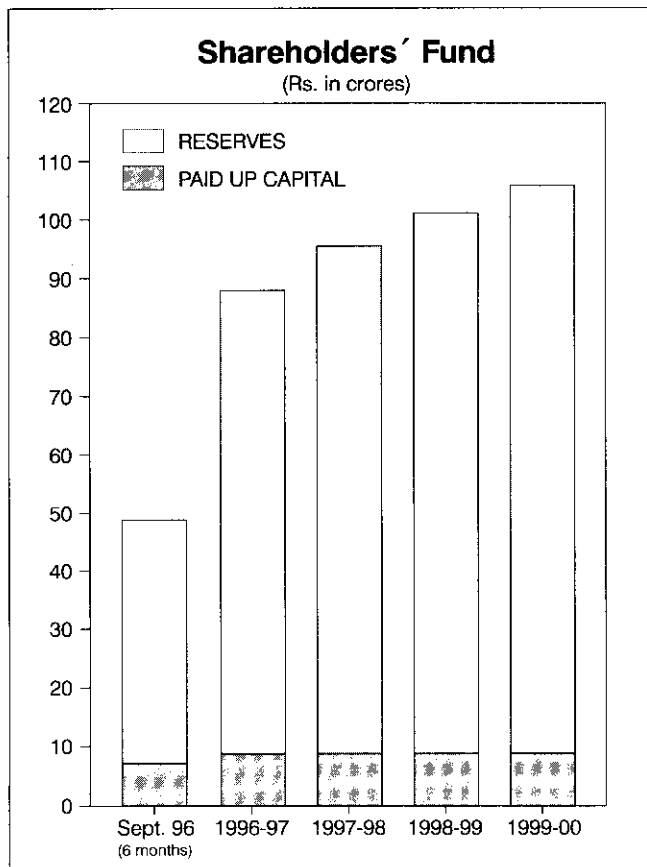
CABOT

creating what matters



38th Annual Report
Year 2000

Cabot India Limited
30th September 2000





Cabot India Limited

BOARD OF DIRECTORS

H N Sethna	<i>Chairman</i>
M Varadarajan	
K F Burnes	
Ho-il Kim	<i>Alternate for K F Burnes</i>
Y H Malegam	
C R Dua	
Arie van der Heijden	
Nicholas Ballas	
Alok Gupta	<i>Managing Director</i>

COMPANY SECRETARY

P Ramanathan

SOLICITORS

Little & Co.

AUDITORSLovelock & 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 • Fax: 838 1417**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-EIGHTH Annual General Meeting of the Company will be held at Patkar Hall, SNDT Women's University, New Marine Lines, Mumbai - 400 020 on Tuesday, January 30, 2001, 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, 2000 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. M Varadarajan, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To elect a Director in place of Mr. Y H Malegam, 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. 4,00,000/- 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. C R Dua who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on September 29, 2000 and whose term expires at the Annual General Meeting scheduled to be held on January 30, 2001 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, 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 an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company, be and is hereby accorded to the re-appointment of Mr. Alok Gupta as the Managing Director of the Company for a period of five years with effect from October 4, 2000 and to his receiving remuneration, benefits and amenities as Managing Director of the Company upon the terms, conditions and stipulations contained in the Agreement dated October 4, 2000 ("the said Agreement") entered into between the Company and Mr. Alok Gupta."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits during Mr. Alok Gupta's term of office as Managing Director, the remuneration mentioned in the said Agreement shall be payable as minimum remuneration, as permissible under Section II of Part II of Schedule XIII of the Act."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised and empowered to make such alterations and variations in the terms and conditions of the appointment and/or the

NOTICE (Contd.)

agreement of Mr. Gupta as it may in its discretion deem fit within the maximum amount payable in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made thereto."

By Order of the Board

P RAMANATHAN
Company Secretary

Mumbai,
November 21, 2000

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 12, 2001, to those Members whose names are on the Company's Register of Members on January 30, 2001. Dividend will be paid by warrants crossed "Account Payee".

The Register of Members and the Transfer Books of the Company will remain closed from Tuesday, January 16, 2001 to Tuesday, January 30, 2001 (both days inclusive).

Members holding shares in electronic form may please note that their Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrant as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members therefore must give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants.

- (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, 30.9.1998 and 30.9.1999 pursuant to Section 205A(5) of the Companies Act, 1956 as amended, any money transferred to the 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.



NOTICE (Contd.)

- (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 21, 2000.

Item No. 5

Mr. C R Dua, Alternate Director to Mr. Nicholas Ballas, vacated his office under section 313 (2) of the Companies Act, 1956 (the Act) on 29th September, 2000 and the Board appointed him as an Additional Director on the same day under Section 260 of the Act. Mr. Dua will hold the office only upto the date of 38th Annual General Meeting.

Mr. C R Dua is a lawyer and Sr. Partner of Dua Associates. He has remained on the Board of the Company since 1985 as Alternate to Cabot Nominated Director from time to time.

A Notice has been received under Section 257 of the Act from a member proposing Mr. Dua'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 benefitted by his varied experience and valuable guidance and advice to the Company from time to time.

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

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

Item No. 7

The Board of Directors, subject to the approval of members, re-appointed Mr. Alok Gupta as Managing Director of the Company for a period of five years with effect from October 4, 2000, on the remuneration and terms and conditions set out in the Agreement dated October 4, 2000 between the Company and Mr. Alok Gupta, a copy whereof is available for inspection by the members at the Registered office of the Company between 11.00 a.m. and 1.00 pm. on any working day (Monday through Friday).

The terms of re-appointment of Mr. Alok Gupta are as follows;

1. Period:

For 5 years from October 4, 2000 to October 3, 2005

2. Salary:

The Managing Director shall be paid a Salary in the scale of Rs. 1,00,000 to Rs. 2,00,000 per month with authority to the Board to fix his salary within the said scale from time to time, based on the Company's performance.

NOTICE (Contd.)**3. Perquisites and Allowances:**

- (i) In addition to salary and commission payable, the Managing Director shall also be entitled to the following:
 - (a) Rent free accommodation owned/leased/rented by the Company, or Housing Allowance in lieu thereof, as per the Rules of the Company.
 - (b) Reimbursement of expenses or allowances for utilities such as gas, electricity, water and furnishings.
 - (c) Medical reimbursements, leave travel concession for himself and his family, club fees, medical insurance, annual leave and other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors, such perquisites and allowances to be restricted to annual salary in the relevant Financial Year.
- (ii) For the purpose of calculating the above ceiling, the perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost.
- (iii) The following shall not be included in the aforesaid perquisite limit:
 - (a) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act.
 - (b) Gratuity payable as per the rules of the Company.
 - (c) Provision for use of the Company's car with driver, telephone and other communication facilities at residence.
 - (d) Encashment of the existing unavailed leave as per the rules of the Company at the time of retirement/cessation of service.

4. Commission:

The Managing Director shall be paid commission as may be decided by the Board of Directors of the Company at the end of each Financial year subject to the overall ceilings stipulated in Section 198 and 309 of the Act, but in any case not exceeding twice the Salary in the relevant Financial Year.

The Managing Director shall not be paid any sitting fees for attending the Meetings of the Board of Directors of the Company or any Committee or Committees thereof.

In the event of absence or inadequacy of profits in any financial year, Mr. Alok Gupta will be paid the aforesaid salary, perquisites and allowances as minimum remuneration for that year.

The Board/the Chairman, shall have the discretion and authority to modify the foregoing terms of remuneration, within, however, the limit prescribed under Schedule XIII read with the provisions of the Act.

An abstract containing the above details as required under Section 302 of the Act was mailed to all members on 19.10.2000.

Mr. Gupta is concerned or interested in his Agreement with the Company. Save as aforesaid, no Director of the Company is concerned or interested in the said Agreement.

By Order of the Board

P RAMANATHAN
Company Secretary

Mumbai, November 21, 2000

Registered Office:

NKM International House
178, Backbay Reclamation
Mumbai-400 020



FINANCIAL HIGHLIGHTS AT A GLANCE

Rs. in lakhs

	1999-2000	1998-99	1997-98	1996-97	SEPT-96†	1995-96	1994-95	1993-94	1992-93	1991-92
A. CAPITAL ACCOUNTS:										
1. What the Company Owned:										
Fixed Assets:										
Gross Block	8241.56	7480.18	6781.87	5456.40	5395.74	5344.22	5332.71	4980.44	3809.96	1343.06
Depreciation	2986.54	2445.65	2063.39	1951.67	1649.85	1503.16	1200.22	1054.85	956.96	868.89
Net Block	5255.02	5034.53	4718.48	3504.73	3745.89	3841.06	4132.49	3925.59	2853.00	474.17
Investments	22.48	22.48	318.36	522.48	22.48	22.48	22.48	18.43	13.39	10.44
Net Current Assets	6105.90	5370.93	5059.16	5530.78	4317.88	3808.54	2379.45	2670.08	2605.69	1887.63
	11383.40	10427.94	10096.00	9557.99	8086.25	7672.08	6534.42	6614.10	5472.08	2372.24
2. What the Company Owed:										
Borrowings:										
Secured Loans	707.71	208.19	395.80	524.60	2926.39	3101.58	3906.29	3892.40	2817.01	1000.85
Unsecured Loans	85.35	103.34	149.45	235.04	270.37	624.89	734.62	718.08	278.20	272.88
	793.06	311.53	545.25	759.64	3196.76	3726.47	4640.91	4610.48	3095.21	1273.73
3. Shareholders' Funds:										
Equity Share Capital	873.84	873.84	873.84	873.84	713.34	713.34	582.56	582.56	582.56	279.63
Reserves & Surplus	9716.50	9242.57	8676.92	7924.51	4176.15	3232.27	1310.95	1421.06	1794.31	818.88
	10590.34	10116.41	9550.76	8798.35	4889.49	3945.61	1893.51	2003.62	2376.87	1098.51
B. REVENUE ACCOUNTS:										
Sales	14080.98	11275.66	11614.56	12878.21\$	6522.06\$	10322.38\$	8007.15\$	4990.37	6860.66	5347.18
Other Income	102.42	111.33	219.01	153.68	21.79	46.66	99.16	86.18	50.43	44.81
	14183.40	11386.99	11833.57	13031.89	6543.85	10369.04	8106.31	5076.55	6911.09	5391.99
Manufacturing Expenses	8572.68	6251.58	6258.15	7074.54	3091.80	6012.14	4933.04	4429.45	5574.70	4515.39
Other Expenses	3879.91	3325.55	3585.70	3360.95	1781.34	2578.44	2255.39	690.22	659.96	382.05
Gross Operating Profit/(Loss)	1730.81	1809.86	1989.72	2596.40	1670.71	1778.46	917.88	-43.12	676.43	494.55
Financial Charges	93.57	85.01	85.45	376.92	324.95	763.81	825.78	666.12	342.69	180.63
Depreciation	555.86	485.84	355.02	305.17	151.07	303.79	274.63	105.31	88.40	27.31
	1081.38	1239.01	1549.25	1914.31	1194.69	710.86	-182.53	-814.55	245.34	286.61
Pre-Operative Expenses Capitalised	—	—	—	—	—	—	70.17	428.72	165.35	22.44
Profit/(Loss) Before Tax	1081.38	1239.01	1549.25	1914.31	1194.69	710.86	-112.36	-385.83	410.69	309.05
Tax	285.00	385.00	509.00	500.60	140.70	1.40	0.60	0.20	222.00	154.00
Profit/(Loss) After Tax	796.38	854.01	1040.25	1413.71	1053.99	709.46	-112.96	-386.03	188.69	155.05
C. EQUITY SHAREHOLDERS' EARNINGS RS.:										
1. Earnings per Equity Share	9	10	12	16 #	148	99@	(19)	(66)	32**	55
2. Dividend per Equity Share	3	3	3	3	15	20	NIL	NIL	20	20
3. Book Value per Equity Share	121	116	109	101	685	553	325	344	408	393

On Enlarged Capital Consequent upon allotment of new Shares on April 11, 1997 on Preferential Basis and Subdivision of Shares from face value of Rs. 100 each to Rs. 10 each.

@ On Enlarged Capital Consequent upon allotment of New Shares on October 1, 1995 on Preferential Basis.

** On Enlarged Capital Consequent upon allotment of Rights Shares on June 19, 1992 in the Ratio of 1:1.

\$ Sales & Expenses are inclusive of excise duty.

† For six month period.

DIRECTORS' REPORT

To the Members,

Your Directors hereby present the Thirty-Eighth Annual Report together with the Audited Accounts of the Company for the Financial Year ended September 30, 2000.

FINANCIAL RESULTS

	<u>1999-2000</u>	<u>Rs. in Lakhs 1998-99</u>
Sales & Other Income	<u>14183.40</u>	<u>11386.99</u>
Operating Profit (Before Interest, Depreciation & Tax)	<u>1730.81</u>	<u>1809.86</u>
Less:		
(i) Interest	<u>93.57</u>	<u>85.01</u>
(ii) Depreciation & Amortisation	<u>555.86</u>	<u>485.84</u>
Profit Before Taxation	<u>1081.38</u>	<u>1239.01</u>
Taxation	<u>285.00</u>	<u>385.00</u>
Profit After Taxation	<u>796.38</u>	<u>854.01</u>
Surplus brought forward	<u>534.34</u>	<u>668.70</u>
Disposable Profit:	<u>1330.72</u>	<u>1522.71</u>

which has been appropriated as under:

(i) Proposed Dividend	262.15	262.15
(ii) Provision for Tax on Dividend (including Rs. 2.62 lakhs relating to FY'99)	60.30	26.22
(iii) General Reserve	600.00	700.00
(iv) Surplus Carried forward	408.27	534.34
	<u>1330.72</u>	<u>1522.71</u>

REVIEW OF OPERATIONS

During the year under review, the Company achieved a healthy volume growth (15.3%) and revenue growth (24.8%) with all round improvement in productivity and containment of controllable costs, although, the rapidly increasing feedstock prices, as a result of escalating crude prices, were not fully offset by price increases for our products.

However, higher volume coupled with optimal production and market mix enabled the Company to offset a part of the cost increase resulting in an operating profit of Rs.1730.81 lakhs (Last year Rs.1809.86 lakhs).

Considering the difficult phase during the year, especially in view of the sharp and very large rise in global crude oil prices, your Directors consider the results as satisfactory.

DIVIDEND

Having regard to all factors involved in your Company's operations including the changing market conditions, your Directors recommend for your approval payment of dividend @ Rs. 3 per equity share (30%), previous year 30%.