

41st Annual Report  
Year 2003

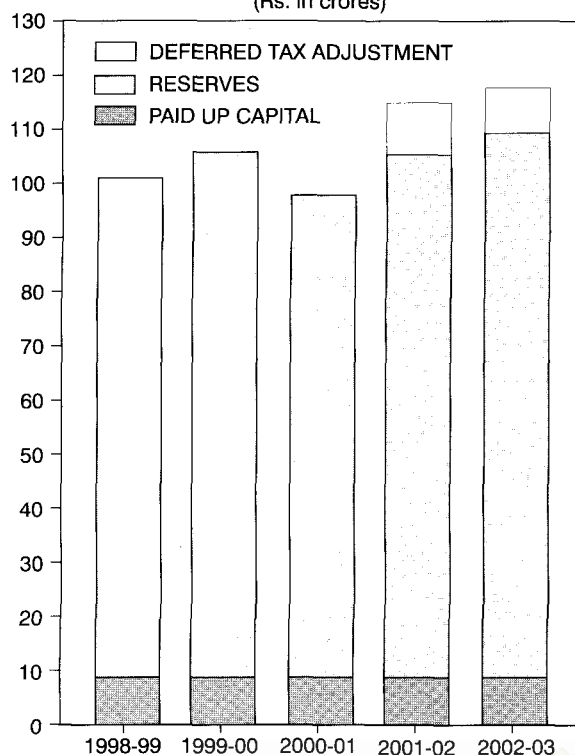
**Cabot India Limited**

30th September 2003

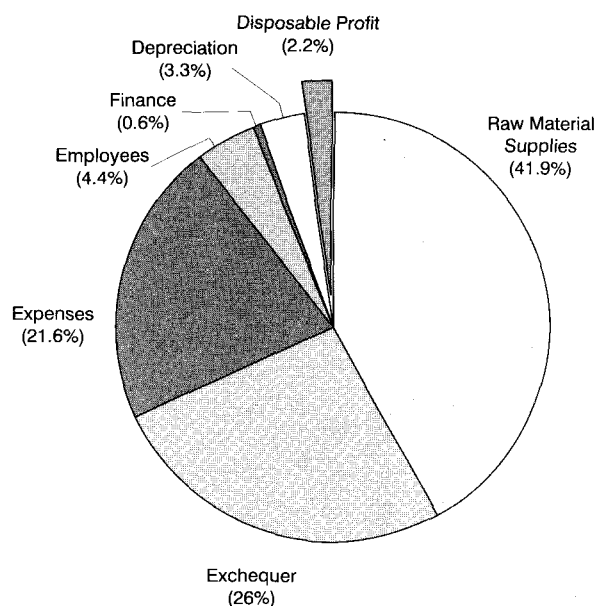
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### Shareholders' Fund

(Rs. in crores)

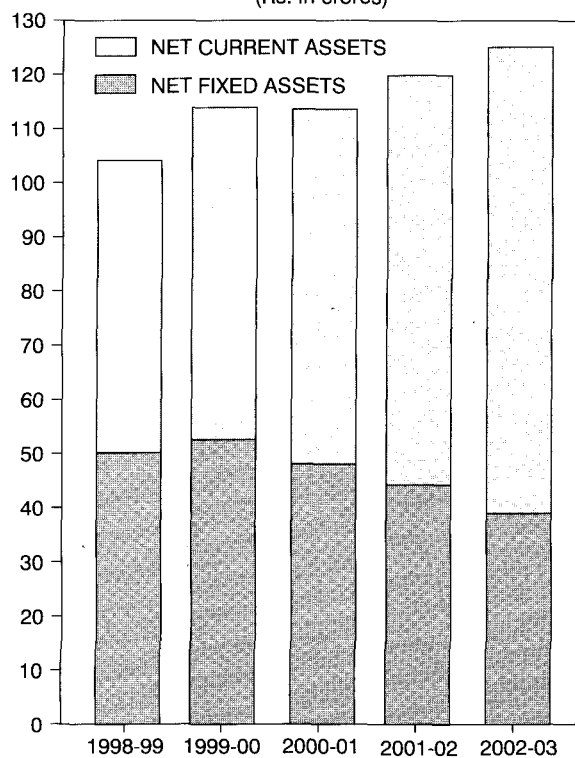


### Distribution of Income



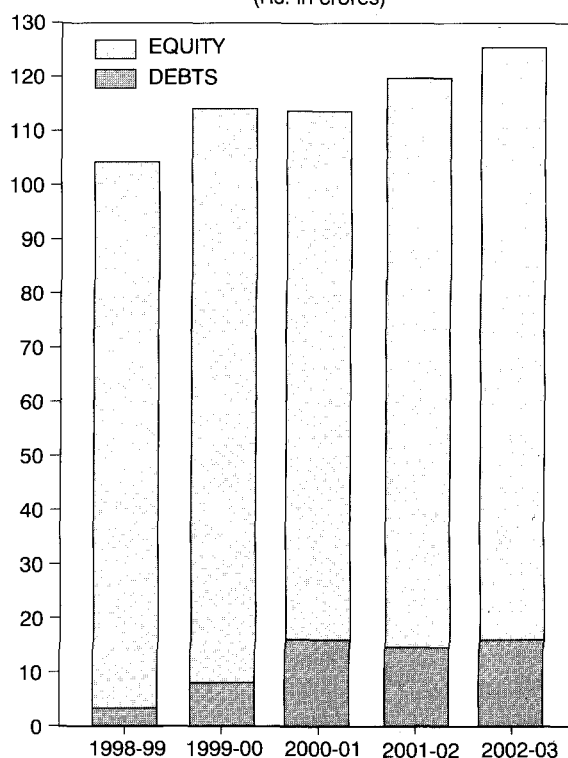
### Capital Employed

(Rs. in crores)



### Debt Equity

(Rs. in crores)






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**BOARD OF DIRECTORS**

H N Sethna	<i>Chairman</i>
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>

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**COMPANY SECRETARY**

P Ramanathan

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**SOLICITORS**

Little & Co.

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**AUDITORS**

Lovelock & Lewes, *Chartered Accountants*

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**BANKERS**

Union Bank of India  
Corporation Bank  
Citibank N.A.

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**REGISTRARS & SHARE TRANSFER AGENTS**

IIT Corporate Services Limited  
Protoprima Chambers, 2nd Floor, Suren Road,  
Andheri (East), Mumbai 400 093.  
Tel: 26838240/41 • Fax: 26835352  
E-Mail: iitcs@bom3.vsnl.net.in

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**REGISTERED OFFICE**

N. K. M. International House,  
178, Backbay Reclamation,  
Mumbai 400 020.  
Tel: 2202 7846, 2287 5960

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**FACTORY**

MIDC, Plot No. 3, Trans-Thane Creek Area,  
Thane-Belapur Road, Post Ghansoli,  
Thane 400 701.  
Maharashtra.

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## NOTICE

NOTICE IS HEREBY GIVEN THAT the FORTY-FIRST Annual General Meeting of the Company will be held at Vista Room, 30th floor, MVIRDC, World Trade Centre, Cuffe Parade, Mumbai 400 005 on Friday, December 19, 2003, 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, 2003 and Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To elect a Director in place of Mr. Arie van der Heijden, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To elect a Director in place of Mr. Y H Malegam, who retires by rotation, and being eligible, offers himself for re-appointment.
4. 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 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. 6,00,000/- 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 :

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

"RESOLVED THAT, in partial modification of the Resolution passed by the Members at the 38th Annual General Meeting held on January 30, 2001, vide item no. 7 of the Notice convening that Meeting relating to re-appointment of and payment of remuneration to Mr. Alok Gupta, Managing Director, the salary range of Mr. Alok Gupta, Managing Director be revised to Rs. 2,00,000 - Rs. 4,00,000 per month, other terms, conditions, stipulations and authorisation contained in the said Resolution and the Agreement dated October 4, 2000, entered into between the Company and Mr. Alok Gupta, remaining the same."

By Order of the Board

P RAMANATHAN  
Company Secretary

Mumbai  
November 17, 2003

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

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**NOTICE (Contd.)****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.
- (2) PROXIES IN ORDER TO BE EFFECTIVE, MUST BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (3) In respect of unclaimed dividend for the Financial Years ended on 30.9.1996, 30.9.1997, 30.9.1998, 30.9.1999, 30.9.2000 & 30.9.2001 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.
- (4) 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, Protoprima Chambers, 2nd floor, Suren Road, ANDHERI (E), Mumbai 400 093 (Tel.: 2683 2609/1416/5599). Kindly quote the Registered Folio Number in all your correspondence.
- (5) 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.
- (6) 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.
- (7) THE RELEVANT EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IS ANNEXED HERETO.

By Order of the Board

P RAMANATHAN  
Company Secretary

Mumbai  
November 17, 2003

Registered Office :  
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Mumbai-400 020.



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## NOTICE (Contd.)

### EXPLANATORY STATEMENT

Item No. 5 :

The re-appointment of and payment of remuneration to Mr. Alok Gupta as the Managing Director of the Company, effective 4.10.2000 upto 3.10.2005 pursuant to Schedule XIII to the Companies Act, 1956 or any amendment made thereto, was approved by the members at the 38th Annual General Meeting held on January 30, 2001. It is now proposed to revise the salary range based on the current market trends. The Board of Directors at its meeting held on November 17, 2003, approved revision of the salary range to Rs. 2,00,000 — Rs. 4,00,000 per month for Mr. Alok Gupta, subject to the approval of Members.

This Explanatory statement may be treated as an abstract under Section 302 of the Companies Act, 1956. The Directors recommend the adoption of the Resolution.

Except Mr. Alok Gupta, no Director is in any way concerned or interested in the Resolution at Item No. 5 of the Notice.

By Order of the Board  
P RAMANATHAN  
Company Secretary

Mumbai  
November 17, 2003

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

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## FINANCIAL HIGHLIGHTS AT A GLANCE

	Rs. in lakhs									
	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	SEPT-96†	1995-96	1994-95
<b>A. CAPITAL ACCOUNTS :</b>										
<b>1. What the Company Owned :</b>										
Fixed Assets :										
Gross Block	8579.22	8536.61	8369.96	8241.56	7480.18	6781.87	5456.40	5395.74	5344.22	5332.71
Depreciation	4678.85	4125.40	3546.75	2986.54	2445.65	2063.39	1951.67	1649.85	1503.16	1200.22
Net Block	3900.37	4411.21	4823.21	5255.02	5034.53	4718.48	3504.73	3745.89	3841.06	4132.49
Investments	—	18.22	22.48	22.48	22.48	318.36	522.48	22.48	22.48	22.48
Net Current Assets	8628.88	7553.58	6517.52	6105.90	5370.93	5059.16	5530.78	4317.88	3808.54	2379.45
Total	12529.25	11983.01	11363.21	11383.40	10427.94	10096.00	9557.99	8086.25	7672.08	6534.42
<b>2. What the Company Owed :</b>										
Borrowings :										
Secured Loans	151.47	—	43.27	707.71	208.19	395.80	524.60	2926.39	3101.58	3906.29
Unsecured Loans	1459.65	1459.65	1548.30	85.35	103.34	149.45	235.04	270.37	624.89	734.62
Total	1611.12	1459.65	1591.57	793.06	311.53	545.25	759.64	3196.76	3726.47	4640.91
<b>3. Shareholders' Funds :</b>										
Equity Share Capital	873.84	873.84	873.84	873.84	873.84	873.84	873.84	713.34	713.34	582.56
Reserves & Surplus	10044.29	9649.52	8897.80 <sup>s</sup>	9716.50	9242.57	8676.92	7924.51	4176.15	3232.27	1310.95
Total	10918.13	10523.36	9771.64	10590.34	10116.41	9550.76	8798.35	4889.49	3945.61	1893.51
<b>B. REVENUE ACCOUNTS :</b>										
Sales	17825.98	16647.50	16967.47	14080.98	11275.66	11614.56	12878.21	6522.06	10322.38	8007.15
Other Income	95.15	115.22	49.85	102.42	111.33	219.01	153.68	21.79	46.66	99.16
Total Income	17921.13	16762.72	17017.32	14183.40	11386.99	11833.57	13031.89	6543.85	10369.04	8106.31
Manufacturing Expenses	11075.48	10472.90	11340.84	8572.68	6251.58	6258.15	7074.54	3091.80	6012.14	4933.04
Other Expenses	5557.06	4342.55	4295.47	3879.91	3325.55	3585.70	3360.95	1781.34	2578.44	2255.39
Gross Operating Profit/(Loss)	1288.59	1947.27	1381.01	1730.81	1809.86	1989.72	2596.40	1670.71	1778.46	917.88
Financial Charges	115.85	176.96	184.20	93.57	85.01	85.45	376.92	324.95	763.81	825.78
Depreciation	590.81	584.00	565.15	555.86	485.84	355.02	305.17	151.07	303.79	274.63
	581.93	1186.31	631.66	1081.38	1239.01	1549.25	1914.31	1194.69	710.86	(182.53)
Pre-Operative Expenses Capitalised	—	—	—	—	—	—	—	—	—	70.17
Profit/(Loss) Before Tax	581.93	1186.31	631.66	1081.38	1239.01	1549.25	1914.31	1194.69	710.86	(112.36)
Tax	187.16	434.59	240.56	285.00	385.00	509.00	500.60	140.70	1.40	0.60
Profit/(Loss) After Tax	394.77	751.72	391.10	796.38	854.01	1040.25	1413.71	1053.99	709.46	(112.96)
<b>C. EQUITY SHAREHOLDERS' EARNINGS Rs. :</b>										
1. Earnings per Equity Share	5	9	4	9	10	12	16 <sup>#</sup>	148	99 <sup>@</sup>	(19)
2. Dividend per Equity Share	NIL	NIL	2	3	3	3	3	15	20	NIL
3. Book Value per Equity Share	125	120	112 <sup>s</sup>	121	116	109	101	685	553	325

<sup>#</sup> 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.

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

<sup>†</sup> For six month period.

<sup>s</sup> The Company has given effect to Deferred Tax Accounting. The Reserves are net of Deferred Tax Liabilities, impacting the Book Value per Share.



## DIRECTORS' REPORT

To the Members,

Your Directors' hereby present the Forty-first Annual Report together with the Audited Accounts of the Company for the Financial Year ended September 30, 2003.

### FINANCIAL RESULTS :

	Rs. in Lakhs	
	2002-2003	2001-2002
Sales & Other Income	17921.12	16762.71
Operating Profit (Before Interest, Depreciation & Tax)	1288.59	1947.27
Less :		
(i) Financial Charges	115.85	176.96
(ii) Depreciation & Amortisation	590.81	584.00
Profit Before Taxation	581.93	1186.31
Taxation (Net of Deferred Tax charge of Rs. 142.09 lakhs & earlier years Adjustments of Rs. 8.06 lakhs)	187.16	434.59
Profit After Taxation	394.77	751.72
Surplus brought forward	826.93	305.21
Disposable Profit :	1221.70	1056.93
Which has been appropriated as under :		
(i) General Reserve	Nil	230.00
(ii) Surplus carried forward	1221.70	826.93
	1221.70	1056.93

### REVIEW OF OPERATIONS :

During the year under review, the Company achieved a volume growth of 5% and revenue growth of 7%. However, the rapidly increasing feedstock prices, as a result of escalating crude prices, were not fully offset by price increases for our products.

Considering the difficult phase during the year, especially in view of the very large rise in global crude oil prices, your Directors consider the operating profit of Rs.1288.59 lakhs (last year Rs.1947.27 lakhs) as satisfactory.

### DIVIDEND :

In view of the drop in profitability for the year under review and the need to conserve cash for replacing certain critical equipment, the Directors do not recommend Dividend for the year under review.

### CLOSURE OF EXTENDED EXIT OFFER — OCTOBER 15, 2003 :

The Post Delisting Exit Offer made to all balance shareholders of the Company since April 15, 2002 to tender their shares to Cabot UK Holdings Ltd (Acquirers) at Rs. 100 per share closed on October 15, 2003.



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## DIRECTORS' REPORT (Contd.)

As on date, Cabot Corporation USA through its holding companies hold 97.44% of the paid up capital of the Company.

### FIXED DEPOSIT :

The Company has not accepted/renewed Fixed Deposit during the year under review. Rs. 88,000/- which has remained as unclaimed for quite sometime despite reminders to the deposit holders would be transferred to the Investor Education and Protection Fund on relevant due dates.

### DIRECTORS' RESPONSIBILITY :

In compliance of Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Directors of the Company confirm :

- That the applicable accounting standards have been followed in the preparation of final accounts and that there are no material departures;
- That such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at September 30, 2003 and the profit of the Company for the year ended on that date;
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the accounts have been prepared on a going concern basis.

### SAFETY, HEALTH & ENVIRONMENT :

Safety, Health and Environmental issues are high corporate priority for Cabot globally. The Company has implemented all the systems and procedures as applicable in other Cabot facilities worldwide. There is a very effective SH&E training program in place covering all employees and contractors working at site and there is very good response amongst all the employees in the Company and the contractors.

The Company took several initiatives and has improved the housekeeping standard to substantially exceed the statutory standards. Consequently, the warehouse and packing area has become one of the best amongst all Cabot facilities and has been well appreciated by Government authorities and all visitors to the Plant including customers.

### ENERGY CONSERVATION/RESEARCH AND DEVELOPMENT :

Your Company continues to draw upon the R&D base of Cabot, to upgrade the operations in line with international practices.

A statement giving details of conservation of energy and research and development in accordance with Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms a part of this Report.

### HUMAN RESOURCE AND PARTICULARS OF EMPLOYEES :

The Directors wish to place on record their appreciation for the wholehearted support extended by the employees at all levels.

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms part of this report.