



CABOT

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42nd Annual Report
Year 2004

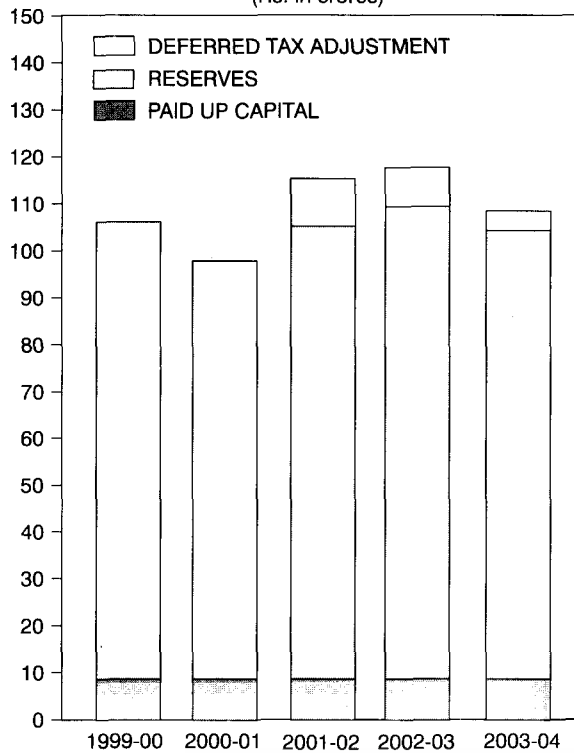
Cabot India Limited

30th September 2004

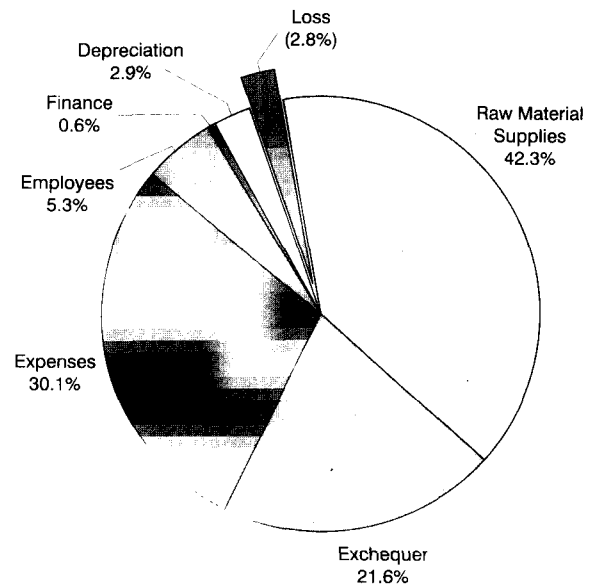
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Shareholders' Fund

(Rs. in crores)

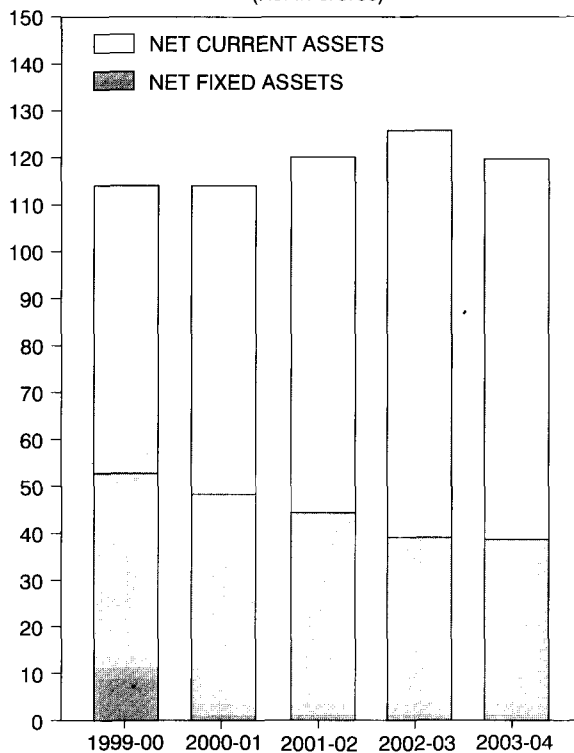


Distribution of Income



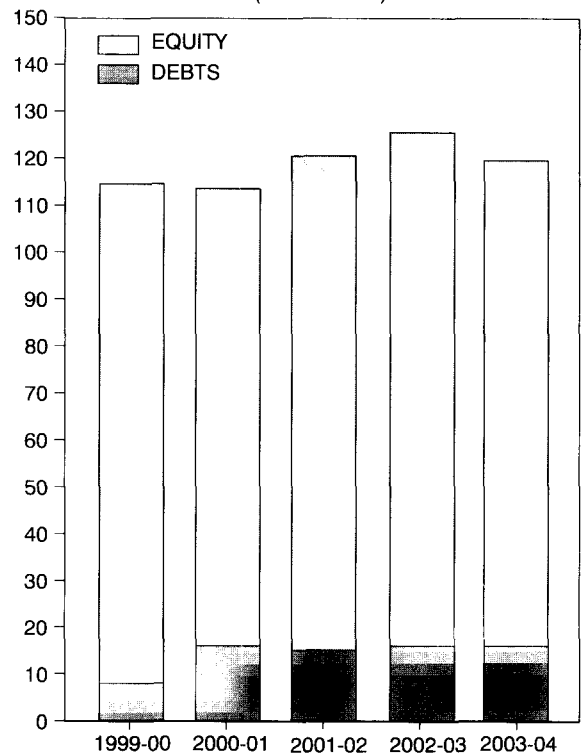
Capital Employed

(Rs. in crores)



Debt Equity

(Rs. in crores)



**CABOT INDIA LIMITED**

Regd. Off. : N K M International House, 178 Backbay Reclamation, Mumbai - 400 020

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting venue

Member Folio No. _____

Name of the Member
attending the Meeting _____

In case of Proxy, Name of Proxy _____

I hereby record my presence at 42nd Annual General Meeting at Vista Room, 30th floor, MVRDC, World Trade Centre, Cuffe Parade, Mumbai - 400 005 on Wednesday, December 29, 2004 at 11.30 a.m.

Member's / Proxy's Signature

(To be signed at the time of handing over this slip)

Note : Members/Joint Members are requested to bring the attendance slips with them.

**CABOT INDIA LIMITED**

Regd. Off. : N K M International House, 178 Backbay Reclamation, Mumbai - 400 020

PROXY FORM

I/We _____

of _____

being a Member/Members of Cabot India Limited hereby appoint _____

or failing him _____

of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company to be held at Mumbai-400 005 on Wednesday, December 29, 2004 at 11.30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2004

Signed by the said _____

of _____

Affix 30 P
Revenue
StampThis form is to be used * in favour of _____ the resolution. Unless instructed, the Proxy will act as he thinks fit.
against _____

*Strike out whichever is not desired

Note: The Proxy must be returned so as to reach the Registered Office of the Company, as above, not less than 48 hours before the time for holding the aforesaid Meeting.



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>

COMPANY SECRETARY

P Ramanathan

SOLICITORS

Little & Co.

AUDITORS

Lovelock & Lewes, *Chartered Accountants*

BANKERS

Union Bank of India
Citibank N.A.

REGISTRARS & SHARE TRANSFER AGENTS

MCS Limited
Sri Venkatesh Bhavan,
Plot No. 27, Road No. 11, M.I.D.C.,
Andheri (E),
Mumbai 400 093
Tel. : 2834 0660/2821 5235

REGISTERED OFFICE

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

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-SECOND Annual General Meeting of the Company will be held at Vista Room, 30th Floor, MVIRDC, World Trade Centre, Cuffe Parade, Mumbai-400 005 on Wednesday, December 29, 2004, 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, 2004 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 Dr. H N Sethna, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To elect a Director in place of Mr. Nicholas Ballas, 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, service tax and cess 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".

By Order of the Board

P RAMANATHAN
Company Secretary

Mumbai,
November 25, 2004

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.
- (2) PROXIES IN ORDER TO BE EFFECTIVE, MUST BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (3) WITH EFFECT FROM DECEMBER 1, 2004, THE COMPANY HAS APPOINTED MCS LIMITED, SRI VENKATESH BHAVAN, PLOT NO. 27, ROAD NO. 11, M.I.D.C. ANDHERI (EAST), MUMBAI 400 093 (TEL: 28340660/28215235), AS THE NEW REGISTRARS AND SHARE TRANSFER AGENTS.
- (4) In respect of unclaimed dividend for the Financial Years ended on 30-9-1997, 30-9-1998, 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 7 years

NOTICE (Contd.)

from the date of such transfer to the unpaid dividend account shall be transferred by the Company to the Investor Education and Protection Fund.

- (5) Members are requested to intimate immediately change of address, if any, to the Company or its Registrars and Share Transfer Agents, MCS Ltd. as per address given in Note 3 above. 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.





FINANCIAL HIGHLIGHTS AT A GLANCE

	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	SEPT-96	Rs. in lakhs † 1995-96
A. CAPITAL ACCOUNTS :										
1. What the Company Owned :										
Fixed Assets :										
Gross Block	9025.95	8579.22	8536.61	8369.96	8241.56	7480.18	6781.87	5456.40	5395.74	5344.22
Depreciation	5184.29	4678.85	4125.40	3546.75	2986.54	2445.65	2063.39	1951.67	1649.85	1503.16
Net Block	3841.66	3900.37	4411.21	4823.21	5255.02	5034.53	4718.48	3504.73	3745.89	3841.06
Investments	—	—	18.22	22.48	22.48	22.48	318.36	522.48	22.48	22.48
Net Current Assets	8095.33	8628.88	7553.58	6517.52	6105.90	5370.93	5059.16	5530.78	4317.88	3808.54
Total	11936.99	12529.25	11983.01	11363.21	11383.40	10427.94	10096.00	9557.99	8086.25	7672.08
2. What the Company Owed :										
Borrowings :										
Secured Loans	84.61	151.47	—	43.27	707.71	208.19	395.80	524.60	2926.39	3101.58
Unsecured Loans	1459.65	1459.65	1459.65	1548.30	85.35	103.34	149.45	235.04	270.37	624.89
Total	1544.26	1611.12	1459.65	1591.57	793.06	311.53	545.25	759.64	3196.76	3726.47
3. Shareholders' Funds :										
Equity Share Capital	873.84	873.84	873.84	873.84	873.84	873.84	873.84	873.84	713.34	713.34
Reserves & Surplus	9518.89	10044.29	9649.52	8897.80 ^s	9716.50	9242.57	8676.92	7924.51	4176.15	3232.27
Total	10392.73	10918.13	10523.36	9771.64	10590.34	10116.41	9550.76	8798.35	4889.49	3945.61
B. REVENUE ACCOUNTS :										
Sales	18389.69	17825.98	16647.50	16967.47	14080.98	11275.66	11614.56	12878.21	6522.06	10322.38
Other Income	158.98	95.15	115.22	49.85	102.42	111.33	219.01	153.68	21.79	46.66
Total Income	18548.67	17921.13	16762.72	17017.32	14183.40	11386.99	11833.57	13031.89	6543.85	10369.04
Manufacturing Expenses	11670.35	11075.48	10472.90	11340.84	8572.68	6251.58	6258.15	7074.54	3091.80	6012.14
Other Expenses	7006.10	5557.06	4342.55	4295.47	3879.91	3325.55	3585.70	3360.95	1781.34	2578.44
Gross Operating Profit/(-Loss)	-127.78	1288.59	1947.27	1381.01	1730.81	1809.86	1989.72	2596.40	1670.71	1778.46
Financial Charges	114.51	115.85	176.96	184.20	93.57	85.01	85.45	376.92	324.95	763.81
Depreciation	548.56	590.81	584.00	565.15	555.86	485.84	355.02	305.17	151.07	303.79
Profit/(-Loss) Before Tax	- 790.85	581.93	1186.31	631.66	1081.38	1239.01	1549.25	1914.31	1194.69	710.86
Tax	265.45	187.16	434.59	240.56	285.00	385.00	509.00	500.60	140.70	1.40
Profit/(-Loss) After Tax	- 525.40	394.77	751.72	391.10	796.38	854.01	1040.25	1413.71	1053.99	709.46
C. EQUITY SHAREHOLDERS' EARNINGS Rs. :										
1. Earnings per Equity Share	(6)	5	9	4	9	10	12	16 [#]	148	99 [@]
2. Dividend per Equity Share	—	—	—	2	3	3	3	3	15	20
3. Book Value per Equity Share	119	125	120 ^s	112	121	116	109	101	685	553

On Enlarged Capital Consequent upon allotment of new Shares on April 11, 1997 on Preferential Basis and Sub-division 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.

† For six month period.

\$ 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-second Annual Report together with the Audited Accounts of the Company for the Financial Year ended September 30, 2004.

FINANCIAL RESULTS :

	Rs. in Lakhs	
	2003-2004	2002-2003
Sales & Other Income	18548.67	17921.12
Operating Profit/(Loss) (Before Interest, Depreciation & Tax)	(127.78)	1288.59
Less/(Add):		
(i) Financial Charges	(114.51)	115.85
(ii) Depreciation & Amortisation	(548.56)	590.81
Profit/(Loss) Before Taxation	(790.85)	581.93
Provision — Taxation	(265.45)	187.16
Profit/(Loss) After Taxation	(525.40)	394.77
Surplus brought forward	1221.70	826.93
Disposable Profit :	696.30	1221.70
Which has been appropriated as under :		
(i) General Reserve	Nil	Nil
(ii) Surplus carried forward	696.30	1221.70
	696.30	1221.70

REVIEW OF OPERATIONS

During the year under review, the Company achieved a volume growth of over 5% and managed well all controllable costs.

However, the rapidly increasing feedstock prices, as a result of escalating crude prices, were not fully offset by price increase for our products substantially affecting our margins and profitability.

The year end resulted in an operating loss of Rs. 1.28 crores. In view of the losses for the year, your Directors do not recommend dividend for the year under review.

SHAREHOLDING

As on date, Cabot Corporation, USA(Cabot) through its holding companies hold 97.54% of the paid-up capital of the Company. Cabot is interested in acquiring the balance 2.46% in terms of the law of the land.

FIXED DEPOSIT

The Company has not accepted/renewed Fixed Deposit during the year under review. Rs.31,000/- 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' REPORT (Contd.)

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, 2004 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 (SH&E) issues are high corporate priority for Cabot. The SH&E management systems comprise of multiple programs, which define the resources, process and practices which the Company uses for managing SH&E issues. Collectively, they provide the Company an effective control mechanism for ensuring global compliance and continuous improvements. The program apply to employees and contractors alike.

Cabot has developed a global standard audit program, which governs all its facilities. The purpose of the program is to:

- Provide management with objective evaluation and verification of performance and compliance with applicable local and country regulations, company policy and procedures and general accepted management practices;
- Provide a means for continual improvement in SH& E;
- Assess whether safety, health and environment systems are in place and functioning effectively;
- Help identify safety, health and environmental risk and hazards; and
- Facilitate sharing of best SH&E practices throughout the organization.

The Company took several initiatives and has improved the SH&E 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.