

**CHAIRMAN EMERITUS**

Mr P C Goenka

**BOARD OF DIRECTORS**

Mr R Himatsingka, Chairman  
Mr Ron Marno  
Mr Neil P Hoyland  
Mr Hitesh Saiwal (w.e.f. 14.12.11)  
Mrs Anita Himatsingka  
Mr Rajesh Prasad - Nominee of AIDC Ltd  
Mr Prabhat C Goenka  
Mr Vivekananda S Lokre, Managing Director  
Mr G P Chawla, Executive Director (Upto 15.6.12)

**COMPANY SECRETARY**

Mr Saugata De

**REGISTERED OFFICE**

Birkuchi  
Guwahati 781 026  
Ph: 0361 -264074, Fax: 0361 – 2640368  
E Mail: acplghy@ascarbon.com

**OFFICES :**

**Kolkata**

‘Everest House’, 8<sup>th</sup> floor  
46C Chowringhee Road  
Kolkata – 700 071  
Ph: 033 – 22887651, Fax: 033 – 22882258  
E Mail: acplkol@ascarbon.com  
Web Site: assamcarbon.in

**Guwahati**

**Plant 1 :**  
Birkuchi  
Guwahati 781 026  
Ph: 0361 -264074, Fax: 0361 – 2640368  
E Mail: acplghy@ascarbon.com

**Patancheru**

**Plant 2 :**  
2, I D A Phase-I  
Patancheru – 502 319  
Dist – Medak  
Andhra Pradesh

**AUDITORS**

BSR & Co  
Infinity Benchmark,  
Plot No-G- 1,  
Block EP & GP  
Sector-V, Salt Lake,  
Kolkata – 700 091

**REGISTRARS & SHARE TRANSFER AGENTS**

C B Management Services Ltd  
P-22 Bondel Road  
Kolkata – 700 019

**BANKERS**

HSBC  
Axis Bank Ltd  
State Bank of India  
State Bank of Hyderabad

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**NOTICE TO MEMBERS**

NOTICE is hereby given that the Forty ninth Annual General Meeting of the Members of Assam Carbon Products Limited will be held on Tuesday, , the 28<sup>th</sup> day of August, 2012 at 10.30 A.M. at the registered office at Birkuchi, Guwahati – 781 026 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2012, the Balance Sheet as at that date, and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr Neil Hoyland, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr Ron Marno, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
 "RESOLVED THAT M/s BSR & Co, Chartered Accountants, be and is hereby appointed as the Auditor of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as fixed by the Board of Directors of the Company".

**SPECIAL BUSINESS:**

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an **Ordinary Resolution:**

**5. Appointment of Mr. Hitesh Saiwal as Director:**

"RESOLVED THAT Mr. Hitesh Saiwal, an Additional Director of the Company, who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 read with Article 94 of the Company's Articles of Association be and is hereby appointed a Director of the Company, liable to retire by rotation."

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as **Special Resolution:**

**6. Waiver of excess remuneration paid to Mr R Himatsingka, Non Whole time Director for the year ended 31<sup>st</sup> March, 2012:**

"RESOLVED THAT the company, pursuant to provisions of section 309 (5B) and such other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government do waive the recovery of the remuneration for the year ended 31<sup>st</sup> March, 2012 paid in excess of the limits prescribed in sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 to Mr. Rakesh Himatsingka, Non Whole Time Director of the Company."

By Order of the Board

**Saugata De**

Company Secretary

Place : 28<sup>th</sup> May 2012

Date : Hyderabad

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD IN HIS OR HER PLACE, AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.**
2. The Register of Members and Share Transfer Registers of the Company will remain close from 22<sup>nd</sup> August, 2012 to 28<sup>th</sup> August 2012, both days inclusive.
3. Equity shares of the Company are listed with Calcutta and Guwahati Stock Exchanges. Listing fees for the current year have been paid.
4. Members are requested to address their grievances and other correspondences directly to the Company Secretary at 'Everest House', 8<sup>th</sup> floor, 46C Chowringhee Road, Kolkata – 700 071, or at [sde@ascarbon.com](mailto:sde@ascarbon.com).

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**

**Re: Item 5**

Mr Hitesh Saiwal was appointed by the Board of Directors with effect from 14<sup>th</sup> December 2011 as an Additional Director liable to retire by rotation. In terms of Section 260 of the Act and Article 94 of the Company's Articles of Association, Mr Hitesh Saiwal holds office as Director only upto the date of the ensuing Annual General Meeting. As required under Section 257 of the Act, a notice along with the prescribed deposit has been received from a member proposing the candidature of Mr Hitesh Saiwal for the office of Director.

The Directors are of the opinion that Mr Hitesh Saiwal's association as a member of the Board will be beneficial to the Company and recommend that the Resolution be adopted.

Except Mr Hitesh Saiwal, no other Director is concerned or interested in the resolution.

The Board recommends that the resolution be adopted and be passed as Ordinary Resolution by the members of the Company.

**Re: Item 6**

The Remuneration Committee and the Board of Directors of the Company at its meeting held on 29<sup>th</sup> July 2010 approved the payment of remuneration to Mr R Himatsingka, Director by way of quarterly payment of an amount not exceeding Rs 3,75,000/- (Rupees three lacs seventy five thousand) per quarter, w.e.f. quarter ending 30<sup>th</sup> September, 2010, for two financial years and Rs. 4,25,000/- (Four lakhs twenty five thousand) per quarter ending 30<sup>th</sup> September, 2012 for next three financial years, however, subject to his re-appointment as Director on retirement by rotation, in view of time being devoted and contribution expected to be made by him towards company's growth and prospects particularly in view of his long standing experience in the business the Company deals in.

Further, the Board proposed to pay aforesaid remuneration as Minimum Remuneration pursuant to provisions of section 198(4) read with section 309(4) of the Companies Act, 1956.

The Shareholders at its meeting held on 29<sup>th</sup> September 2010 had also approved the aforesaid payment. However on an application made to the Central Government, the Central Government allowed payment to Mr Himatsingka to the tune of 1% of the net profits as computed under section 198 of the Companies Act.

On computing the net profits under section 198 of the Companies Act, 1956, the remuneration for the year ended 31<sup>st</sup> March, 2012 paid to Mr R Himatsingka exceeded by Rs 15,00,000 the limits prescribed in sections prescribed in sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

The Remuneration Committee of the Board of Directors and also the Board of Directors at their meeting held on 28<sup>th</sup> May 2012, decided to waive recovery of the excess remuneration paid to Mr R Himatsingka, however, subject to approval of the Shareholders and the Central Government as required by provisions of section 309 (5B) of the Companies Act, 1956.

**Information required under the provisions of Schedule XIII is furnished below:**

The Company's main business is manufacture and sale of Electrical and Engineered Carbon Materials and components, at its two factories at Guwahati, Assam and Patancheru, Andhra Pradesh for over three decades. The Morgan Crucible Co plc, UK and its subsidiary hold 52.62% of the Company's Equity Share capital. Its products are exported to Luxemburg, Hungry and Far Eastern countries.

Working results of the Company for the last three years are given below:

	Year ended 31.3.10 (Rs 000s)	Year ended 31.3.11 (Rs 000s)	Year ended 31.3.12 (Rs 000s)
(i) Paid up Capital	27,556	27,556	27,556
(ii) Sales & Other Income	426,597	425,028	406,403
(iii) Profit before tax	(1,288)	(21,571)	(5,211)
(iv) Dividend (%)	–	–	–

The Board noted that Mr Himatsingka (60) is B E (Hons) in Mechanical Engineering, from Birla Institute of Technology & Science, Pilani. Subsequent to completion of his Engineering, after working in India for two (2) years, Mr Himatsingka worked and was trained as 'Carbon Technologist' in Company's foreign collaborator's factory in Swansea, U K for over two (2) years. Mr Himatsingka was instrumental in the setting up of the Company's new factory in Birkuchi, Guwahati, Assam.

Mr Himatsingka was appointed as a Director of the Company w.e.f. 29.12.1975 and upon his return from the U K he was appointed as the Deputy Managing Director of the Company from July 1977 to July 1982 and Jt Managing Director from July, 1982 to June, 1983. Presently, he is Chairman of the Company. He is also Chairman and Managing Director of India Carbon Limited. He had also been, inter alia, director of Morganite Electrical Carbon Ltd, Swansea, U K, from 1992 to 2003.

Mr Himatsingka is a Chartered Member of the "Institution of Engineers", and Committee member of Institute of Modern Management, Kolkata. He has been President of Confederation of EOUs and was and is actively associated with Chambers of Commerce, Philanthropic/NGO bodies, Public Trusts, Rotary Movement and other social & cultural clubs.

Except Mr R Himatsingka and Mrs Anita Himatsingka none of the remaining Directors is concerned or interested in the resolution.

The Board recommends that the resolution be adopted and be passed as Special Resolution by the members of the Company.

The above may also be treated as a statement as required under Section 302 of the Companies Act, 1956.

Place : 28<sup>th</sup> May 2012  
Date : Hyderabad

By Order of the Board

**Saugata De**  
*Company Secretary*

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors have the pleasure in presenting their Forty-ninth Annual Report of the Company along with the Audited Accounts for the year ended 31<sup>st</sup> March, 2012.

### 1. FINANCIAL RESULTS

	(Rs.000's)	
	2011-2012	2010-2011
Sales & Other Income	406,403	425,028
Profit/(Loss) before tax	(5,211)	(21,571)
Less: Provision for tax	Nil	(25,426)
Profit/(Loss) after Tax	(5,211)	3,855
Add: Unappropriated Profit of last year	67,571	63,716
Balance carried forward	62,360	67,571

### 2. OPERATIONS

During the year under review, Gross Sales of the Company were Rs.4022.96 Lacs as compared to Rs.4234.19 Lacs in the previous year. For the year, your company has made a Gross loss of Rs. 52.11 Lacs as against Gross Loss of Rs. 215.71 Lacs in the previous year. The Export Sales were Rs. 797.46 Lacs as compared to Rs. 496.25Lacs in the previous year.

During the year under review the company's plant situated at Guwahati was under Lock Out from 7<sup>th</sup> December 2010 to 8<sup>th</sup> March 2012, detailed note is given under the heading ' Industrial Relations' in this report. Due to the lockout in Guwahati plant, the Company was completely dependent on the import of carbon blocks (the "mother-material") for almost the whole of the year under review, however due to various measures taken internally for improvements in operations, the loss before tax was reduced from 2.15 crores (the PBT of the previous year) to 52.11 lacs this year.

Since the Guwahati factory is now operational, it is expected that the results of the company will be considerably better in the coming years.

### 3. FUTURE OUTLOOK

There was a slow down in the economic growth in the FY 2011-2012 and India achieved a GDP growth of 8.6% for the year ended 31<sup>st</sup> March 2012. Growth expected to remain moderate in the FY 2012-2013 unless substantial policy measures are undertaken. Inflation and Capital Runaway has been the two main factors hurting the Indian Economy. GDP growth is unlikely to improve during the year 2012-2013 and is expected to grow @ 7%.

Your company however has made plans for growth in the future by leveraging its strong market position in its traditional products and by penetrating into markets where formerly it's presence was not large. This is expected to help its plans for growth in Sales and also in the bottom line.

### 4. DIVIDEND

Your Directors do not recommend payment of any dividend in view of the loss made during the year under review.

## 5. PUBLIC DEPOSIT

The Company has not accepted / renewed any public deposit under section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975 during the year 2011-2012.

## 6. INVESTOR EDUCATION AND PROTECTION FUND

Your company has transferred Rs. 2,05,992/- to the Investors and Protection Fund set up by the Central Government pursuant to the provisions of section 205C of the Companies Act, 1956.

## 7. STATUTORY AUDITORS' AND THEIR REPORT

M/s B S R & Co, the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re appointment. In respect of observations in their report, notes referred therein and forming a part of the Accounts are self-explanatory.

## 8. DIRECTORS

Mr. Anthony Gallagher resigned from the Board w.e.f. 14<sup>th</sup> December 2011. The Board places on record its appreciation to the valuable contribution made by him during the tenure of his Directorship.

Mr Hitesh Saiwal joined the Board as an Additional Director effective 14<sup>th</sup> December 2011 and holds office up to the ensuing Annual General Meeting. The company has received a notice from a Member under section 257 of the Companies Act 1956 proposing the candidature of Mr Hitesh Saiwal for the office of the Director of the Company.

Mr Ron Marno and Mr Neil Hoyland retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

## 9. INDUSTRIAL RELATIONS

During the year under review, the company's factory at Guwahati was under Lock Out. The Industrial relations at the Guwahati factory had remained strained with continuous agitations by the workmen in the form of Go Slow, and frequent illegal Karmabiroti Strikes. In spite of the Management's tolerance and efforts to keep the Guwahati plant running, while trying to convince the workmen on the necessity to increase productivity, the situation steadily deteriorated with the ongoing Go Slow, and the illegal Strikes. This affected the operation so much, that ultimately the Management had no other option but to declare a Lock Out of the Guwahati plant from December 7<sup>th</sup>, 2010 onward. After long rounds of negotiation with the Union, the Lock Out was lifted on 9<sup>th</sup> March 2012.

Your company is pleased to inform that in spite of major Industrial unrest at Guwahati, Industrial Relations at the Patancheru factory and the Kolkata office remained normal and peaceful for the year under review.

## 10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on Conservation of Energy, Technological Absorption and Foreign Exchange earnings and outgo as per section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is appended as Annexure "A" of this report.

## 11. EMPLOYEES

Vide circular no. GSR 289(E) dated 31<sup>st</sup> March 2011 issued by the Ministry of Corporate Affairs, Government of India, the statement of particulars of employees as required under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the limit has been enhanced to Rs. Sixty lakhs per annum or Rs. Five lakhs per month. Since no employee falls in that category no disclosure has been given in this report.

## 12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

1. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
2. the Directors have selected such Accounting Policies and applied them consistently, and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability;
4. the Directors have prepared the Accounts on a going concern basis.

## 13. A NOTE OF APPRECIATION

The Directors express their gratitude for the assistance and co-operation that the Company has received from the Central Government, State Governments of Assam and Andhra Pradesh, Other State Governments, Statutory Authorities, Regulatory Bodies, Customers, Bankers, Suppliers, Shareholders.

For and on behalf of the Board

28<sup>th</sup> May 2012  
Hyderabad

**R Himatsingka**  
*Chairman*



## ANNEXURE TO DIRECTORS' REPORT

### 'ANNEXURE A'

#### 1. DISCLOSURE OF PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTOR'S REPORT.

##### A. Conservation of Energy

###### (a) Energy Conservation Measures :

As energy is a significant cost to the company especially at its Guwahati plant, some initiatives to improve the same have been planned, but regrettably due to the on going Industrial activities, the Company has not been able to implement the same.

##### B. Technology Absorption

###### Research and Development (R&D)

###### 1. Specific areas in which R & D carried out by the company

No major R&D activity could be carried out

###### 2. Benefits derived as a result of the above R & D

No benefit was expected in the period.

###### 3. Future plan of action

Special attention would be given in the next year for R & D purpose.

###### 4. Expenditure on R & D (Rs. In lacs)

a. Capital	-
b. Recurring	3.75
c. Total	3.75
d. Total R & D expenditure as a percentage of total turnover	0.092

**Technology absorption, adaptation and innovation** NIL

##### C. Foreign exchange earnings and outgo:

a. Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans: -

During the year, exports were made to Europe and the Far East, for Mechanical Carbon Products as well as Electrical Carbon products.

b. Total foreign exchange used and earned	Rs. In Lacs
Total Foreign Exchange used	1256.18
Total Foreign Exchange earned	803.69

For and on behalf of the Board

28<sup>th</sup> May 2012  
Hyderabad

**R Himatsingka**  
Chairman

**AUDITORS' REPORT TO THE MEMBERS OF ASSAM CARBON PRODUCTS LIMITED**

1. We have audited the attached Balance Sheet of Assam Carbon Products Limited ('the Company') as at 31 March 2012 and also the related Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We draw your attention to the following:
  - a. *Included in Inventories is 'work-in-progress' amounting to Rs. 16,333 thousands (previous year Rs 20,015 thousands). The valuation of work-in-progress inventories does not include a systematic allocation of fixed and variable production overheads as required by paragraph 8 of Accounting Standard 2: Valuation of Inventories. Also, we note that items of finished goods amounting to Rs. 11,659 thousands (previous year Rs 9,129 thousand) are valued at standard cost which is not in line with the requirements of paragraph 18 of Accounting Standard 2: Valuation of Inventories.*

*We are unable to satisfy ourselves regarding adjustments, if any, which will be required to the values of closing work-in-progress and finished goods inventories as at 31 March 2012 and its consequent impact on increase/decrease in inventories of finished goods and work in progress and loss for the year ended 31 March 2012.*
  - b. *As more fully explained in Note 25(ii), the Company has not established a provision for employee wages and benefits for the lock out period at the Company's Guwahati Factory during the years 2007-2008 and for the subsequent lock out period from 7 December 2010 to 8 March 2012 on the principle of 'No Work No Pay'. The labour matter is sub-judice and hence the impact, if any, in terms of provision of employee wages and employee benefits and its resultant impact on loss for the year ended 31 March 2012, reserves and surplus and current liabilities cannot currently be determined. Our report in the previous year was also modified with respect to the above matter.*
  - c. *The Central Government has approved the payment of remuneration to the non-executive Chairman subject to 1 % of the net profit of the Company for the year ended 31 March 2012 as computed under section 198 of the Companies Act, 1956. The Company, during the period 1April 2011 to 31 March 2012, has paid remuneration amounting to Rs. 1,500 thousands to the non-executive Director in excess of the Central Government approvals.*

*The Company is planning to file an application with the Central Government for approval of aforesaid remuneration paid/ payable to the non executive director.*

5. Further to our comments in the Annexure referred to above, we report that:
- (a) *subject to our comments in paragraphs 4(a) and 4(b)*, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) *subject to our comments in paragraphs 4(a) and 4(b)*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
  - (c) the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) *subject to our comments in paragraphs 4(a) and 4(b)*, in our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) on the basis of written representations received from the Directors of the Company as at 31 March 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2012 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956; and
  - (f) *subject to our comments in paragraphs 4(a), 4(b) and 4(c) above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
    - ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For BSR & Co**

*Chartered Accountants*

Firm Registration No.: 101248W

**Jiten Chopra**

*Partner*

Membership No.: 092894

Date : 28th May, 2012

Place : Hyderabad

**Annexure referred to in paragraph 3 of the Auditors' Report to the Members of Assam Carbon Products Limited on the accounts for the year ended 31 March 2012**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of 2 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were identified on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except for goods in transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained.
- (b) According to the information and explanations given to us, the procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) *In our opinion, maintenance of inventory records needs to be further improved as regards timely updation of the value of work in progress and finished goods inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material*
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered

in the register required to be maintained under that section.

- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (v)(a) above and exceeding the value of Rs. 5 lakhs with any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for purchases of certain items of inventories and fixed assets which are for the Company's specialised requirements and similarly for sale of certain goods which are for the specialised requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vii) *In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business. The internal audit has been carried on during the year but the draft report is currently under discussion.*
- (viii) *According to the information and explanations given to us, the Company is in the process of preparing the books of account required to be maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 as this is the first year of its applicability.*
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Sales Tax, Service Tax, Customs Duty, Income tax, Excise Duty, Investor Education and Protection Fund and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Wealth Tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Investor Education and Protection Fund and other material statutory dues were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Service Tax, Customs duty and Excise Duty which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Sales Tax, have not been deposited by the Company on account of disputes:

Name of the statute	Nature of the dues	Amount involved* (Rs. '000)	Amount paid under protest (Rs. '000)	Period to which the amount relates	Forum where dispute is pending`
Andhra Pradesh General Sales Tax Act, 1957	Sales tax / VAT	126	46	2001-2002	Andhra Pradesh Sales Tax Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Sales tax	178	46	2001-2002	Andhra Pradesh Sales Tax Appellate Tribunal, Hyderabad

\* Excluding the demands, the proceeding of which have been remanded for reassessments by appropriate authorities.

- (x) *Without considering the effect of our observations in Paragraph 4(a),(b) and (c) of the auditor's report, the Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year,. Further, without considering the effect of our observations in Paragraph 4(a) and (b) of the auditor's report,the Company has not incurred any cash losses in the immediately preceding financial year*
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.
- (xii) According to information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that *the Company has used funds raised on short term basis amounting to Rs 7,998 thousands for long term purposes.*

- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For BSR & Co**  
*Chartered Accountants*  
 Firm Registration No.: 101248W  
**Jiten Chopra**  
*Partner*  
 Membership No.: 092894

Date : 28th May, 2012  
 Place : Hyderabad

## BALANCE SHEET AS AT 31 MARCH, 2012

(Rupees in thousands)

	Notes	As at 31 March 2012	As at 31 March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	27,556	27,556
Reserves and surplus	3	79,885	85,096
		<u>107,441</u>	<u>112,652</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	–	1,456
Other long-term Liabilities	5	80	142
Long-term provisions	6	37,770	11,845
		<u>37,850</u>	<u>13,443</u>
<b>Current liabilities</b>			
Short-term borrowings	7	60,383	81,533
Trade payables and accrued expenses	8	160,153	139,370
Other current liabilities	9	31,001	56,919
Short-term provisions	6	7,104	17,565
		<u>258,641</u>	<u>295,387</u>
<b>TOTAL</b>		<u><u>403,932</u></u>	<u><u>421,482</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	140,377	152,152
Intangible assets	10	3,234	3,914
Capital work-in-progress	10	2,869	254
Non-current investments	11	5	5
Long-term loans and advances	12	6,594	6,783
Other non-current assets	14	210	172
		<u>153,289</u>	<u>163,280</u>
<b>Current assets</b>			
Inventories	15	105,415	83,463
Trade receivables	13	113,297	138,452
Cash and bank balances	16	18,536	22,098
Short-term loans and advances	12	12,840	13,548
Other current assets	14	555	641
		<u>250,643</u>	<u>258,202</u>
<b>TOTAL</b>		<u><u>403,932</u></u>	<u><u>421,482</u></u>

**Significant accounting policies** 1

The accompanying notes form an integral part of the financial statements

As per our report attached

For **B S R & Co**

Chartered Accountants

Firm Registration No.: 101248W

**JITEN CHOPRA**

Partner

Membership No.: 092894

Place : Hyderabad

Date : 28th May, 2012

For and on behalf of the Board of Directors of

**Assam Carbon Products Limited****R.HIMATSINGKA**  
Chairman**V.S.LOKRE**  
Managing Director**HITESH SAIWAL**  
Director**G.P.CHAWLA**  
Executive Director (O)**PRABHAT C GOENKA**  
Director**SAUGATA DE**  
Company Secretary

Place : Hyderabad

Date : 28th May, 2012



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012**

(Rupees in thousands except per share data)

	Notes	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
<b>Income</b>			
Revenue from operations	17	402,296	423,419
Less: Excise duty		29,273	27,830
[Net of Excise Duty refund Rs. Nil (previous year Rs. 6,231)]		373,023	395,589
Other income	18	4,107	1,609
<b>Total</b>		<b>377,130</b>	<b>397,198</b>
<b>Expenses</b>			
Cost of raw materials consumed	19	184,495	164,762
Purchase of traded goods	20	4,656	3,634
Changes in inventories of finished goods, work in progress and traded goods	21	(11,369)	8,952
Employee benefit expense	22	75,729	110,681
Other expenses	23	108,192	107,336
Finance cost	24	7,706	10,634
Depreciation and amortisation expense	10	12,932	12,770
<b>Total</b>		<b>382,341</b>	<b>418,769</b>
<b>Loss before tax</b>		<b>5,211</b>	<b>21,571</b>
Tax expense			
Excess provision for tax of earlier years written back		—	(25,426)
<b>Profit / (Loss) for the year</b>		<b>(5,211)</b>	<b>3,855</b>
<b>Earnings per share (Rs.)</b>	<b>30</b>		
Basic - Par value of Rs.10 per share		(1.89)	1.40
Diluted - Par value of Rs.10 per share		(1.89)	1.40

**Significant accounting policies** 1

The accompanying notes form an integral part of the financial statements

As per our report attached for even date

For **B S R & Co**

Chartered Accountants

Firm Registration No.: 101248W

**JITEN CHOPRA**

Partner

Membership No.: 092894

Place : Hyderabad

Date : 28th May, 2012

For and on behalf of the Board of Directors of

**Assam Carbon Products Limited**

**R.HIMATSINGKA**  
Chairman

**V.S.LOKRE**  
Managing Director

**HITESH SAIWAL**  
Director

**G.P.CHAWLA**  
Executive Director (O)

**PRABHAT C GOENKA**  
Director

**SAUGATA DE**  
Company Secretary

Place : Hyderabad

Date : 28th May, 2012

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(Amount in Rupees thousand)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>A. <u>Cash flow from operating activities</u></b>		
Loss before tax	5,211	21,571
<u>Adjusted for :</u>		
Depreciation	12,932	12,770
Provision for doubtful debts and advances	7,740	4,393
Interest paid	7,706	10,634
Interest received	(270)	(74)
Government grant	(62)	(63)
Liabilities no longer required written back	(2,825)	(882)
Unrealised foreign exchange loss / (gain) (net)	4,400	813
Loss on sale of fixed asset	91	237
Dividend income	–	(1)
	<u>29,712</u>	<u>27,827</u>
<b>Operating profit before working capital changes</b>	<b>24,501</b>	<b>6,256</b>
<u>Changes in :</u>		
Trade receivables, loans and advances and other current assets	19,325	(20,535)
Inventories	(21,952)	(8,281)
Trade payable, provisions and other liabilities	7,914	50,797
	<u>5,287</u>	<u>21,981</u>
<b>Cash generated from operating activities</b>	<b>29,788</b>	<b>28,237</b>
Direct taxes (paid)/ refunds received	–	(20)
<b>Cash flow generated from operating activities</b>	<b>29,788</b>	<b>28,217</b>
<b>B. <u>Cash flow from investing activities</u></b>		
Purchase of fixed assets (including net movement in capital WIP)	(3,268)	(3,287)
Interest received	270	74
Proceeds on disposal of fixed assets	85	286
Dividend income	–	1
	<u>(2,913)</u>	<u>(2,926)</u>
<b>Net cash used in investing activities</b>	<b>(2,913)</b>	<b>(2,926)</b>

(Amount in Rupees thousand)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>C. <u>Cash flow from financing activities</u></b>		
Repayment of borrowings	(22,606)	(17,212)
Interest paid	(7,833)	(10,724)
Net cash used in financing activities	(30,439)	(27,936)
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<u>(3,563)</u>	<u>(2,645)</u>
Cash and cash equivalents - opening balance	22,098	24,743
Cash and cash equivalents - closing balance	18,536	22,098
	<u>(3,563)</u>	<u>(2,645)</u>
	<b>As at 31 March 2012</b>	<b>As at 31 March 2011</b>
<b>Cash and cash equivalents as at the year end comprise of :</b>		
Cash in hand	56	74
Balances with scheduled banks		
- on current accounts	18,245	21,582
- on unpaid dividend accounts*	235	442
	<u>18,536</u>	<u>22,098</u>

\* accounts are not available for use by the Company

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 on Cash Flow Statements as prescribed by the Companies (Accounting Standard) Rules, 2006.

As per our report attached of even date

For **BSR & Co**

Chartered Accountants

Firm Registration No.: 101248W

**JITEN CHOPRA**

Partner

Membership No.: 092894

Place : Hyderabad

Date : 28th May, 2012

For and on behalf of the Board of Directors of  
**Assam Carbon Products Limited**

**R.HIMAT SINGKA**  
Chairman

**V.S.LOKRE**  
Managing Director

**HITESH SAIWAL**  
Director

**G.P.CHAWLA**  
Executive Director (O)

**PRABHAT C GOENKA**  
Director

**SAUGATA DE**  
Company Secretary

Place : Hyderabad

Date : 28th May 2012

## Notes to financial statements

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### i. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting following generally accepted accounting principles in India ('GAAP') and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006, and the presentational requirement of the Companies Act, 1956, to the extent applicable.

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act has become applicable to the Company for the preparation and presentation of its financial statements. While the adoption of revised Schedule VI does not impact the recognition and measurement principles followed for the presentation of financial statements, it has significant impact on presentation and disclosure requirements. The Company has also re-classed the previous year figures in accordance with the requirements applicable in the current year more described under note 41. All assets and liabilities have been classified as current or non current as per Company's normal operating cycle and other criteria set out in revised Schedule VI of the Companies Act, 1956. The Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

#### ii. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and results of operation during the year. Differences between actual results and estimates are recognised in the year in which the results are known or materialised. Examples of such estimates are estimated useful life of assets, provision for doubtful debts, retirement benefits, etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### iii. Fixed assets

Fixed assets are stated at cost of acquisition (net of CENVAT) less accumulated depreciation. Cost of acquisition includes taxes, duties, freight and other costs that are directly attributable to bringing assets to their working condition for their intended use.

#### iv. Depreciation / Amortisation

Depreciation on tangible fixed assets is provided under straight line method over useful lives of fixed assets, as estimated by the management. Useful lives so estimated are in line with the useful lives derived from depreciation rates prescribed by Schedule XIV to the Companies Act, 1956. Depreciation on additions/ deletions are provided on pro rata basis in the year of purchase/ disposal.

Assets individually costing upto Rs. 5,000 are depreciated fully in the year of acquisition.

#### **Intangible fixed assets**

Application software is amortised over the estimated economic useful life of 6 years.

#### **v. Impairment**

The carrying amounts of fixed assets and capital work in progress are reviewed at each balance sheet date in accordance with Accounting Standard 28 on 'Impairment of Assets', prescribed by the Companies (Accounting Standards) Rules, 2006, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of assets are estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit of which it is a part, exceeds the corresponding recoverable amount. Impairment losses are recognised in the statement of profit and loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

#### **vi. Investments**

Long term investments are stated at cost less amount written off, where there is a diminution in value, other than temporary.

Current investments are stated at lower of cost and fair value.

#### **vii. Inventories**

Raw materials, stores and spare parts are valued at the lower of cost and net realizable value. Cost includes purchase price, duties and taxes, freight and other expenditure incurred in bringing such inventories to their present location and condition. In determining cost, weighted average method is used. The carrying costs of raw materials, stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials and the finished products, in which they will be incorporated, are expected to be sold below cost.

Work in progress and finished goods are valued at the lower of cost and net realisable value. Cost comprises of direct material, labour expenses and an appropriate portion of production overheads incurred in bringing the inventory to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of the production facilities. In determining cost, weighted average method is used.

Traded finished goods are valued at the lower of cost and net realisable value.

Excise duty liability is included in the value of closing inventory of finished goods

**viii. Revenue**

Revenue from sale of goods is recognised when significant risks and rewards of ownership in the goods are transferred to customers and it is not unreasonable to expect ultimate collection of the sale consideration that is being recognised as revenue.

**ix. Income from Government Grant**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to depreciable assets, grants are treated as deferred income which is recognised in the statement of Profit and Loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged.

**x. Foreign exchange transactions**

Foreign exchange transactions are recorded in the books of the Company at the exchange rate prevailing on the dates of the transactions. Year-end monetary assets and liabilities denominated in foreign currencies are translated at the year-end foreign exchange rates.

Exchange differences arising on settlements/ year-end translations are recognised in the statement of Profit and Loss for the year.

**xi. Employee benefits**

The Company's obligations towards various employee benefits have been recognised as follows:

**Short term benefits**

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus, etc, are recognised in the statement of Profit and Loss in the period in which employee renders the related service.

**Post employment benefits**

- a) Monthly contributions to Provident Funds which are in the nature of defined contribution schemes are charged to statement of Profit and Loss and deposited with the Provident Fund administered through the Company's trust on a monthly basis
- b) The administration of the gratuity scheme which is in the nature of defined benefit plan, has been entrusted to Life Insurance Corporation of India ('LIC'). Annual charge is recognised on the basis of actuarial valuation of the related obligation and plan assets conducted by an independent actuary appointed by the Company

at the Balance Sheet date. Actuarial gain or losses for the year are recognized in the statement of Profit and Loss as income or expense.

**Other long term benefits**

Cost of long term benefit by way of accumulating compensated absences are recognised when the employees render the service that increases their entitlement to future compensated absences. Such costs are recognised based on actuarial valuation of the Company's year end obligation in this regard by an independent actuary.

**xii. Taxation**

Income tax expense comprises current tax, (i.e. amount of taxes for the year determined in accordance with the Income-Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that such assets can be realised in future. However, in case of unabsorbed depreciation or carried forward loss under tax laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

**xiii. Provisions and contingent liabilities**

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which can be reliably estimated and it is probable that an outflow of resources will be necessary to settle the obligation.

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and / or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be reliably estimated.

**xiv. Operating leases**

Lease payments under operating lease arrangements are recognised as expense in the statement of Profit and Loss on a straight line basis over the period of the lease.

**xv. Earnings per share**

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding at the year end, except where the results would be anti dilutive.

## Notes to financial statement

	(Rupees in thousands)	
	As at 31 March 2012	As at 31 March 2011
	Number of shares	Amount
<b>2 Share capital</b>		
Authorised shares		
Equity shares of Rs. 10 each	9,800,000	98,000
Cumulative convertible preference shares of Rs. 100 each fully paid up	20,000	2,000
	<u>9,820,000</u>	<u>100,000</u>
Issued, subscribed and fully paid up equity shares of Rs.10 each	2,755,600	27,556
	<u>2,755,600</u>	<u>27,556</u>
Shares held by holding / ultimate holding company and/or their subsidiaries - <b>1,450,000</b> (previous year 1,450,000) equity shares are held by Morgan Crucible Co. Plc, ultimate holding company (including 600,000 shares by Morganite Carbon Ltd., its subsidiary)		
<b>Reconciliation of the shares outstanding</b>		
Equity shares of Rs. 10 each fully paid up	2,755,600	27,556
At the beginning of the year	-	-
Add: Issued during the year		
At the end of the year	<u>2,755,600</u>	<u>27,556</u>

### Terms attached to shares

Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders. The dividend proposed by the Board of Directors are subject to the approval of the shareholders in the ensuing Annual General Meeting.

### Details of shareholders holding more than 5% shares of the Company

	As at 31 March 2012		As at 31 March 2011	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of Rs. 10 each fully paid up held by Morgan Crucible Co Plc. - Ultimate Holding company	850,000	31%	850,000	31%
Morganite Carbon Ltd. - Subsidiary of ultimate holding company	600,000	22%	600,000	22%



## Notes to financial statement

(Rupees in thousands)

	As at 31 March 2012	As at 31 March 2011
<b>3 RESERVES AND SURPLUS</b>		
Capital Reserve	3,606	3,606
Capital Redemption Reserve	2,244	2,244
General Reserve	11,675	11,675
Surplus in Statement of Profit and Loss		
At the beginning of the year	67,571	63,716
Add : Profit / (Loss) transferred from Statement of Profit and Loss	(5,211)	3,855
At the end of the year	<u>62,360</u>	<u>67,571</u>
<b>Total</b>	<u><u>79,885</u></u>	<u><u>85,096</u></u>

## 4 LONG-TERM BORROWINGS

	Secured /unsecured	Rate of interest	Non-current portion		Current maturities*	
			As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Term loans from						
Banks - Rupee denominated loans	Secured (a)	13%	-	1,456	1,456	5,824
<b>Total</b>			<u>-</u>	<u>1,456</u>	<u>1,456</u>	<u>5,824</u>

\* Amount disclosed under the head "Other Current Liabilities" - Note 9

- a) Secured by way of first and exclusive charge on specific plant and machinery of the Company, both present and future.
- b) There is no continuing default in repayment of principal loan and interest amount.

	As at 31 March 2012	As at 31 March 2011
<b>5 Other Long-term Liabilities</b>		
Deferred government grants		
At the beginning of the year	142	205
Less : Transferred to statement of Profit and Loss as "Other Income"	62	63
	<u>80</u>	<u>142</u>

**6 Provisions**

	Long-term		Short-term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Provision for employee benefits				
Gratuity	<b>3,352</b>	3,048	<b>6,222</b>	16,404
Compensated absences	<b>8,195</b>	8,797	<b>882</b>	1,161
Provision for contingencies (Refer note 33)	<b>26,223</b>	–	–	–
	<b><u>37,770</u></b>	<u>11,845</u>	<b><u>7,104</u></b>	<u>17,565</u>

**7 Short-term borrowings**

	Secured/ Unsecured	As at 31 March	As at 31 March
		2012	2011
Loans repayable on demand			
From banks			
a) Working Capital Demand Loan	Secured (a)	<b>30,000</b>	67,000
b) Packing Credit Foreign Currency Loan	Secured (a)	<b>14,104</b>	–
From related parties			
Morgan Crucible Co Plc, Ultimate holding company	Un-secured	<b>16,279</b>	14,533
		<b><u>60,383</u></b>	<u>81,533</u>

- a) Secured by first paripassu charge by way of hypothecation of stocks, book debts of the Company both present and future.
- b) The Working capital demand loan is repayable on demand and carries interest @ 12% to 14% per annum.
- c) The packing credit loan is repayable in the month of June,2012 and August,2012 and carries interest @ 4.5% to 5% per annum.
- d) The foreign currency loan from the ultimate holding company is interest free and is repayable on demand.
- e) There is no continuing default in repayment of principal loan and interest amount.

<b>8 Trade payables and accrued expenses</b>	As at 31 March	As at 31 March
	2012	2011
Dues to micro and small enterprises	<b>1,576</b>	3,123
Others	<b>143,840</b>	122,720
Accrued expenses	<b>14,737</b>	13,527
	<b><u>160,153</u></b>	<u>139,370</u>

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 (“the Act”) based on the information available with the Company are given below:

	<b>As at 31 March 2012</b>	As at 31 March 2011
The principal amount remaining unpaid to any supplier as at the end of the year	<b>234</b>	1,208
The interest due on the principal remaining outstanding as at the end of the year	<b>142</b>	375
The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year		
Principal -	<b>974</b>	1,340
Interest -	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	<b>100</b>	109
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	<b>1,342</b>	1,100

	<b>As at 31 March 2012</b>	As at 31 March 2011
--	--------------------------------	------------------------

**9 Other current liabilities**

Current maturities of long-term debt *	<b>1,456</b>	5,824
Interest accrued but not due on borrowings	<b>45</b>	172
Creditor for capital goods	<b>4,356</b>	4,457
Advance from customer	<b>3,201</b>	5,306
Unpaid dividends **	<b>235</b>	442
Income-tax and other taxes payable	<b>4,552</b>	5,495
Accrued salaries and benefits	<b>17,156</b>	35,223
	<b>31,001</b>	56,919

\* Refer note 4 for details

\*\* There is no amount due and outstanding to be credited to Investor Education and Protection Fund

Notes to financial statements

10. FIXED ASSETS (Rupees in thousands)

Description	Gross block			Accumulated Depreciation/Amortisation				Net block		
	As at 1 April 2011	Additions	Disposals	As at 31 March 2012	As at 1 April 2011	Charge for the year	Disposals	Deductions	As at 31 March 2012	As at 31 March 2012
<b>Tangible assets</b>										
Freehold land	1,853	-	-	1,853	-	-	-	-	-	1,853
Buildings	37,048	-	-	37,048	15,435	988	-	-	16,423	20,625
Plant and machinery	236,641	35	-	236,676	119,995	9,336	-	-	129,331	107,345
Furniture and fittings	5,380	120	-	5,500	4,256	188	-	-	4,444	1,056
Office Equipments	21,589	498	-	22,087	14,711	1,138	-	-	15,849	6,238
Vehicles	7,412	-	459	6,953	3,374	602	283	-	3,693	3,260
Subtotal	309,923	653	459	310,117	157,771	12,252	283	-	169,740	140,377
<b>Intangible assets</b>										
Computer software	4,198	-	-	4,198	284	680	-	-	964	3,234
Subtotal	4,198	-	-	4,198	284	680	-	-	964	3,234
<b>Total</b>	<b>314,121</b>	<b>653</b>	<b>459</b>	<b>314,315</b>	<b>158,055</b>	<b>12,932</b>	<b>283</b>	<b>-</b>	<b>170,704</b>	<b>143,611</b>
Capital work in progress										2,869
										<u>146,480</u>

Notes to financial statements

10. FIXED ASSETS (Contd.)

(Rupees in thousands)

Description	Gross block			Accumulated Depreciation/Amortisation				Net block		
	As at 1 April 2010	Additions	Disposals	As at 31 March 2011	As at 1 April 2010	Charge for the year	Disposals	Deduc- tions	As at 31 March 2011	As at 31 March 2011
<b>Tangible assets</b>										
Freehold land	1,853	-	-	1,853	-	-	-	-	-	1,853
Buildings	36,285	763	-	37,048	14,450	985	-	-	15,435	21,613
Plant and machinery	232,937	3,704	-	236,641	110,456	9,539	-	-	119,995	116,646
Furniture and fittings	5,380	-	-	5,380	4,073	183	-	-	4,256	1,124
Office Equipments	20,439	1,172	22	21,589	13,558	1,157	4	-	14,711	6,878
Vehicles	7,097	1,317	1,002	7,412	3,249	622	497	-	3,374	4,038
Subtotal	303,991	6,956	1,024	309,923	145,786	12,486	501	-	157,771	152,152
<b>Intangible assets</b>										
Computer software	-	4,198	-	4,198	-	284	-	-	284	3,914
Subtotal	-	4,198	-	4,198	-	284	-	-	284	3,914
<b>Total</b>	<b>303,991</b>	<b>11,154</b>	<b>1,024</b>	<b>314,121</b>	<b>145,786</b>	<b>12,770</b>	<b>501</b>	<b>-</b>	<b>158,055</b>	<b>156,066</b>
Capital work in progress										254
										<u>156,320</u>

## Notes to financial statements

(Amount in Rupees thousand)

	As at 31 March 2012	As at 31 March 2011		
<b>11 Non-current investments</b> (valued at cost unless otherwise stated)				
Non-trade investments				
Un-Quoted equity shares				
500 (previous year 500) equity shares of Rs.10/-				
fully paid up in Assam Petrochemicals Limited	<u>5</u>	<u>5</u>		
	<u><u>5</u></u>	<u><u>5</u></u>		
<b>12 Loans and advances</b>				
	<b>Long-term</b>		<b>Short-term</b>	
	As at	As at	As at	As at
	31st	31st	31st	31st
	March,12	March,11	March,12	March11
Security deposits				
Unsecured, considered good	<u>5,261</u>	5,389	<u>1,564</u>	868
	<u><b>5,261</b></u>	5,389	<u><b>1,564</b></u>	868
Other loans and advances				
Unsecured considered good, unless stated otherwise				
Loans and advances to employees	-	-	<b>1,605</b>	756
Recoverable from directors	-	-	<b>375</b>	-
Balance with excise and sale tax authorities	-	-	<b>2,923</b>	2,318
Prepaid expenses	<b>46</b>	107	<b>3,522</b>	3,645
Advance income-tax	<b>1,287</b>	1,287	-	-
Advances recoverable in cash or in kind or for value to be received				
- Considered good	-	-	<b>2,851</b>	5,961
- Considered doubtful	-	-	<b>1,371</b>	1,371
	<u><b>1,333</b></u>	1,394	<u><b>12,647</b></u>	14,051
Less: Provision for doubtful advances			<u><b>1,371</b></u>	1,371
	<u><b>1,333</b></u>	1,394	<u><b>11,276</b></u>	12,680
	<u><b>6,594</b></u>	6,783	<u><b>12,840</b></u>	13,548
<b>13 Trade receivables</b>				
	<b>As at</b>		<b>As at</b>	
	<b>31 March 2012</b>		<b>31 March 2011</b>	
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	<b>10,648</b>		29,632	
Unsecured, considered doubtful	<b>37,502</b>		37,715	
	<u><b>48,150</b></u>		<u>67,347</u>	
Less: Provision for doubtful debts			<u><b>37,502</b></u>	37,715
			<u><b>10,648</b></u>	29,632
Other debts				
Unsecured, considered good	<b>102,649</b>		108,820	
	<u><b>102,649</b></u>		<u>108,820</u>	
	<u><b>113,297</b></u>		<u>138,452</u>	

## Notes to financial statements

(Amount in Rupees thousand)

### 14 Other assets

	Non-current		Current	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Unsecured considered good, unless otherwise stated				
Interest accrued on margin money	72	34	-	-
Others receivable	-	-	555	641
Other bank balances (*)				
Balance in banks for margin money	118	118	-	-
Deposit with original maturity for more than twelve months	20	20	-	-
	<u>210</u>	<u>172</u>	<u>555</u>	<u>641</u>

(\*) Refer note 16

### 15 Inventories (At lower of cost and net realizable value)

	As at 31 March 2012	As at 31 March 2011
Raw materials [including in transit <b>Rs.27,041</b> (previous year Rs. 15,108)]	59,177	49,375
Stores and spares parts	4,710	3,929
Work-in-progress	28,509	20,015
Finished goods		
- Own manufactured	11,659	9,129
- Traded	1,360	1,015
	<u>105,415</u>	<u>83,463</u>

### 16 Cash and bank balances

	Non-current		Current	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Cash and cash equivalents				
Balance with banks in				
Current accounts	-	-	18,245	21,582
Unpaid dividend account	-	-	235	442
Cash on hand	-	-	56	74
	<u>-</u>	<u>-</u>	<u>18,536</u>	<u>22,098</u>
Other bank balances (*)				
Balance in banks for margin money	118	118	-	-
Deposit with original maturity for more than twelve months	20	20	-	-
	<u>138</u>	<u>138</u>	<u>18,536</u>	<u>22,098</u>

(\*) Amount disclosed under the head "Non Current Assets - (refer note 14)

## Notes to financial statements

(Amount in Rupees thousand)

	As at 31 March 2012	As at 31 March 2011
<b>17 Revenue from operations</b>		
Sale of products *		
Own manufactured	393,843	416,660
Traded	7,703	6,600
Other operating income		
Scrap sales	750	–
Processing charges	–	159
<b>Revenue from operations (Gross)</b>	<b>402,296</b>	<b>423,419</b>
<b>(*) Sale of products</b>		
Manufactured		
EG, HC, NG and RB carbon blocks	16,826	14,833
MG and SG carbon blocks	9,715	5,262
Electrical carbon brushes	121,720	161,252
Mechanical and Special Carbon Blocks & Blanks	–	194
Mechanical and Special Carbon components	214,060	210,441
ISO Graphite components	30,915	23,447
Copper moulding and linking powder	535	1,093
Miscellaneous	72	138
	<b>393,843</b>	<b>416,660</b>
Traded		
Carbon Brushes	6,822	5,863
Commutator Maintenance Accessories	881	737
	<b>7,703</b>	<b>6,600</b>
<b>18 Other income</b>		
Interest on deposits and others	270	74
Dividend Income - long term non trade, unquoted	–	1
Liabilities no longer required written back	2,825	882
Government grant	62	63
Rent received	240	240
Miscellaneous income	710	349
	<b>4,107</b>	<b>1,609</b>
<b>19 Cost of raw materials consumed</b>		
Opening Stock	49,375	30,883
Add : Purchases	194,297	183,254
	<b>243,672</b>	<b>214,137</b>
Less : Closing Stock	59,177	49,375
	<b>184,495</b>	<b>164,762</b>
<b>20 Purchases of traded goods</b>		
Carbon brushes	4,656	3,428
Commutator maintenance accessories	–	206
	<b>4,656</b>	<b>3,634</b>



## Notes to financial statements

(Amount in Rupees thousand)

### 21 Changes in inventories of finished goods, work in progress and stock-in-trade

Year ended  
31 March 2012

Year ended  
31 March 2011

Opening stock		23,025
Work-in-progress	20,015	
Finished goods		
- Own manufactured	9,129	15,143
- Traded	1,015	943
	<u>30,159</u>	<u>39,111</u>
Less : Closing stock		
Work-in-progress	28,509	20,015
Finished goods		
- Own manufactured	11,659	9,129
- Traded	1,360	1,015
	<u>11,369</u>	<u>8,952</u>
Net (increase) / decrease		

### 22 Employee benefit expense

Salaries, wages and bonuses	57,279	80,885
Contribution to provident and other fund	11,536	19,377
Staff welfare expense	6,914	10,419
	<u>75,729</u>	<u>110,681</u>

### 23 Other expenses

Stores and spares parts consumed (*)	9,790	10,326
Power and fuel	16,159	25,990
Fabrication costs	12,296	11,403
Repairs to:		
- building	871	480
- plant and machinery	1,533	2,036
- others	1,387	1,748
Insurance	3,284	2,683
Rent (Refer note 31)	3,482	3,018
Commission - others	1,397	2,591
Packing and freight	3,387	4,616
Travelling and conveyance	13,473	15,034
Bad Debts written off	-	-
(Net of Provision Rs.7,953, Previous Year Rs.7,081)		
Provision for doubtful debts	7,740	4,393
Rates and taxes	560	587
Professional fee	11,414	7,448
Auditors' remuneration (refer note 40)	1,634	1,459
Non executive directors' fees / remuneration	1,635	1,535
Loss on sale and write off of fixed assets	91	237
Loss on foreign exchange fluctuations	7,031	2,401
Excise duty - opening and closing stock of finished goods	(17)	(183)
Postage and telephone	2,584	2,107
Security charges	2,045	1,689
Bank charges	575	1,043
Miscellaneous expenses	5,841	4,695
	<u>108,192</u>	<u>107,336</u>

(\*) Stores and spare consumed included under head of expenses Rs. NIL, (previous year Rs.843)

**Notes to financial statements**

(Amount in Rupees thousand)

	<b>As at 31 March 2012</b>	As at 31 March 2011
<b>24 Finance cost</b>		
Interest on		
– Term loan	<b>613</b>	1,334
– Others	<b>7,093</b>	9,300
	<b><u>7,706</u></b>	<u>10,634</u>

**25 Capital and other commitments (to the extent not provided for)**

- (i) Estimated amount of contracts (net of advances) remaining to be executed on Capital account and not provided for. – –
- (ii) The issue of payment of back wages during the period of strike / lock-out at the Company's Guwahati Unit for certain employees effective from 29 November 2007 to 24 July 2008 and for others from 29 November 2007 to 3 November 2008, has been referred to appropriate authorities for adjudication. However, the Company, on the principle of No Work No Pay, has neither ascertained nor made any provision for payment of such wages and other employee benefits for the period of strike and lock out for certain employees effective from 29 November 2007 to 24 July 2008 and for others from 29 November 2007 to 3 November 2008. Guwahati unit was again under lock out with effect from 7 December 2010 to 8 March 2012. The Company on the principle of No work No Pay, has neither ascertained nor made any provision for payment of wages and other employee benefits for the period of strike and lock out for certain employees with effect from 7 December 2010 to 8 March 2012.

**26 Contingent liability not provided for:**

	<b>As at 31 March 2012</b>	As at 31 March 2011
(i) Sales tax matters under appeal	<b>304</b>	304

**27** The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income - Tax Act, 1961. Since the law requires the existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation of the International transactions entered into with the associated enterprises from 1 April 2011 to 31 March 2012 and expects such records to be in existence within the due date. The management is of the opinion that its international transaction are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

## Notes to financial statements

(Amount in Rupees thousand)

- 28 The Company has not hedged the following foreign currency exposure as at the year end.

	GBP	Equivalent Rs.	Euro	Equivalent Rs.	US Dollar	Equivalent Rs.
Trade Payables	<b>1,308</b> [1299]	<b>106,434</b> [94,389]	<b>95</b> [117]	<b>6,526</b> [7,465]	<b>113</b> [14]	<b>5,742</b> [629]
Trade Receivables	<b>232</b> [316]	<b>18,891</b> [22,961]	<b>12</b> [7]	<b>829</b> [447]	<b>90</b> [21]	<b>4,598</b> [943]
Borrowings from related party	<b>200</b> [200]	<b>16,279</b> [14,533]	– [-]	– [-]	– [-]	– [-]

(Previous year figures are in brackets)

### 29 Deferred Tax

	Year ended 31 March 2012	Year ended 31 March 2011
<b>Deferred tax assets</b>		
Provision for doubtful debts and advances	<b>12,614</b>	12,684
Provision for employee benefits	<b>6,052</b>	9,544
Carried forward tax losses	<b>23,008</b>	22,625
<b>Total</b>	<b><u>41,674</u></b>	<b><u>44,853</u></b>
<b>Deferred tax liabilities</b>		
Difference between written down value of fixed assets as per books of accounts and for tax purposes	<b>22,637</b>	22,281
<b>Total</b>	<b><u>22,637</u></b>	<b><u>22,281</u></b>
<b>Deferred tax asset / (liability) [net]</b>	<b><u>19,037</u></b>	<b><u>22,572</u></b>

Note: In view of absence of virtual certainty of realisation of deferred tax asset in the foreseeable future, deferred tax asset is not recognised in the financial statements.

### 30 Earning per share:

(a) Weighted average number of equity shares outstanding during the year	<b>2,755,600</b>	2,755,600
(b) Net profit / (loss) after tax attributable to equity shareholders (Rs. '000)	<b>(5,211)</b>	3,855
(c) Basic and diluted earnings per equity share of face value Rs. 10 (Rs.)	<b>(1.89)</b>	1.40

- 31 (a) **Cancellable Operating Leases:**The Company has taken various office and residential premises on operating lease arrangements. These agreements are for a period of 11 months to 3 years, cancellable during the life of the contract at the option of both the parties.

**Notes to financial statements**

(Amount in Rupees thousand)

- (b) **Non- Cancellable Operating Leases:**The Company acquired three vehicle under non-cancellable operating lease agreement. Future minimum lease payments outstanding as on 31 March 2012 are given below :

	<b>As at 31 March 2012</b>	As at 31 March 2011
Not later than one year	<b>441</b>	284
Later than one year but not later than five years	<b>617</b>	617
	<b><u>1,058</u></b>	<u>901</u>

- (c) Minimum lease payment (under both cancellable and non cancellable leases) charged during the year to the statement of profit and loss aggregated to **Rs. 3,482** (Previous year Rs. 3,018).

**32 Employee Benefits**

Disclosures made in accordance with Accounting Standard 15 - Employee Benefits (AS 15) pertaining to defined benefit plans:

SI No.	Particulars	31 March 2012 Gratuity Funded	31 March 2011 Gratuity Funded
(i)	<b>Net Asset / (liability) recognised in Balance sheet as at the year end</b>		
	Present value of defined obligation at year end	<b>49,206</b>	42,609
	Fair value of plan assets at year end	<b>39,632</b>	23,157
	Net Asset / (liability) recognised in the balance sheet	<b>(9,574)</b>	(19,452)
(ii)	<b>Components of employer expense</b>		
	Current service costs	<b>2,356</b>	2,134
	Interest costs	<b>3,513</b>	2,491
	Expected return on plan assets	<b>(1,853)</b>	(1,537)
	Actuarial loss recognised	<b>2,362</b>	8,664
	Expense recognised in the statement of profit and loss	<b>6,378</b>	11,752
	The gratuity expenses have been recognised in 'Employee Benefit Expenses' under note 23		
(iii)	<b>Change in defined benefit obligations :</b>		
	Obligation at beginning of the year	<b>42,609</b>	33,262
	Service cost	<b>2,356</b>	2,134
	Interest cost	<b>3,513</b>	2,491
	Actuarial loss recognised	<b>3,316</b>	8,959
	Benefits paid	<b>(2,588)</b>	(4,237)
	<b>Defined benefit obligation at end of the year</b>	<b>49,206</b>	42,609
(iv)	<b>Change in plan assets:</b>		
	Fair value of plan assets at the beginning of the year	<b>23,157</b>	19,206
	Expected return on plan assets	<b>1,853</b>	1,537
	Employer's contribution	<b>16,254</b>	6,357
	Benefit paid	<b>(2,588)</b>	(4,237)
	Actuarial gain recognised	<b>956</b>	294
	<b>Fair value of plan assets at the end of the year</b>	<b>39,632</b>	23,157

Notes to financial statements

(Amount in Rupees thousand)

Note 32 contd...

SI No.	Particulars	31 March 2012 Gratuity Funded	31 March 2011 Gratuity Funded
(v)	<b>Deficit</b>	<b>(9,574)</b>	(19,452)
(vi)	<b>Actual return on plan assets:</b>	<b>2,809</b>	1,831
(vii)	<b>Category of assets as at year end:</b>		
	Invested in Life Insurance Corporation of India	<b>39,632</b>	23,157
(viii)	<b>Assumptions:</b>		
	Discount rate	<b>8.50%</b>	8.00%
	Expected return on plan assets	<b>8.50%</b>	8.00%
	Inflation rate	<b>8.50%</b>	8.00%

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors.

SI No.	PARTICULARS	2011-12	2010-11	2009-10	2008-09	2007-08
		Gratuity Funded	Gratuity Funded	Gratuity Funded	Gratuity Funded	Gratuity Funded
(viii)	<b>Experience history</b>					
	Defined benefit obligation at the end of the year	<b>49,206</b>	42,609	33,262	34,719	34,011
	Plan assets at the end of the year	<b>39,632</b>	23,157	19,206	20,853	23,760
	Funded Status	<b>(9,574)</b>	(19,452)	(14,056)	(13,866)	(10,251)
	Experience gain/(loss) adjustment on plan liabilities	<b>(10,346)</b>	295	58	375	159
	Actuarial gain/(loss) due to change in assumption	<b>7,480</b>	(9,253)	2,417	(3,935)	419
	Experience gain/(loss) adjustment on plan assets	<b>504</b>	294	58	375	159

(ix) **Major category of Plan Assets as a % of the Total Plan assets as at the year end**

Invested in Life Insurance Corporation of India	100%	100%	100%	100%	100%
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(x) **Basis used to determine the Expected Rate of return on Plan Assets**

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

### 33 Provision for contingencies

- (a) The Company has entered into a memorandum of settlement with workers of Guwahati factory in the current year pursuant to which the Company has agreed to pay a certain amount to workers on achievement of desired productivity norms.
- (b) The Company has set aside Rs. 26,223 thousands as provision for future contingencies on account of various personnel costs which may result in possible outflow of resources.

### 34 Segment Reporting

Segments have been identified in line with the Accounting Standard on Segment Reporting (AS 17) prescribed by Companies (Accounting Standard) Rules, 2006, taking into account the nature of products and services, the different risks and returns, the organisational structure and the internal financial reporting system.

The Company is engaged in the business of engineering products and hence has only one business segment. The Company's risks and returns are affected predominantly by the fact that it sells its products in the domestic and overseas market. Accordingly, geographical segments have been considered as primary segment reporting format.

Segment revenue, results, assets and liabilities include respective amounts identified to each of the segments and amounts allocated on a reasonable basis.

Particulars	Export		Domestic		Total	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31 March	31 March	31 March	31 March	31 March	31 March
	2012	2011	2012	2011	2012	2011
Revenue from Operation	<b>79,746</b>	49,625	<b>322,550</b>	373,794	<b>402,296</b>	423,419
Less: Excise duty	—	—	<b>29,273</b>	27,830	<b>29,273</b>	27,830
Revenue from Operation (Net)	<b>79,746</b>	49,625	<b>293,277</b>	345,964	<b>373,023</b>	395,589
Other income	—	—	<b>3,837</b>	1,534	<b>3,837</b>	1,534
Other income - unallocable	—	—	—	—	<b>270</b>	75
Segment revenue	<b>79,746</b>	49,625	<b>297,114</b>	347,498	<b>377,130</b>	397,198
Segment result	<b>9,245</b>	3,574	<b>19,945</b>	14,590	<b>29,190</b>	18,164
Unallocated expenses (net of income)	—	—	—	—	<b>26,695</b>	29,101
Finance cost	—	—	—	—	<b>7,706</b>	10,634
(Loss) before tax	—	—	—	—	<b>(5,211)</b>	(21,571)
Excess provision for tax for earlier years written back	—	—	—	—	—	(25,426)
Profit / (Loss) after tax	—	—	—	—	<b>(5,211)</b>	3,855
<b>Other Information :</b>						
Segment assets	<b>25,067</b>	24,382	<b>88,230</b>	114,070	<b>113,297</b>	138,452
Unallocated assets	—	—	—	—	<b>290,635</b>	283,030
<b>Total assets</b>					<b>403,932</b>	421,482
Segment liabilities	—	—	<b>3,201</b>	5,306	<b>3,201</b>	5,306
Unallocated liabilities	—	—	—	—	<b>293,290</b>	303,524
Share Capital	—	—	—	—	<b>27,556</b>	27,556
Reserves and surplus	—	—	—	—	<b>79,885</b>	85,096
<b>Total liabilities</b>					<b>403,932</b>	421,482
<b>Cost incurred to acquire fixed asset</b>						
Unallocable	—	—	—	—	—	—
Depreciation/amortisation	—	—	—	—	<b>3,268</b>	3,287
Unallocable	—	—	—	—	—	—
Significant non cash expenses	—	—	—	—	<b>12,932</b>	12,770
					—	—

**Notes to financial statements**

(Amount in Rupees thousand)

**35 Related Party Disclosures in accordance with Accounting Standard 18 prescribed by Companies (Accounting Standard) Rules, 2006.:**

**(a) Related parties (where control exists)**

Bodies corporate having control over the Company Morgan Crucible Company Plc (Holding company)

**(b) Related parties with whom there have been transactions during the year:**

Name of the party	Nature of relationship	Sales	Purchases	Loan outstanding	Purchase of Fixed Asset	Remuneration paid	Professional fees	Receivable/ (payable) at year end
Morgan Crucible Company Plc	Holding company	-	-	16,279	-	-	1,131	(3,965)
Morgan AM&T (SEA) Pte Limited	Fellow subsidiary	-	12,069	-	-	-	-	-
Shanghai Morgan Carbon Co. Limited	Fellow subsidiary	9,690	1,028	-	-	-	-	2,195
Morgan Electrical Carbon Limited	Fellow subsidiary	25,002	89,690	-	-	-	-	(98,035)
Morgan Korea Company Limited	Fellow subsidiary	699	-	-	-	-	-	-
Morganite Luxembourg Limited	Fellow subsidiary	2,476	-	-	-	-	-	829
Morgan Cabon Italia	Fellow subsidiary	-	1,389	-	2,092	-	-	(3,803)
Mr. V S Lokre	Key management personnel	-	-	-	-	3,324	-	-
Mr. D Ray	Key management personnel	-	-	-	-	1,121	-	-
Mr. G. P. Chawla	Key management personnel	-	-	-	-	2,128	-	-
<b>Total</b>		<b>37,868</b>	<b>104,176</b>	<b>16,279</b>	<b>2,092</b>	<b>6,573</b>	<b>1,131</b>	

**(c) Related parties with whom there have been transactions during the previous year:**

Name of the party	Nature of relationship	Sales	Purchases	Loan outstanding	Purchase of Fixed Asset	Remuneration paid	Professional fees	Receivable/ (payable) at year end
Morgan Crucible Company Plc	Holding company	-	-	14,533	-	-	848	(3,283)
Morgan AM&T (SEA) Pte Limited	Fellow subsidiary	-	11,676	-	-	-	-	(506)
Shanghai Morganite Electrical Carbon Co	Fellow subsidiary	-	591	-	-	-	-	-
Shanghai Morgan Carbon Co. Limited	Fellow subsidiary	36	-	-	-	-	-	552
Morgan Electrical Carbon Limited	Fellow subsidiary	36,593	78,796	-	-	-	-	(70,094)
Morganite Special Carbons Limited	Fellow subsidiary	-	-	-	-	-	-	(109)
Morgan Korea Company Limited	Fellow subsidiary	627	-	-	-	-	-	757
Mr. D Ray	Key management personnel	-	-	-	-	4,490	-	0
Mr. G. P. Chawla	Key management personnel	-	-	-	-	1,300	-	-
<b>Total</b>		<b>37,256</b>	<b>91,063</b>	<b>14,533</b>	<b>-</b>	<b>5,790</b>	<b>848</b>	

**Notes to financial statements**

(Amount in Rupees thousand)

**36 Details of inventories of finished goods**

<b>Class of goods</b>	<b>As at 31 March 2012 Amount</b>	<b>As at 31 March 2011 Amount</b>
EG, HC, NG and RB carbon blocks	–	3,063
MG and SG carbon blocks	–	1,535
Electrical carbon brushes	<b>6,098</b>	1,726
Mechanical and special carbon blocks and blanks	<b>35</b>	1,504
Machined and special carbon components	<b>4,881</b>	1,078
ISO-Graphite components	<b>645</b>	223
<b>Total</b>	<b>11,659</b>	9,129

**37 Details of inventories of traded goods**

<b>Class of goods</b>	<b>As at 31 March 2012 Amount</b>	<b>As at 31 March 2011 Amount</b>
Carbon brushes	<b>362</b>	47
Commutator maintenance accessories	<b>998</b>	968
<b>Total</b>	<b>1,360</b>	1,015

**38 Details of raw materials consumed**

<b>Class of Goods</b>	<b>As at 31 March 2012 Amount</b>	<b>As at 31 March 2011 Amount</b>
Lamp black, carbon black, coke, natural & synthetic graphite, pitch etc	<b>65,926</b>	39,926
Non ferrous metals, copper sheets, brass sheets, flexible wires, tubes etc	<b>26,457</b>	22,940
Copper sheets, brass sheets, flexible wires, tubes, rodes etc	<b>14,492</b>	13,951
Carbon brush components	<b>14,495</b>	14,320
ISO graphite & carbon blocks, blanks etc	<b>61,371</b>	70,459
Others	<b>1,754</b>	3,166
	<b>184,495</b>	164,762



## Notes to financial statements

(Amount in Rupees thousand)

### 39 Details of imported and indigenous raw materials and stores and spare parts consumption

	For the year ended 31 March 2012		For the year ended 31 March 2011	
	Amount	% of total consumption	Amount	% of total consumption
<b>Raw materials</b>				
Imported	140,130	76	104,170	63
Indigenous	44,365	24	60,592	37
	<b>184,495</b>	<b>100</b>	164,762	100
<b>Stores and spares</b>				
Imported	2,444	25	1,037	9
Indigenous	7,346	75	10,132	91
	<b>9,790</b>	<b>100</b>	11,169	100
<b>Total</b>	<b>194,285</b>		175,931	

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>40 Auditors' remuneration includes*:</b>		
(a) Statutory audit fees	700	700
(b) Limited Reviews	550	550
(c) Certification and Other assignments	146	-
(d) Reimbursement of out of pocket expenses for (a) and (b) above	89	80
(e) Service tax	149	129
	<u>1,634</u>	<u>1,459</u>

\* Paid to the erstwhile auditors of the Company **Rs. Nil** (previous year Rs. 138)

### 41 Value of imports on C.I.F. basis

Raw materials	118,705	104,640
Stores and spare parts	1,414	704
Capital goods	2,092	-
Trading items	373	280

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>42 Expenditure and earnings in foreign exchange</b>		
(a) Expenditure in foreign currency		
Travelling	1,450	351
Professional fees	1,131	1,463
(b) Earnings in foreign currency		
Exports on F.O.B. basis	79,746	49,625
Reimbursement of expenses	623	548

**43** The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report attached for even date

For **B S R & Co**

Chartered Accountants

Firm Registration No.: 101248W

**JITEN CHOPRA**

Partner

Membership No.: 092894

Place : Hyderabad

Date : 28th May, 2012

For and on behalf of the Board of Directors of  
**Assam Carbon Products Limited**

**R.HIMATSINGKA**  
Chairman

**V.S.LOKRE**  
Managing Director

**HITESH SAIWAL**  
Director

**G.P.CHAWLA**  
Executive Director (O)

**PRABHAT C GOENKA**  
Director

**SAUGATA DE**  
Company Secretary

Place : Hyderabad

Date : 28th May, 2012



## Form of Proxy



### ASSAM CARBON PRODUCTS LTD

Registered Office : Birkuchi, Guwahati – 781 026

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
being a member/members of the above named Company, hereby appoint  
Mr./Mrs. \_\_\_\_\_ of \_\_\_\_\_ in the  
district of \_\_\_\_\_ or failing him/her Mr./Mrs. \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
as my/our proxy to vote for me/us and on my/our behalf at the 49<sup>th</sup> Annual General Meeting of the  
Company to be held on Tuesday, 28<sup>th</sup> August, 2012 at 10.30 am. at the registered office at 'Birkuchi,  
Guwahati - 781 026, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of, \_\_\_\_\_ 2012

Signature \_\_\_\_\_

Affix  
Revenue  
Stamp

This proxy form must be deposited at the Registered Office of the Company, not less than 48 hours  
before the time of holding the Meeting.



### ASSAM CARBON PRODUCTS LTD

#### Attendance Slip

To be handed over at the entrance of the Meeting Hall

Full name of the  
Member attending : \_\_\_\_\_

Full name of the  
first joint-holder : \_\_\_\_\_

(To be filled in if first named joint-holder does not attend the meeting)

Name of Proxy : \_\_\_\_\_

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 49<sup>th</sup> Annual General Meeting being held on Tuesday, 28<sup>th</sup> August,  
2012 at 10.30 am. at the registered office at 'Birkuchi, Guwahati - 781 026.

DP Id: \_\_\_\_\_ Client ID \_\_\_\_\_

Registered Folio No. : \_\_\_\_\_

Member's/Proxy's Signature

No. of Shares held : \_\_\_\_\_ (To be signed at the time of handing over this slip)

Note : Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.