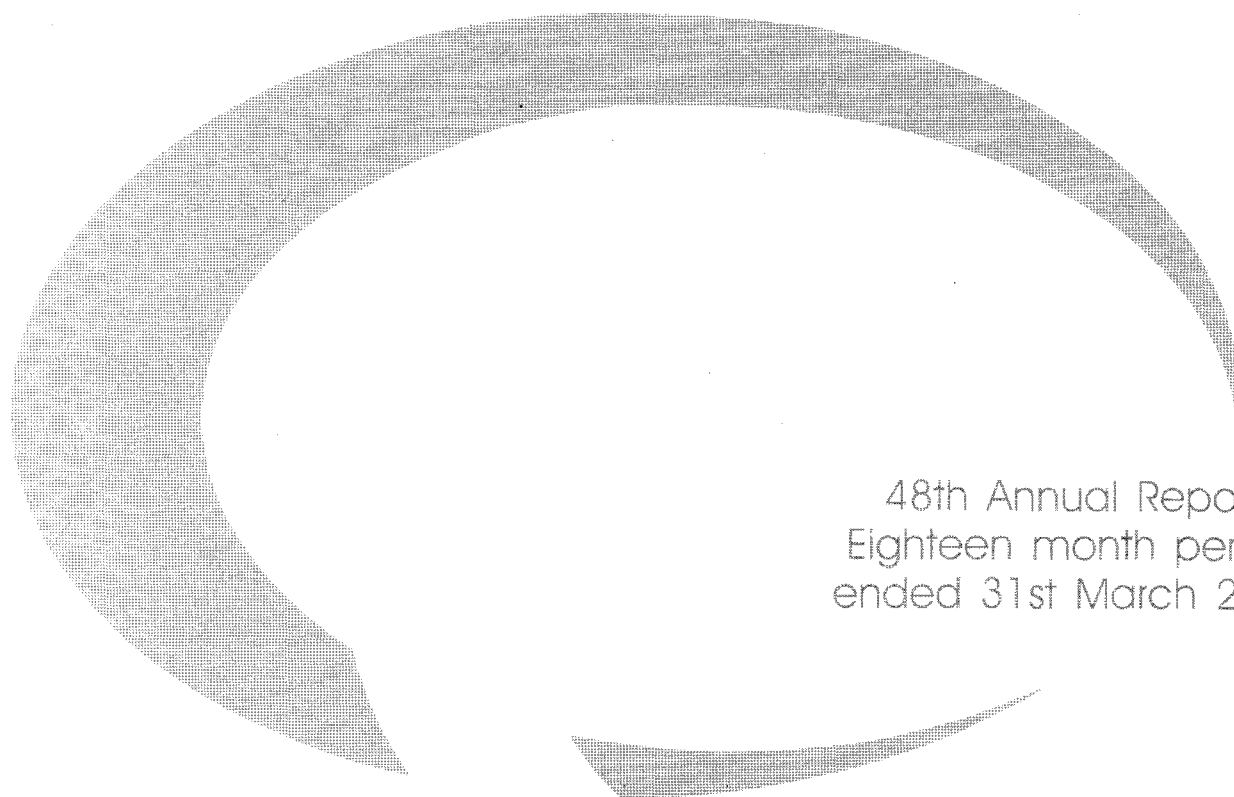




CABOT
creating what matters



48th Annual Report
Eighteen month period
ended 31st March 2011

Cabot India Limited



VALUES

As Cabot Employees

We Value Integrity.

We demand adherence to the highest ethical standards. We demand personal integrity, compliance with all laws and regulations, unwavering efforts toward the highest quality in all areas, and indisputable respect for safety, health and the environment.

We Value Respect

We must be open, honest, straightforward and trustworthy. We listen and learn from each other, our customers and the outside world, and share our learnings generously.

We Value Innovation

We work urgently and intensely to create new ways to bring more value to our customers and to open new markets for our products. We continuously improve by understanding successes and failures — our own and others.

We Value Competitiveness

To be the best, we strive for excellence in everything we do. We listen to our customers, owners and markets, and we compete aggressively to exceed their expectations using teamwork, leadership and self-confidence. We seize opportunities with urgency, persistence and courage.

BOARD OF DIRECTORS
as on May 13, 2011

C. R. Dua	<i>Director</i>
David Miller	<i>Director</i>
Arun Khanna	<i>Director</i>
Alok Gupta	<i>Managing Director</i>

COMPANY SECRETARY
Ms. Malati Kumar

SOLICITORS
Little & Co.

AUDITORS
Deloitte Haskins & Sells, *Chartered Accountants*

BANKERS
Citibank N.A.
Bank of America

REGISTRARS & SHARE TRANSFER AGENTS
Link Intime India Pvt. Ltd.,
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg,
Bhandup (W),
Mumbai 400 078
Tel. : 2596 3838

REGISTERED OFFICE
N. K. M. International House,
178, Backbay Reclamation,
Mumbai 400 020.
Tel: 2281 6509, 2285 0407

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-EIGHTH ANNUAL GENERAL MEETING of the Company will be held at CENTRUM, 1st Floor, Centre One, MVRDC, World Trade Centre, Cuffe Parade, Mumbai-400 005, on Monday, June 13, 2011, at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the eighteen-month period ended March 31, 2011 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. Arun Khanna, who retires by rotation, and being eligible, offers himself for re-appointment.
3. 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 Deloitte, Haskins & Sells, 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 such remuneration plus service tax and reimbursement of out of pocket expenses and other expenses as may be mutually agreed upon between the Board of Directors and the Auditors in connection with the work of Audit to be carried out by them.

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

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 387 of the Companies Act, 1956 (the “Act”) read with Schedule XIII and other applicable provisions, if any, of the Act, consent of the Company be and is hereby accorded to the appointment of Mr. P. K. Pandey as the Manager of the Company as defined under Section 2 (24) of the Act, for a period of three years from 18th June, 2011 to 17th June, 2014 at the remuneration, benefits and amenities as recommended by the Remuneration Committee and provided in the Agreement (**the “Agreement”**) entered into between the Company and Mr. P. K. Pandey, upon the terms, conditions and stipulations contained in the Agreement and broadly mentioned in the explanatory statement accompanying the notice convening this annual general meeting.”

The Agreement is available for inspection by the members at the Registered Office between 10.30 hrs. and 16.00 hrs. on any working day of the Company (Monday to Friday) upto 10th June, 2011.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized and empowered to make such alterations and variations of the appointment and/or to the Agreement in accordance with the relevant provisions of the Act and Schedule XIII thereto.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to the above resolution.”

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 May 13, 2011.

Item No. 4

Mr. Alok Gupta who was on the Board since October, 1995 has tendered his resignation both as Managing Director and Director of the Company effective close of business of June 17th, 2011.

Pursuant to the resignation by Mr. Alok Gupta as Managing Director, the Company, being a public limited company, was required to appoint another managerial person as per the provisions of the Companies Act, 1956 (the "Act"). The Board of Directors of the Company at its meeting held on 13th May, 2011 and the Remuneration Committee vide Resolution dated 13th May, 2011 have subject to the approval of the Members, in accordance with Sections 198, 269, 387, Schedule XIII and other applicable provisions of the Act, appointed Mr. P. K. Pandey as Manager of the Company for a period of three years with effect from 18th June, 2011 to 17th June, 2014.

Considering the Company to be having inadequate profits, and a negative effective capital of Rs. 94,51.85 lakhs as on 31st March, 2011, the Remuneration Committee have recommended a suitable remuneration. A brief abstract of the terms of appointment of Mr P. K. Pandey, included in the Agreement entered into with him by Company (the "Agreement") is given below:

1. Period:

For three years from 18th June, 2011 to 17th June, 2014

2. Salary, Perquisites and Allowances and Statutory Contributions

The Manager shall be paid a salary in the range of Rs. 25,00,000/- per annum. In addition to salary, the Manager shall be entitled to perquisites and allowances as detailed in the Agreement which perquisites and allowances shall in any case not exceed 60% of his salary provided that the total of salary, perquisites and allowances listed in the Agreement will not exceed Rs. 40,00,000/- in a year.

In addition to the above, the Manager will be entitled to an annual Performance Bonus as the Board of Directors deem fit within the maximum amount payable in accordance with Schedule XIII of the Act or any amendment made thereto.

The Manager will also be entitled to statutory benefits like contribution to provident fund, superannuation fund as per the rules of the Company.

Mr. P. K. Pandey 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.

Given below is the information pursuant to sub-clause (iv) of clause (C) of para 1 of Section II of Part II of Schedule XIII of the Act:

(I) General Information

(i) Nature of Industry: Carbon Black.

(ii) Date or expected date of commencement of commercial production:

The Company was in commercial production since 1966 but production at its only manufacturing site at Thane has been discontinued since June, 2010 as the plant was closed. Presently, the Company is engaged in wholesale trading of Carbon Black.

- (iii) Financial performance as per published audited financial results for the eighteen month period ended 31st March, 2011 (from October 01, 2009 to March 31, 2011) and previous year ended September 2009.

Particulars	Rs. in Lakhs	
	01/10/2009 to 31/03/2011	01/10/2008 to 30/9//2009
Sales and Other Income	227,34.98	237,78.46
(Loss)/Profit before tax	(113,49.97)	(40,02.00)
Provision/(Credit) – Deferred Tax	—	6.03
Profit/(Loss) after tax	(113,49.97)	(40,08.03)

- (iv) Export performance and foreign exchange earned.

Exports for the eighteen month period ended 31/03/2011 – Rs. 2.52 lacs

- (v) Foreign Investments or collaborations, if any:

Cabot Corporation, USA (Cabot) through its holding Companies owns 97.79% of the paid up capital of the Company.

(II) Information about the Appointee:

- (i) Background details:

Mr. P. K. Pandey, 47 years, B.Tech. (Plastics & Rubber) joined Cabot India Limited in 1993 as Assistant Manager, Technical Services. Prior to joining the Company, he had worked with Hi-Tech Carbon for five years as Sr. Technical Service Engineer.

- (ii) Past Remuneration drawn:

Year	Rs. in Lakhs
October 2007 – Sept 2008	16.34
October 2008 – Sept 2009	17.05
October 2009 – Mar 2011*	44.40

* Eighteen months

- (iii) Job Profile and suitability: Presently in charge of the Commercial activities of the Company and has been part of the Marketing team.

- (iv) Remuneration proposed:

As detailed above under explanatory statement to the Notice of this annual general meeting.

- (v) Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person:

Taking into consideration the reduced size of the Company, the profile of Mr. P. K. Pandey and the industry benchmarks, the remuneration proposed is commensurate with the responsibilities being entrusted to Mr. P. K. Pandey and in accordance with Schedule XIII of the Act.

- (vi) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:

Other than the managerial remuneration proposed herein under item number 4 of the accompanying notice, there is no pecuniary relationship between the Company and Mr. P. K. Pandey.

III. Other Information

(1) Reasons for Loss or inadequate profits:

The main reason for the loss is that the cost structure was uncompetitive since the other carbon-black plants in India and world-wide are much bigger in size and hence reap the benefits of large-scale manufacturing. Further with the discontinuation of manufacturing activities and the settlement of amounts due towards the Voluntary separation scheme has added to the losses in the past year.

(2) Steps taken by the Company to Improve performance and expected increase in productivity etc.

Manufacturing activity discontinued to stem losses and moved to trading operations. Reduced employee strength to size it appropriately to the revised scale of operations.

Mumbai,
May 13, 2011

By Order of the Board

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

Ms. Malati Kumar
Company Secretary

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) Members are requested to intimate immediately change of address, if any, to the Company or its Registrars and Share Transfer Agents, Link Intime (India) Pvt. Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai 400 078, Tel: 2596 3838. Kindly quote the Registered Folio Number in all your correspondence.
- (4) Members are encouraged to support the "Green Initiative in Corporate Governance" introduced by The Ministry of Corporate Affairs vide its Circular No. 17/2011 dated 21.04.2011 allowing the service of notice/ documents including Annual Report by Companies, to be sent by e-mail to its members.

In order to show their support to this green initiative of the Government, members are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and in respect of Members who hold shares in physical form with the Company's Registrars and Share Transfer Agents, Link Intime (India) Pvt. Limited.

- (5) 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

Rs. in Lakhs

	Oct 2009 to March 2011	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
A. CAPITAL ACCOUNTS :										
1. What the Company Owned :										
Fixed Assets :										
Gross Block	1,49.62	158,06.07	148,56.50	127,45.29	114,17.43	101,37.75	90,25.95	85,79.22	85,36.61	83,69.96
Depreciation	1,37.74	81,08.88	72,62.01	65,94.36	55,82.49	57,85.86	51,84.29	46,78.85	41,25.40	35,46.75
Net Block	11.88	76,97.20	75,94.50	61,50.93	58,34.94	43,51.89	38,41.66	39,00.37	44,11.21	48,23.21
Investments	—	—	—	—	—	—	—	—	18.22	22.48
Net Current Assets	-18,81.54	71,95.75	133,55.78	71,65.09	98,29.57	76,90.88	80,95.33	86,28.88	75,53.58	65,17.52
Total	(18,69.66)	148,92.95	209,50.28	133,16.02	156,64.51	120,42.77	119,36.99	125,29.25	119,83.01	113,63.21
2. What the Company Owed :										
Borrowings:										
Secured Loans	17,22.54	71,35.18	91,37.10	5,82.91	34,04.56	13.31	84.61	1,51.47	—	43.27
Unsecured Loans	58,59.65	58,59.65	59,07.03	47,59.65	47,59.65	29,59.65	14,59.65	14,59.65	14,59.65	15,48.30
Total	75,82.19	129,94.83	150,44.13	53,42.56	81,64.21	29,72.96	15,44.26	16,11.12	14,59.65	15,91.57
3. Shareholders Funds :										
Equity Share Capital	8,73.84	8,73.84	8,73.84	8,73.84	8,73.84	8,73.84	8,73.84	8,73.84	8,73.84	8,73.84
Reserves & Surplus	47,59.16	47,59.16	50,32.31	70,99.62	66,26.46	81,95.97	95,18.89	100,44.29	96,49.52	88,97.80
Profit & Loss Account	(150,84.85)	(37,34.88)	—	—	—	—	—	—	—	—
Total	(94,51.85)	18,98.12	59,06.15	79,73.46	75,00.30	90,69.81	103,92.73	109,18.13	105,23.36	97,71.64
B. REVENUE ACCOUNTS :										
Sales	225,72.75	237,55.08	303,30.25	269,71.82	221,60.88	169,84.33	183,89.69	178,25.98	166,47.50	169,67.47
Other Income	1,62.23	23.39	92.86	3,32.90	4,46.57	31.75	1,58.98	95.15	1,15.22	49.85
Total Income	227,34.98	237,78.47	304,23.11	273,04.72	226,07.45	170,16.08	185,48.67	179,21.13	167,62.72	170,17.32
Manufacturing Expenses	215,93.82	242,03.80	224,56.38	160,41.12	160,84.31	122,05.00	116,70.34	110,75.48	104,72.90	113,40.84
Other Expenses	52,48.00	17,06.87	85,67.56	92,49.84	71,09.34	50,13.80	70,06.11	55,57.06	43,42.55	42,95.47
Gross Operating Profit/(Loss)	(41,06.84)	(21,32.20)	(6,00.83)	20,13.76	(5,86.20)	(2,02.72)	(1,27.78)	12,88.59	19,47.27	13,81.01
Financial Charges	8,25.36	9,53.13	7,45.94	4,84.34	3,55.49	1,49.53	1,14.51	1,15.85	1,76.96	1,84.20
Depreciation/Impairment	64,17.76	9,16.66	6,67.64	10,48.54	9,95.03	10,42.01	5,48.56	5,90.81	5,84.00	5,65.15
Profit/(Loss) Before Tax	(113,49.97)	(40,02.00)	(20,14.40)	4,80.89	(19,36.72)	(13,94.26)	(7,90.85)	5,81.93	11,86.31	6,31.66
Tax	0	6.03	14.14	7.74	(3,67.21)	(71.34)	(2,65.45)	1,87.16	4,34.59	2,40.56
Profit/(Loss) After Tax	(113,49.97)	(40,08.03)	(20,28.53)	4,73.15	(15,69.51)	(13,22.92)	(5,25.40)	3,94.77	7,51.72	3,91.10
C. EQUITY SHAREHOLDERS EARNINGS Rs. :										
1. Earnings per Equity Share	(1,29.89)	(45.87)	(23.21)	5.41	(18)	(15)	(6)	5	9	4
2. Dividend Per Equity Share	0	0	0	0	0	0	0	0	0	2
3. Book Value Per Equity Share	64	64	68	91	86	104	119	125	120	112

DIRECTORS' REPORT

To the Members

Your Directors' hereby present the Forty-Eighth Annual Report together with the Audited Accounts of the Company for the eighteen month period ended March 31, 2011.

FINANCIAL RESULTS :

	(Rupees in lakhs)	
	Oct. 2009 to March 2011	Oct. 2008 to Sept. 2009
Sales & Other Income	227,34.98	237,78.46
Operating Profit/(Loss) (Before Interest, Depreciation & Tax)	(41,06.85)	(21,32.20)
Less/(Add):		
(i) Financial Charges	(8,25.36)	(9,53.13)
(ii) Depreciation & Amortization	(64,17.76)	(9,16.66)
Profit/(Loss) Before Taxation	(113,49.97)	(40,02.00)
(Provision)/Deferred Tax credit	—	6.03
Profit/(Loss) After Taxation	(113,49.97)	(40,08.03)
(Loss)/Surplus brought forward	(77,98.31)	(37,90.28)
(Loss) carried to Balance Sheet	(191,48.28)	(77,98.31)

REVIEW OF OPERATIONS :

During the period under review, production was stopped at Thane Plant in line with the resolution adopted at the EGM on May 14th, 2010.

All the workmen at the Thane Plant have separated under the VRS scheme offered post the decision to cease manufacturing. A few members of the management staff are still engaged in the decommissioning operations, to ensure compliance with the requirements of applicable laws.

The Company has started importing Carbon Black from overseas, to service some key segments of the market during the year. The country has seen strong growth in the IP, inks and plastic segments which value high quality carbon black. Over a period, it is expected that reasonable profits can be made via selling into these segments. The Company has made a start and understanding of the logistics of this trade has been established and customer acceptance of servicing via imports has now begun.

SHAREHOLDING :

As on date, Cabot Corporation, USA through its holding companies owns 97.79% of the paid up capital of the Company.

FIXED DEPOSIT :

The Company has not accepted/renewed Fixed Deposit during the year under review.

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;
- 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 March 31, 2011 and the loss of the Company for the eighteen month period ended on that date;
- 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.
- the accounts have been prepared on a going concern basis.

DIRECTORS' REPORT (Contd.)

SAFETY, HEALTH & ENVIRONMENT :

Cabot accords top priority to Safety, Health and Environmental issues. The Cabot Safety Health and Environmental Standards are applicable across Cabot facilities worldwide and its S H & E program covers all employees and contractors working at every site. In keeping with the excellent record established with the local Regulatory authorities, Cabot S H & E standards are being diligently followed during the present de-commissioning activities at the Thane Plant.

ENERGY CONSERVATION/RESEARCH AND DEVELOPMENT :

With strong support provided by Cabot Corporation's Research & Development facilities to Cabot India, the Company could achieve better product quality during the time that the plant was operating.

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 and recognition of the wholehearted support and co-operation extended by the ex-employees at all levels of the organization and the efforts put in by them to ensure a smooth and safe stoppage of manufacturing operations. The Directors also thank the current employees for their continuing support.

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

DIRECTORS :

Mr. Arun Khanna would retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

During the period under review, Dr. H. N. Sethna, who was on the Board of the Company, since June 30, 1987 resigned effective March 19, 2010.

AUDITORS :

M/s. Deloitte, Haskins & Sells Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

FUTURE OUTLOOK :

In the short-term, dismantling and clearing of the Thane site, is scheduled. This activity is expected to be completed over the next two years.

At the moment, sales via imports are small and constrained due to limited availability of product in overseas manufacturing plants. However, it is expected that greater volume will be available to be imported into India once new capacity announced by Cabot in China and Indonesia becomes available. These capacities will come into place at different stages over the next 18-24 months. In the meantime, company is continuing to work with potential customers on market assessment and technical qualification. This work with customers is planned to be converted to future sales when adequate supplies become available.

The strong automotive growth in India is likely to continue. It is expected that a profitable business will be built overtime with high quality Cabot products.

For and on behalf of the Board

C. R. Dua	<i>Director</i>
Arun Khanna	<i>Director</i>
Alok Gupta	<i>Managing Director</i>

Mumbai
May 13, 2011