

# ASSAM CARBON PRODUCTS LTD.



ANNUAL REPORT 2014-2015



**CHAIRMAN EMERITUS**

Mr P C Goenka

**BOARD OF DIRECTORS**

Mr R Himatsingka, Chairman

Mr K K Bhattacharya, Managing Director

Mr Neil P Hoyland

Mr Ralph Gomarsall

Mr S K Lhila

Mrs Rupanjana De

Mr A Saikia - Nominee of AIDC Ltd

Mrs Anita Himatsingka- Upto 27th December 2014

Mr Prabhat C Goenka - Upto 7th January 2015

Mr Hitesh Saiwal - Upto 29th April 2015

**CHIEF FINANCIAL OFFICER**

Mr Pijush Bysack

**COMPANY SECRETARY**

Mr Saugata De

**REGISTERED OFFICE**

Birkuchi

Guwahati 781 026

Ph: 0361 -264074, Fax: 0361 – 2640368

E Mail: acplghy@ascarbon.com

**CORPORATE OFFICE**

2, IDA, Phase - 1, Patancheru - 502 319

Dist. : Medak, Telangana

Email: acplpat@ascarbon.com

**AUDITORS**

BSR &amp; Co. LLP

Infinity Benchmark, Plot No-G- 1,

Block EP &amp; 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

**WORKS****Plant I:**

Copper Powder Unit

NH Coke Unit, SIG

Contact Unit, Material - Birkuchi

(Block, Blanks, etc) &amp; Guwahati - 781 026

Brush Finishing Plant, Assam

**Plant II:**

Engineered Carbon Finishing - 2, I D A Phase-I

&amp; Metalising Plant Patancheru – 502 319

Dist - Medak, Telangana

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**NOTICE****TO THE MEMBERS**

NOTICE is hereby given that the 52nd Annual General Meeting of the Members of Assam Carbon Products Limited will be held on Friday, the 18th day of September, 2015 at 11.45 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 31st March, 2015, 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 Ralph Gomarsall, 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 D. Basu & 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 Special Resolution:

5. **Waiver of excess remuneration payable to Mr R Himatsingka, Non Whole time Director for the year ended 31st March, 2015:**

“RESOLVED THAT the company, pursuant to provisions of section 197 and such other applicable provisions, if any, of the Companies Act, 2013 and subject to approval of the Central Government do waive the recovery of the remuneration for the year ended 31st March, 2015 payable in excess of the limits prescribed in sections 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 to Mr. Rakesh Himatsingka, Non Whole Time Director of the Company.”

6. **Appointment of Mr K K Bhattacharya, Managing Director:**

“RESOLVED THAT in accordance with section 196 and 203 and other applicable provisions of the Companies Act 2013, read with Schedule V or any amendment or modification thereof and subject to the approval of the shareholders of the company, if any, and the Central Government, if any, the Company do and hereby approves the appointment of Mr. K K Bhattacharya as the Managing Director of the company w.e.f 9th October 2014 on the terms and conditions including remuneration as set out in the agreement to be entered into between the company and Mr Bhattacharya”.

“RESOLVED FURTHER THAT the appointment and terms of remuneration of Mr. K K Bhattacharya, Managing Director of the Company and in accordance with the provisions of the Companies Act, 2013 and subject to the approval of the Central Government, the Company hereby approves with effect from 9th October 2013, the payment of remuneration, as minimum remuneration in case of no or inadequacy of profits for the period of his contract.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary and proper to give effect to this Resolution”.

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

7. **Appointment of Mr S K Lhila as Independent Director**

“RESOLVED THAT Mr. S K Lhila, an Additional Director of the Company and in the Independent Category and who holds office upto the date of this Annual General Meeting under Section 160 of the Companies Act, 2013 read with Article 94 of the Company's Articles of Association be and is hereby appointed an Independent Director of the Company in terms of section 149 of the Companies Act 2013.”

**8. Appointment of Mrs Rupanjana De as Independent Director**

“RESOLVED THAT Mrs. Rupanjana De, an Additional Director of the Company and in the Independent Category and who holds office upto the date of this Annual General Meeting under Section 160 of the Companies Act, 2013 read with Article 94 of the Company’s Articles of Association be and is hereby appointed an Independent Director of the Company in terms of section 149 of the Companies Act 2013.”

Place: 13th June 2015

Date: Kolkata

By Order of the Board

Saugata De

Company Secretary

**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.**

**A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. A Member holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a proxy for any other person or shareholder.**

2. The Register of Members and Share Transfer Registers of the Company will remain close from 12th September, 2015 to 18th September, 2015, 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. The investors are requested to enroll their e mail ids with the company and can write to the Company Secretary at sde@ascarbon.com.
5. **Voting through Electronic Means**
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide Members, facility to exercise their right to vote on resolutions proposed to be considered at the 52nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).
  - II. The facility for voting through Ballot Paper shall be made available at the AGM and the Members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Meeting through Ballot Paper.
  - III. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  - IV. The remote e-voting period commences on 15th September 2015 (at 9.00 A. M.) and ends on 17th September 2015 (at 5.00 P. M.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 11th September 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
  - V. The process and manner for remote e-voting are as under:
    - A. In case a Member receives an email from NSDL [for Members whose email Ids are registered with the Company/Depository Participants(s)]:
      - (i) Open email and open PDF file viz; “Assam Carbon remote e-Voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
      - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com>
      - (iii) Click on Shareholder – Login
      - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select “EVEN” of Assam Carbon Products Ltd.
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
  - (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to anuj\_mour@yahoo.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM [for Members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (a) Please follow all steps from Sl.No.(ii) to Sl.No.(xii) above, to cast vote.
  - (b) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and remote e-voting user manual for Shareholders available at the download section of [www.evoting.nsd.com](http://www.evoting.nsd.com) or call on toll free no.: 1800-222-990
  - (c) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote.
  - (d) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - (e) The voting rights of Members shall be in proportion to their shares of the paid up Equity Share Capital of the Company as on the cut-off date i.e. 11th September, 2015.
  - (f) Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice of AGM and holding shares as on the cut-off date i.e. 11th September, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [rta@cbmsl.com](mailto:rta@cbmsl.com) mentioning his/her Folio Number/DPID and Client ID. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - (g) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Ballot Paper.
  - (h) Mr. Anuj Mour, Practising Chartered Accountant, Guwahati has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
  - (i) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Ballot Paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  - (j) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - (k) The results declared along with the Report of the Scrutinizer which shall be placed on the website of the Company [www.asamcarbon.in](http://www.asamcarbon.in) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and the National Stock Exchange of India Limited.

**Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013****Item 5**

The Remuneration Committee and the Board of Directors of the Company at its meeting held on 29th 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 30th September, 2010, for two financial years and Rs. 4,25,000/- ( Four lakhs twenty five thousand) per quarter ending 30th September, 2012 for next three financial years 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 197 of the Companies Act, 2013.

The Shareholders at its meeting held on 29th 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 197 of the Companies Act 2013.

On computing the net profits under section 197 of the Companies Act, 2013, the remuneration for the year ended 31st March, 2015 payable to Mr R Himatsingka exceeded by Rs 17,00,000 the limits prescribed in sections prescribed in 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013.

The Remuneration Committee of the Board of Directors held 13th June 2015 and also the Board of Directors at their meeting held on 13th June 2015, decided to waive recovery of the excess remuneration payable to Mr R Himatsingka subject to approval of the Shareholders and the Central Government as required by provisions of section 309 (5B) of the Companies Act, 2013.

Information required under the provisions of Schedule V 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 Promoters of the Company, M/s Morgan Advanced Materials Co, UK holds 28.77% of the Company's Equity Share capital. Its products are exported to Luxemburg, Hungary and Far Eastern countries.

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

	Year ended 31.3.13 (₹ 000s)	Year ended 31.3.14 (₹ 000s)	Year ended 31.3.15 (₹ 000s)
(i) Paid up Capital	27,556	27,556	27,556
(ii) Sales & Other Income	423,053	447,804	398,338
(iii) Profit before tax	79,626	1518	(18,071)
(iv) Dividend (%)	-	-	-

The Board noted that Mr Himatsingka (63) 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 President of the Indian Association of Productivity, Quality and Reliability. 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.

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

Except Mr R Himatsingka none of the Directors, key managerial personnel of your Company and their relatives may be deemed to be concerned or interested in this resolution.

The above may also be treated as a statement as required under Section 190 of the Companies Act, 2013.

**Item 6**

The Board of Directors of the Company at its Meeting held on 9th October 2014, appointed Mr K K Bhattacharya as Managing Director of the Company from 9th October 2014 to 8th October 2016, subject to the approval of the shareholders at the ensuing Annual General Meeting and the Central Government, if required. Mr K K Bhattacharya's appointment is for two years and he is a Mechanical Engineer from Jadavpur University. He has vast experience in Projects, Technical operations, etc. and experience will contribute significantly to the Company's business and future growth.

The terms of remuneration of Mr Bhattacharya were as follows:

1. By way of remuneration for his service, hereunder, Mr K K Bhattacharya shall be entitled to receive on and from the 9th October, Two thousand and fourteen during the currency of this Agreement and otherwise subject to the Articles of Association of the Company and subject to provisions of Companies Act 2013-

Basic Salary - Rs.66,500 per month, ( Rupees Sixty Six thousand five hundred only) with an annual increment of Rs.7,000/- (Rupees Seven Thousand ) only. However, the annual increment is not guaranteed and is based on the performance.

In addition to the salary as stated herein above, Mr K K Bhattacharya shall be entitled to the following benefits and perquisites:

- a. Free furnished accommodation or house rent allowance in lieu thereof as per the rules of the Company up to a maximum of Rs 33,250 or part thereof.
  - b. Expenditure/Allowance towards gas, electricity, water and furnishings subject to ceiling of 10% of the salary to be evaluated as per Income Tax rules up to a maximum of Rs 6,650 per month or part thereof.
  - c. Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years. Mediclaim Policy for self and family in accordance with the rules of the Company up to a maximum of Rs 66,500 per annum or part thereof.
  - d. Leave travel concession for self and family once in a year in accordance with the rules of the Company up to a maximum of Rs 166,250 per annum or part thereof.
  - e. Leave with full pay and allowance as per Rules of the Company but not exceeding one month's leave for every eleven months of service.
  - f. Mr Bhattacharjee shall be entitled for running and maintain his car and will be provided a sum of Rs. 240,000 as running expenses of the car per annum or part thereof as reimbursement.
  - g. Mr Bhattacharjee shall be entitled for Bonus Rs 166,250 per annum or part thereof.
  - h. The Company shall provide telephone, telefax, mobile phone and other communication facilities at Mr K K Bhattacharya residence as may be required.
  - i. Subject to the overall ceiling of remuneration, the Managing Director may be given any other allowance, benefits and perquisites as the Board of Directors may from time to time decide.
6. Mr K K Bhattacharya shall be reimbursed any entertainment expenses or travelling expenses paid by him and incurred for or about the Company's business.

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

Except Mr K K Bhattacharya, none of the Directors, key managerial personnel of your Company and their relatives may be deemed to be concerned or interested in this resolution.

The above may also be treated as a statement as required under Section 190 of the Companies Act, 2013.

#### Item 7

Mr S K Lhila was appointed by the Board of Directors with effect from 31st March 2015 as an Additional Director in the Independent Category as per section 149 of the Companies Act 2015. The appointment is subject to the approval of the Shareholders.

Mr Lhila is a professional Chartered Accountant and hold vast experience in the field of Finance, Tax and Audit.

The Directors are of the opinion that Mr S K Lhila association as a member of the Board will be beneficial to the Company and recommend that the Resolution be adopted.

#### Item 8

Mrs Rupanjana De was appointed by the Board of Directors with effect from 31st March 2015 as an Additional Director in the Independent Category as per section 149 of the Companies Act 2015. The appointment is subject to the approval of the Shareholders.



Mrs Rupanjana De is qualified Company Secretary, LLB, LLM from University of Hamburg, M A (Economics) from University Cezanne Aix-Marseille III, France and a European master in Law and Economics from Erasmus University Rotterdam , The Netherlands. She has got vast experience in Company Law and Management, Corporate Governance, CSR, Corporate Sustainability, Legal Compliance, etc.

The Directors are of the opinion that Mrs Rupanjana De association as a member of the Board will be beneficial to the Company and recommend that the Resolution be adopted.

By Order of the Board

Place : 13th June 2015  
Date : Kolkata

**Saugata De**  
*Company Secretary*

## DIRECTORS' REPORT

To the Members,

Your Directors presents the 52nd Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2015.

### 1. FINANCIAL SUMMARY OF THE COMPANY:

(In Rs. 000's)

FINANCIAL RESULTS	2014-2015	2013-2014
Sales & Other Income	398,338	447,804
Profit/(Loss) before tax	(17,071)	1518
Less: Tax expenses of earlier Year	1,000	Nil
Profit/(Loss) after Tax	(18,071)	1518
Add: Unappropriated Profit of last year	(15,748)	(17,266)
Balance carried forward	(33,819)	(15,748)

### 2. OPERATIONS

During the year under review, Gross Sales of the Company was Rs. 3716.54 Lacs as compared to Rs. 3830.56 Lacs in the previous year. For the year, your company has made a Gross Loss of Rs.170.71 Lacs as against Gross Profit of Rs. 15.18 Lacs in the previous year. The Export Sales during the year has been very minimal as compared to the previous year.

During the year, your company incurred a forex gain of Rs. 57.97 lakhs as compared to forex loss of Rs. 195.47 lakhs for the previous year.

During the year your company has worked actively towards developments in the process, controls, as well as new products and manufacturing processes which have opened the door for the company to tap additional business opportunities which will help your company to improve its top and bottom line. Major Cost Cutting Measures, Savings in Power and Fuel as well as improving efficiency and productivity have been implemented.

Due to fierce competition, not only was your company unable for the last few years to pass on the cost increases, but in fact was forced to reduce prices.

In view of the unsustainable losses, decision has been taken not to indulge any longer in this price war and concentrate on bringing about savings by producing Quality, Cost Cutting, improving productivity and efficiency.

### 3. FUTURE OUTLOOK

Business environment is improving in the segments in which your company is in business and it is showing an upward trend in the form of improved order. Bringing back lost customers is one of the focus items for the coming year. New business opportunities will be tapped and new customers will be identified to start business with them by strengthening the Marketing Department. Your company had a few years back exited from the automotive and fractional horse power motors business. To utilize existing capacity and manpower your company is re entering this field.

In addition to the cost cutting drive, further improvement in gross margin by reduction in raw material consumption is now focus of attention of the management team. The company's efforts are to improve sales volumes and price levels by focusing on alternate growth areas and product-lines which were untapped so far. As mentioned earlier, a price improvement initiative is already underway, and the benefit of this are expected to be seen during the present year of 2015-16.

### 4. DIVIDEND

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

### 5. PUBLIC DEPOSIT

The Company has not accepted / renewed any public deposit under section 73 of the Companies Act, 2013, read with Companies (Acceptance of Deposits) Rules, 2014, during the year 2014-2015.

### 6. 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.

**7. DIRECTORS**

Mr. Prabhat C Goenka resigned as Director from the Board of the Company w.e.f. 7th January 2015.

Mrs. Anita Himatsingka resigned as Director from the Board of the Company w.e.f. 27th December 2014. The Board places on record its appreciation to the contribution made by her during the tenure of her Directorship.

Mr K K Bhattacharya was appointed as a Managing Director effective 9th October 2014. He is a Mechanical Engineer from Jadavpur University. He has vast experience in Projects, Technical operations.

Mr S K Lhila was appointed by the Board of Directors with effect from 31st March 2015 as an Additional Director in the Independent Category as per section 149 of the Companies Act 2015. Mr Lhila is a professional Chartered Accountant and hold vast experience in the field of Finance, Tax and Audit.

Mrs Rupanjana De was appointed by the Board of Directors with effect from 31st March 2015 as an Additional Director in the Independent Category as per section 149 of the Companies Act 2015. Mrs Rupanjana De is qualified Company Secretary, LLB, LLM from University of Hamburg, M A (Economics) from University Cezanne Aix-Marseille III, France and a European master in Law and Economics from Erasmus University Rotterdam, The Netherlands. She has got vast experience in Company Law and Management, Corporate Governance, CSR, Corporate Sustainability, Legal Compliance, etc.

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013.

Mr A Saikia was nominated by AIDC, Govt of Assam, as a Nominee Director in the Board in place of Mr Rajesh Prasad.

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

**8. INTERNAL CONTROL SYSTEM:**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Audit function is done by independent Chartered Accountant, whose reports are being placed in the Board for their review.

The Company has constituted an Audit Committee in pursuant to the provisions of the Companies Act 2013 which consists of majority of Independent Director.

**9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

Your company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013, nor have made any investment under the Companies Act, 2013.

**10. RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. Details are annexed in Form No AOC - 2 as Annexure D of this report. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

**11. SUBSIDIARY COMPANIES:**

The Company does not have any subsidiary.

**12. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

The Company has a vigil mechanism named Vigil Mechanism and Whistle Blower Policy to deal with instance of fraud and mismanagement, if any, as per the provisions of the Companies Act 2013.

**13. SECRETARIAL AUDIT:**

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed R K Jain & Co, a firm of company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as "Annexure B"

**14. EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure C".

**15. INDUSTRIAL RELATIONS**

Your company is pleased to inform that during the year under review Industrial Relations at the Patancheru factory and Guwahati factory remained normal and peaceful.

**16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information on Conservation of Energy, Technological Absorption and Foreign Exchange earnings and outgo is appended as Annexure "A" of this report.

**17. EMPLOYEES**

Vide circular no. GSR 289(E) dated 31st March 2011 issued by the Ministry of Corporate Affairs, Government of India, the statement of particulars of employees as required under section 197 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, 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.

**18. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134 (5) of the Companies Act, 2013, the Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

**19. 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

Date : 13th June 2015  
Place : Kolkata

**R. Himatsingka**  
*Chairman*

## ANNEXURE TO DIRECTORS' REPORT

'ANNEXURE A'

### A. Conservation of Energy

(a) Energy Conservation Measures :

Effective use of the equipments and proper use of idle time.

### B. Technology Absorption

Research and Development (R&D)

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

R & D drive was initiated few years back for indigenization of major raw material and grades of materials which were imported. The same is yielding results, but as it is a very time consuming process involving tests and field trials, this will be an ongoing process.

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

By these measures, the company expected to save revenue upto Rs. 58 lacs.

3. Future plan of action

- Continuous Indigenization of imported raw materials;
- Continuous Development of New Impermeable Grade;
- Development of New Material for New Business Areas, such as Auto Sector, Fractional Hrs for Power Motors, etc;
- Improve existing Grades to meet more demanding Operational conditions.

4. Expenditure on R & D	Rs. in lacs
a. Capital	-
b. Recurring	14.53
c. Total	14.53
d. Total R & D expenditure as a percentage of total turnover	0.37

#### Technology absorption, adaptation and innovation

The Company has fully absorbed the technology on existing product line.

### 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	279.27
Total Foreign Exchange earned	68.93

**SECRETARIAL AUDIT REPORT**

For The Financial Year Ended On 31st March, 2015  
(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of  
the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,  
The Members,  
Assam Carbon Products Ltd,  
Birkuchi,  
Guwahati- 781026,  
Assam.

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ASSAM CARBON PRODUCTS LTD** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the **ASSAM CARBON PRODUCTS LTD's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/we have examined the books, papers, minute books, forms and returns filed and other records maintained by **ASSAM CARBON PRODUCTS LTD** ("the Company") for the financial year ended on 31st March, 2015, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other laws/acts/rules as may be applicable specifically to the company:
  - (a) Payment of Bonus Act, 1965;
  - (b) Payment of Gratuity Act, 1972;
  - (c) Payment of Wages Act, 1936;

- (d) Trade Unions Act, 1926;
- (e) Workmen's Compensation Act, 1923;
- (f) Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- (g) Employees' State Insurance Act, 1948;
- (h) Minimum Wages Act, 1948 and its Rules;
- (i) The Factories Act, 1948 & its Rules;
- (j) Pollution Control Board Clearance (Environment Protection) Act, 1986 and its Rules;
- (k) Central Excise Act, 1944 and its Rules;
- (l) Income Tax Act, 1961 and its Rules;
- (m) Central Sales Tax Act, 1956 and its Rules;
- (n) VAT Act and its Rules;
- (o) Profession Tax and its Rules;
- (p) Shops and Establishments Act and its Rules;
- (q) Industrial Disputes Act 1947 and its Rules;
- (r) Service Tax Act and its Rules;
- (s) Contract Labour (Regulation and Abolition) Act, 1970.

I/we have also examined the required licenses specific to the company and found them duly up to date/applied for renewal.

I/we have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with The Calcutta Stock Exchange Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I/we further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I/we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Kolkata  
Date : 13th June, 2015

**R K Jalan**  
*Practising Company Secretary*  
CP No: 5705

**Form No. MGT-9**

EXTRACT OF ANNUAL RETURN  
as on the financial year ended on  
31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION & OTHER DETAILS :**

1.	CIN	L23101AS1963PLC001206
2.	Registration Date	17th April 1963
3.	Name of the Company	<b>Assam Carbon Products Ltd.</b>
4.	Category/Sub-category of the Company	Company Limited by Shares
5.	Address of the Registered office & contact details	Birkuchi, Guwahati, Assam, India - 781026
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	CB Management Services (P) Ltd. P-22, Bondel Road, Kolkata- 700 019

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	CARBON BLOCKS	NA	15%
2	CARBON BRUSH	NA	43%
3	MECHANICAL AND SPECIAL CARBON COMPONENTS	NA	37%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1	Morgan Advanced Materials Plc, Quadrant, 55-57, Windsor, Berkshire SL4, 1LP, UK	NA	Holding		28.77%

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31st March, 2014]				No. of Shares held at the end of the year [As on 31st March, 2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	792927	792927	28.78	0	792927	792927	28.78	NIL
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31st March, 2014]				No. of Shares held at the end of the year [As on 31st March, 2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total shareholding of Promoter (A)		792927	792927	28.78		792927	792927	28.78	NIL
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	NIL
b) Banks / FI	1950	100050	102000	3.70	1950	100050	102000	3.70	NIL
c) Central Govt	0	0	0	0	0	0	0	0	NIL
d) State Govt(s)	0	0	0	0	0	0	0	0	NIL
e) Venture Capital Funds	0	0	0	0	0	0	0	0	NIL
f) Insurance Companies	0	0	0	0	0	0	0	0	NIL
g) FIs	0	0	0	0	0	0	0	0	NIL
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	NIL
i) Others (specify)	0	0	0	0	0	0	0	0	NIL
<b>Sub-total (B)(1):-</b>	<b>1950</b>	<b>100050</b>	<b>102000</b>	<b>3.70</b>	<b>1950</b>	<b>100050</b>	<b>102000</b>	<b>3.70</b>	<b>NIL</b>
2. Non-Institutions									
a) Bodies Corp.	167642	12100	179742	6.52	112808	12100	124908	4.53	30.50%
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	233257	199928	433185	15.72	234516	198403	432919	15.71	0.06%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	589898	657073	1246971	45.25	644898	657073	1301971	47.25	4.41%
c) Others (specify)	0	0	0	0	0	0	0	0	NIL
Non Resident Indians	275	350	625	0.02	375	350	725	0.03%	16%
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	NIL
Foreign Nationals	0	0	0	0	0	0	0	0	NIL
Clearing Members	0	0	0	0	0	0	0	0	NIL
Trusts	150	0	150	0.01	150	0	150	0.01	NIL

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31st March, 2014]				No. of Shares held at the end of the year [As on 31st March, 2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Foreign Bodies - D R	0	0	0	0	0	0	0	0	NIL
<b>Sub-total (B)(2):-</b>	<b>991222</b>	<b>869451</b>	<b>1860673</b>	<b>67.52</b>	<b>992747</b>	<b>867926</b>	<b>1860673</b>	<b>67.52</b>	<b>NIL</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>993172</b>	<b>969501</b>	<b>1962673</b>	<b>71.22</b>	<b>994697</b>	<b>967976</b>	<b>1962673</b>	<b>71.22</b>	<b>NIL</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	NIL
<b>Grand Total (A+B+C)</b>	<b>993172</b>	<b>1762428</b>	<b>2755600</b>	<b>100</b>	<b>994697</b>	<b>967976</b>	<b>2755600</b>	<b>100</b>	<b>NIL</b>

**B) Shareholding of Promoter-**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Morgan Advanced Materials Plc	792927	28.77	NIL	792927	28.77	NIL	NIL

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	No Change			
	At the end of the year				

**D) Shareholding Pattern of top ten Shareholders:**  
(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Prabhat C Goenka	658453	23.90	658453	23.90
2	Anita Himatsingka	275025	9.98	275025	9.98
3	Shauryavir Himatsingka	124150	4.51	124150	4.51
4	Assam Industrial Development Corporation Ltd.	100000	3.63	100000	3.63
5	Maalika Himatsingka	90000	3.27	90000	3.27
6	Mahendra Girdharilal	65249	2.37	65249	2.37
7	Fund Flow Investment And Trading Co Ltd	60000	2.18	60000	2.18
8	Pripro Financial & Share Services Ltd.	55000	2.00	0	0
9	Kallol Investments Ltd.	46598	1.69	46598	1.69
10	P P Zibi Jose	0	0	55000	2.00

**E) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr Rakesh Himatsingka, Director				
	At the beginning of the year	400	0.14		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):			0	0
	At the end of the year			400	0.14

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	Mr K K Bhattacharya, MD				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year			0	0
3	Mr Pijush Bysack - CFO				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year			0	0
4	Mr Saugata De – Company Secretary				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year			0	0

V) **INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

(In Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9,80,00,000	Nil	Nil	9,80,00,000
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>9,80,00,000</b>	<b>Nil</b>	<b>Nil</b>	<b>9,80,00,000</b>
Change in Indebtedness during the financial year	Nil	Nil	Nil	Nil
* Addition	Nil	Nil	Nil	Nil
* Reduction	9,80,00,000	Nil	Nil	9,80,00,000
Net Change	9,80,00,000	Nil	Nil	9,80,00,000

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

##### A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (In Rs.)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1	Gross salary	Mr K K Bhattacharya	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,03,035	8,03,035
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2	<b>Stock Option</b>	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission	NIL	NIL
	- as % of profit		
	- others, specify...		
5	Others, please specify	NIL	NIL
	<b>Total (A)</b>	<b>8,03,035</b>	<b>8,03,035</b>
	<b>Ceiling as per the Act</b>		

##### B. Remuneration to other directors : (In Rs.)

Sl. No.	Name of Directors	Particulars of Remuneration				Total Amount
		Sitting Fees	Commission	Others		
1	Independent Director					
	Mr S K Lhila	5000	NIL	NIL		5000
	Mrs Rupanjana De	5000	NIL	NIL		5000
2	Non Executive Director					
	Mr R Hitamsingka	50,000	NIL	17,00,000		17,50,000
	Mrs A Himatsingka	30,000	NIL	NIL		30,000
	Mr Prabhat C Goenka	10,000	NIL	NIL		10,000
	Mr A Saikia	15,000	NIL	NIL		15,000
	<b>Total (1+2)</b>	<b>1,25,000</b>		<b>17,00,000</b>		<b>18,25,000</b>
	Total Managerial Remuneration					18,25,000
	Overall Ceiling as per the Act					

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD : (In Rs.)**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CS	CFO		Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,60,000	13,91,000		24,51,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL	NIL
	others, specify...	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	<b>Total</b>	<b>10,60,000</b>	<b>13,91,000</b>		<b>24,51,000</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					
Penalty	NIL	NIL	NIL	NIL	
Punishment	NIL	NIL	NIL	NIL	
Compounding	NIL	NIL	NIL	NIL	
<b>B. Directors</b>					
Penalty	NIL	NIL	NIL	NIL	
Punishment	NIL	NIL	NIL	NIL	
Compounding	NIL	NIL	NIL	NIL	
<b>C. Other Officers in default</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding					

**Annexure D****FORM NO. AOC -2****(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

There were no contracts or arrangements or transaction entered into during the year ended March 31st, 2015, which was not at Arm Length basis.

2. Details of contracts or arrangements or transactions at Arm's length basis for the year ended 31.03.2015 are as follows:

<b>Name of the Related party &amp; Nature of Contract</b>	<b>Nature of Relationship</b>	<b>Duration of Contract</b>	<b>Salient Terms</b>	<b>Amount in Rs.</b>
India Carbon Ltd. Sale and Purchase of Goods	Mr. Rakesh Himatsingka, Non Executive Director, Chairman of the Board, is interested	April, 1st 2014- March, 31st 2015	Omnibus approval accorded for Sale, Purchase or supply of any goods or material and avail or render any service not exceeding Rs.5.00 Crore for the F.Y 2014-15	Purchase of Goods Amounting of Rs.3,96,500/-(Net of Tax) and Sale of Goods amounting of Rs.60,887/-(Net of Tax)

For and on behalf of the Board

Date: 13th June 2015  
Place: Kolkata

**R Himatsingka**  
*Chairman*

## Independent Auditor's Report

To the Members of Assam Carbon Products Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Assam Carbon Products Limited ('the Company') which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

- a) We draw attention to Note 24 (ii) to the financial statements wherein it is stated that the Company has not established a provision for employee wages and benefits for the lock out period at the Company's Guwahati Factory from 7 December 2010 to 8 March 2012 on the principle of 'No Work No Pay'. The matter is currently pending with the labour commissioner 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 2015, reserves and surplus and current liabilities, cannot currently be determined. Our report in the previous year was also qualified with respect to the above matter.
- b) The Central Government has approved the payment of remuneration to the non-executive Director subject to 1 % of the net profit of the Company as computed under section 198 of the Companies Act, 1956 (corresponding Section 197 of the Companies Act, 2013). The Company during the period 1 April 2014 to 31 March 2015 has provided for remuneration aggregating to Rs.1,700 thousands to the non-executive Director in excess of Central Government approval. The Company is in the process of filing an application with the Central Government for approval of aforesaid excess remuneration paid/ payable to the non-executive Director. The consequential impact, if any, on loss for the year ended 31 March 2015 and reserves and surplus cannot be currently ascertained.
- c) We draw attention to Note 40 to the financial statements wherein it is stated that the Company had written back External Commercial Borrowings (ECB) aggregating to Rs 16,506 thousands during the previous year. As per the Foreign Exchange Management Act, 1999 (FEMA) and related Master Circulars issued by the Reserve Bank of India (RBI), prior approval of RBI is required if the foreign currency payables are not repatriated as per the stipulated time. Accordingly, the write back



of such ECB will require prior approval of the RBI. The Company has since filed a compounding application with the RBI with respect to the write back of the ECB. Pending disposal of these applications by the RBI, the impact of the same, if any, with respect to non-compliance with FEMA, on loss for the year ended 31 March 2015 and reserves and surplus and current liabilities cannot be currently ascertained.

- d) The Company has advanced a sum of Rs 653 thousands to one of its directors, which is in contravention of Section 185 of the Companies Act, 2013. The advance is outstanding as at 31 March 2015. The consequential impact, if any, of the non-compliance with the Act on loss for the year ended 31 March 2015, reserves and surplus and current liabilities cannot be currently ascertained.

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its loss and its cash flows for the year ended on that date.

#### Emphasis of Matter

We draw attention to Note 39 to the financial statements, wherein it is stated that the Company has incurred a net loss of Rs18,071 thousands during the year ended 31 March 2015 and the Company's net worth is substantially eroded. However, the Company's operational results have improved during the current year as compared to the earlier periods largely due to the cost saving and operational efficiencies measures initiated by the management and continued financial support from the Holding and its group companies to the Company. Accordingly, in view of above, the management considers it appropriate to prepare its financial statements for the year ended 31 March 2015 on a going concern basis.

Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and, except for the possible effects of the matter described in paragraph (a) in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) Except for the possible effects of the matter described in paragraph (a) in the Basis for Qualified Opinion paragraph, 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 those 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) Except for the possible effects of the matter described in paragraph (a) in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014.
  - (e) The following matters, in our opinion, may have an adverse effect on the functioning of the Company:
    - i. Non-provisioning of the employee wages and benefits as described in paragraph (a) in the Basis for qualified opinion paragraph; and
    - ii. Going concern matter described in the Emphasis of matter paragraph
  - (f) on the basis of the written representation received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) The qualification relating to the maintenance of accounts and other matters connected therewith are stated in the paragraph (a) in the Basis for Qualified Opinion paragraph above.
  - (h) With respect to other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24(ii) and Note 25 to the financial statements;

- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration Number: 101248W/W-100022

**Jayanta Mukhopadhyay**  
Partner

Place : Kolkata  
Date: 13 June 2015

Membership no: 055757

**Annexure referred to in the Auditors' report**

(Referred to in our report of even date)

- (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 the fixed assets are verified in a phased manner over a period of two years. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (ii) (a) The inventory, except for goods in transit, has 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, 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) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material.
- (iii) According to the information and explanations given to us, we are of the opinion that the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (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 sale of goods. The activities of the Company do not involve sale of services. There is no continuing failure to correct major weaknesses in the internal control system.
- (v) The Company has not accepted any deposits from the public during the year.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products manufactured by the Company.
- (vii) (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, income tax, sales tax, service tax, custom duty, excise duty, value added tax, cess 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, custom duty, excise duty, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 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 incometax, sales tax, service tax, custom duty, excise duty, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the Statute	Nature of the dues	Amount in Rs. Thousands	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales tax	4,950	2010-11	Deputy Commissioner of Commercial Taxes (Appeals)
Foreign Trade (Development and Regulation) Amendment Act, 2010	Custom Duty	17,928	2004-05	Additional Director General of Foreign Trade

- (c) According to the information and explanations given to us, no amount is required to be transferred to Investor Education and Protection Fund in accordance with the relevant provision of the Companies Act, 1956 and rules made thereunder.
- (viii) Without considering the effect of paragraphs (a), (c) and (d) described in Basis for Qualified Opinion Paragraph of the auditor's report, the accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net-worth. Further, the Company has incurred cash losses during the current financial year and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding debentures during the year. The Company has not defaulted in repayment of dues to its bankers or financial institutions except as follows :

Nature of dues	Amount in Rsthousands	Period of default
Principal and Interest Repayment of working capital demand loan and overdraft facilities	100,420	18 days

- (x) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) According to the information and explanations given to us, the Company has not taken any term loans, therefore clause (xi) is not applicable.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration Number: 101248W/W-100022

Place : Kolkata  
Date: 13 June 2015

**Jayanta Mukhopadhyay**  
Partner  
Membership no: 055757

**Balance Sheet as at 31 March 2015**

Amount in Rs. thousands

	Note	31st March 2015	31st March 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	27,556	27,556
Reserves and surplus	3	(23,825)	1,777
		<b>3,731</b>	<b>29,333</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	618	–
Long-term provisions	5	25,434	19,683
		<b>26,052</b>	<b>19,683</b>
<b>Current liabilities</b>			
Short-term borrowing	6	1,00,420	98,000
Trade payables	7	1,58,258	1,92,363
Other current liabilities	8	26,653	34,266
Short-term provisions	5	19,206	22,226
		<b>3,04,537</b>	<b>3,46,855</b>
<b>TOTAL</b>		<b>3,34,320</b>	<b>3,95,871</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible fixed assets	9	98,093	1,14,955
Intangible fixed assets	9	2,742	3,717
Capital work-in-progress	9	–	5,401
Non-current investments	10	5	5
Long-term loans and advances	11	3,724	6,656
Other non-current assets	12	286	134
		<b>1,04,850</b>	<b>1,30,868</b>
<b>Current assets</b>			
Inventories	13	81,475	1,04,320
Trade receivables	14	1,27,370	1,40,951
Cash and bank balances	15	7,534	7,450
Short-term loans and advances	11	8,995	8,024
Other current assets	12	4,096	4,258
		<b>2,29,470</b>	<b>2,65,003</b>
<b>TOTAL</b>		<b>3,34,320</b>	<b>3,95,871</b>

**Significant accounting policies**

1

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration No.: 101248W/W-100022

Jayanta Mukhopadhyay

Partner

Membership No.: 055757

Place : Kolkata

Date : 13 June 2015

**R. Himatsingka**

Chairman

**Saugata De**

Company Secretary

**K. K. Bhattacharya**

Managing Director

**Pijush Bysack**

Chief Financial Officer

**Statement of Profit and Loss for the year ended 31 March 2015**

Amount in Rs. thousands

	Note	31st March 2015	31st March 2014
<b>REVENUE</b>			
Revenue from operations	16	3,71,654	3,83,056
Less : Excise duty [Net of excise duty refund Rs. 6,299 (previous year Rs.6,238)]		27,988	29,366
		3,43,666	3,53,690
Other income	17	26,684	64,748
<b>Total revenue</b>		<b>3,70,350</b>	<b>4,18,438</b>
<b>Expenses</b>			
Cost of materials consumed	18	94,242	1,23,701
Purchase of stock in trade	19	3,229	3,119
Changes in inventories of finished goods, work in progress and stock in trade	20	9,542	(17,603)
Employee benefits	21	1,21,972	1,20,364
Depreciation and amortisation	9	18,321	12,847
Other expenses	22	1,28,279	1,63,288
Finance cost	23	11,836	11,204
<b>Total</b>		<b>3,87,421</b>	<b>4,16,920</b>
<b>Profit / (Loss) Before Tax</b>		<b>(17,071)</b>	1,518
Tax Expenses for earlier years		1,000	–
<b>Profit / (Loss) for the year</b>		<b>(18,071)</b>	<b>1,518</b>
Earnings per share	29		
[nominal value of share Rs 10 (previous year Rs 10)]			
Basic		(6.56)	0.55
Diluted		(6.56)	0.55

**Significant accounting policies**

1

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration No.: 101248W/W-100022

Jayanta Mukhopadhyay

Partner

Membership No.: 055757

Place : Kolkata

Date : 13 June 2015

**R. Himatsingka**

Chairman

**Saugata De**

Company Secretary

**K. K. Bhattacharya**

Managing Director

**Pijush Bysack**

Chief Financial Officer

## Cash flow statement for the year ended 31 March 2015

Amount in Rs. thousands

	31st March 2015		31st March 2014	
<b>A. Cash flow from operating activities</b>				
Profit/ (Loss) before tax		(17,071)		1,518
Adjusted for :				
Depreciation and amortisation	18,321		12,847	
Provision for doubtful receivables	4,417		6,303	
Advances written off	97		296	
Finance cost	11,836		11,204	
Interest income	(246)		(21)	
Provisions and Liabilities no longer required written back	(18,886)		(35,156)	
Borrowings written back	–		(16,506)	
Unrealised foreign exchange loss / (gain) (net)	(5,504)		14,578	
Loss/ (profit) on sale / discard of fixed asset	124		(12,796)	
		10,159		(19,251)
Operating cash flow before working capital changes		(6,912)		(17,733)
Changes in :				
Trade receivables, loans and advances and other current assets	8,232		(11,495)	
Inventories	22,845		1,855	
Trade payable, provisions and other liabilities	(12,523)		16,445	
		18,554		6,805
<b>Net Cash provided by/ (used in) operating activities</b>		<b>11,642</b>		<b>(10,928)</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets (including net movement in capital WIP)		(3,055)		(6,191)
Proceeds from maturity of fixed deposits		–		20
Interest received		262		53
Bank deposits (having maturity of more than 3 months)		(168)		–
Proceeds from disposal of fixed assets		304		15,661
<b>Net cash provided by/ (used in) investing activities</b>		<b>(2,657)</b>		<b>9,543</b>

**Cash flow statement for the year ended 31 March 2015** (Contd.)

Amount in Rs. thousands

	31st March 2015	31st March 2014
<b>C. Cash flow from financing activities</b>		
Proceeds from borrowings	3,170	15,000
Finance cost paid	(12,071)	(11,258)
Net cash provided by/ (used in) financing activities	(8,901)	3,742
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>84</b>	<b>2,357</b>
Cash and cash equivalents - opening balance	7,450	5,093
Cash and cash equivalents - closing balance	7,534	7,450
	84	2,357
	31st March 2015	31st March 2014
<b>Cash and cash equivalents as at the year end comprises of:</b>		
Cash on hand	140	178
Balances with banks		
- on current accounts	7,394	7,272
	7,534	7,450

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration No.: 101248W/W-100022

Jayanta Mukhopadhyay

Partner

Membership No.: 055757

Place : Kolkata

Date : 13 June 2015

**R. Himatsingka**

Chairman

**Saugata De**

Company Secretary

**K. K. Bhattacharya**

Managing Director

**Pijush Bysack**

Chief Financial Officer

## Notes to financial statements for the year ended 31 March 2015

### Background

Assam Carbon Products Limited is a public company. It is incorporated under the Companies Act, 1956 and its shares are listed on the Calcutta Stock Exchange Limited and the Guwahati Stock Exchange. The Company is primarily engaged in manufacture of carbon products.

### 1 SIGNIFICANT ACCOUNTING POLICIES

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

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013 and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest thousands.

#### ii. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### iii. Current – non current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of operations, the Company has ascertained its operating cycle for the purpose of current – non current classification of assets and liabilities as 12 months.

All assets and liabilities are classified into current and non-current.

##### Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

##### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.



**iv. 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.

Spares that can be used only with particular items of plant and machinery and such usage is expected to be irregular are capitalised.

Fixed assets under construction are disclosed as capital work in progress.

**v. Depreciation / amortisation***Tangible fixed assets*

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 indicated by Schedule II to the Companies Act, 2013. Depreciation on additions/ deletions are provided on pro rata basis in the year of purchase/ disposal.

*Intangible fixed assets*

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

**vi. 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', 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.

**vii. 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.

**viii. 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

**ix. 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.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

**x. 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.

**xi. 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.

**xii. Employee benefits**

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

***Short term benefits***

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

***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 at the Balance Sheet date, conducted by an independent actuary appointed by the Company and payments are made to LIC on the basis of annual demand received from them. The Company recognizes all actuarial gains and losses in the Statement of Profit and Loss.

***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.

***Termination benefits***

Costs of termination benefits have been recognised only when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle such obligation and the amount of the obligation can be reliably estimated.

**xiii. Income taxes**

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws 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 the assets can

be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. 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.

**xiv. Provisions and contingent liabilities**

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**xv. 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.

**xvi. 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.

2	SHARE CAPITAL		Amount in Rs. thousands	
			31st March 2015	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised shares</b>				
Equity shares of Rs. 10 each	98,00,000	98,000	98,00,000	98,000
Cumulative convertible preference shares of ₹ 100 each fully paid up	20,000	2,000	20,000	2,000
	<b>98,20,000</b>	<b>1,00,000</b>	<b>98,20,000</b>	<b>1,00,000</b>
Issued, subscribed and fully paid up equity shares of ₹ 10 each	27,55,600	27,556	27,55,600	27,556
<b>Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>				
Equity shares of ₹ 10 each fully paid up				
At the commencement and at the end of the year	<b>27,55,600</b>	<b>27,556</b>	27,55,600	27,556

**Terms attached to equity 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.

**Terms attached to preference shares**

Preference shares of both classes carry a preferential right as to dividend over equity shareholders. The preference shares are entitled to one vote per share at meetings of the Company on any resolutions of the company directly affecting their rights. In the event of liquidation, preference shareholders have a preferential right over equity shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares.

Amount in Rs. thousands

**2 SHARE CAPITAL (Contd.)****Shares held by holding/ultimate holding company and/or their subsidiaries**

	31st March 2015		31st March 2014	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each fully paid up held by :				
Morgan Advanced Materials Plc, holding Company (earlier known as Morgan Crucible Co Plc.)	7,92,927	79,293	7,92,927	79,293

**Particulars of shareholders holding more than 5% shares of the Company**

	31st March 2015		31st March 2014	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of Rs. 10 each fully paid up held by				
Morgan Advanced Materials Plc, holding Company	7,92,927	29%	7,92,927	29%
Mr. Prabhat C Goenka*	6,62,375	24%	6,62,375	24%
Mrs. Anita Himatsingka	2,75,025	10%	2,75,025	10%

\* Includes 3,922 equity shares jointly held with others.

**3 RESERVES AND SURPLUS**

	31st March 2015	31st March 2014
<b>Capital reserve</b>		
At the commencement and at the end of the year	3,606	3,606
<b>Capital redemption reserve</b>		
At the commencement and at the end of the year	2,244	2,244
<b>General reserve</b>		
At the commencement of the year	11,675	11,675
Less : Depreciation charge (Refer Note 43)	7,531	-
	4,144	11,675
<b>Surplus/(Deficit) [profit and loss balance]</b>		
At the commencement of the year	(15,748)	(17,266)
Add : Profit/(loss) for the year	(18,071)	1,518
At the end of the year	(33,819)	(15,748)
	(23,825)	1,777

**4 LONG-TERM BORROWINGS**

	Non-current portion		Current portion*	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Vehicle loan (secured)	618	-	132	-
	618	-	132	-

\* Amount disclosed under "other current liabilities"

The loan balance is repayable along with interest through equated monthly instalments as stipulated by the lender.

The loan carries an interest rate of 11.50% and is secured against hypothecation of assets acquired from the proceeds of such loan.

Amount in Rs. thousands

**5 PROVISIONS**

	Long-term		Short-term	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Provision for employee benefits				
Gratuity (refer note 31)	16,842	11,412	4,888	5,668
Compensated absences	8,592	8,271	706	1,238
Provision for contingencies	–	–	10,000	10,000
Provision for warranties	–	–	3,612	5,320
	25,434	19,683	19,206	22,226
<b>Movement of provisions</b>	<b>Provision for contingencies</b>	Provision for warranties		
Balance as at 1 April 2014	10,000	5,320		
	(10,000)	(10,724)		
Add: Provision during the year	–	–		
	(–)	(–)		
Less: Utilised during the year	–	1,708		
	(–)	(2,815)		
Less: Reversed during the year	–	–		
	–	(2,589)		
Balance as at 31 March 2015	10,000	3,612		
	(10,000)	(5,320)		

(previous year figures are in bracket)

**a) Provision for contingencies**

The Company had entered into a memorandum of settlement with workers of Guwahati factory in the earlier years pursuant to which the Company had agreed to pay a certain amount to workers on achievement of desired productivity norms. Based on the agreement and as estimated by the management, the Company has set aside Rs. 10,000 as provision for future contingencies on account of various personnel costs which may result in possible outflow of resources.

**b) Provision for warranties**

Cost of free replacement of materials was provided in the earlier years based on the estimate of total costs to be incurred with respect to free replacement of defective materials sold to various customers. The closing balance of provision represents the probable replacement due at a future date.

**6 SHORT-TERM BORROWINGS**

	Secured/ unsecured	31 March 2015	31 March 2014
Loans repayable on demand			
From banks			
Working capital demand loan	Secured (a)	–	98,000
From related parties			
Morgan Advanced Materials Plc, Ultimate holding company	Unsecured (b)	1,00,420	–
		1,00,420	98,000

a) The working capital demand loan was secured by first pari passu charge by way of hypothecation of stocks, book debts of the Company both present and future and corporate guarantor from Morgan Advanced Materials Plc, Ultimate holding company. The Working capital demand loan is repayable on demand and carries interest at the rate 11% to 13% per annum.

b) The working capital demand loan taken by the Company has been repaid by Morgan Advanced Materials Plc, Ultimate holding company, being the corporate guarantor of the loan along with outstanding interest and other dues to the bank. The dues to Morgan Advanced Materials Plc, Ultimate holding company, on account of the above settlement are repayable on demand and do not carry any interest.

Amount in Rs. thousands

**7 TRADE PAYABLES**

	31st March 2015	31st March 2014
Trade payables	1,58,258	1,92,363
Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006 (MSMED):		
Particulars		
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	4,113	651
- Interest	177	-
The amount of interest paid by the buyer as per the MSMED	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
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 MSMED	494	393

**8 OTHER CURRENT LIABILITIES**

Current maturities of long term borrowings	132	-
Interest accrued but not due on borrowings	-	235
Creditor for capital goods	5,139	5,152
Advance from customer	1,830	2,790
Statutory dues payable	5,727	7,026
Employee liabilities	13,825	19,063
	<b>26,653</b>	<b>34,266</b>

**9 TANGIBLE FIXED ASSETS**

	Freehold Land	Buildings	Plant and Machineries	Furniture & Fittings	Office Equipments	Vehicles	Total
Gross Block							
Balance as at 1 April 2013	1,853	34,031	2,36,203	5,013	19,508	4,878	3,01,486
Additions	-	221	726	138	674	-	1,759
Disposals	-	-	3,812	236	4,030	371	8,449
Balance as at 31 March 2014	1,853	34,252	2,33,117	4,915	16,152	4,507	2,94,796
<b>Balance as at 1 April 2014</b>	<b>1,853</b>	<b>34,252</b>	<b>2,33,117</b>	<b>4,915</b>	<b>16,152</b>	<b>4,507</b>	<b>2,94,796</b>
Additions	-	-	6,141	163	653	1,241	8,198
Disposals	-	-	-	786	581	1,067	2,434
<b>Balance as at 31 March 2015</b>	<b>1,853</b>	<b>34,252</b>	<b>2,39,258</b>	<b>4,292</b>	<b>16,224</b>	<b>4,681</b>	<b>3,00,560</b>
Depreciation							
Balance as at 1 April 2013	-	16,563	1,38,290	4,120	14,400	2,671	1,76,044
Depreciation for the Year	-	967	9,271	174	1,101	398	11,911
Accumulated depreciation on Disposals	-	-	3,651	221	3,933	309	8,114
Balance as at 31 March 2014	-	17,530	1,43,910	4,073	11,568	2,760	1,79,841
<b>Balance as at 1 April 2014</b>	<b>-</b>	<b>17,530</b>	<b>1,43,910</b>	<b>4,073</b>	<b>11,568</b>	<b>2,760</b>	<b>1,79,841</b>
Depreciation for the Year	-	662	15,129	124	980	451	17,346
Depreciation adjusted with General Reserves (Refer Note 43)	-	2,802	2,403	182	2,077	67	7,531
Accumulated depreciation on Disposals	-	-	-	743	551	957	2,251
<b>Balance as at 31 March 2015</b>	<b>-</b>	<b>20,994</b>	<b>1,61,442</b>	<b>3,636</b>	<b>14,074</b>	<b>2,321</b>	<b>2,02,467</b>

Amount in Rs. thousands

**9 TANGIBLE FIXED ASSETS (Contd.)**

	Freehold Land	Buildings	Plant and Machineries	Furniture & Fittings	Office Equipments	Vehicles	Total
Net Block							
As at 31 March 2014	1,853	16,722	89,207	842	4,584	1,747	1,14,955
<b>As at 31 March 2015</b>	<b>1,853</b>	<b>13,258</b>	<b>77,816</b>	<b>656</b>	<b>2,150</b>	<b>2,360</b>	<b>98,093</b>

**9 INTANGIBLE FIXED ASSETS**

	Computer Software
<b>Gross Block</b>	
Balance as at 1 April 2013	4,198
Additions	2,099
Balance as at 31 March 2014	6,297
<b>Balance as at 1 April 2014</b>	<b>6,297</b>
<b>Additions</b>	<b>-</b>
<b>Balance as at 31 March 2015</b>	<b>6,297</b>
<b>Amortisation</b>	
Balance as at 1 April 2013	1,644
Amortisation for the year	936
Balance as at 31 March 2014	2,580
<b>Balance as at 1 April 2014</b>	<b>2,580</b>
Amortisation for the year	975
<b>Balance as at 31 March 2015</b>	<b>3,555</b>
<b>Net Block</b>	
As at 31 March 2014	3,717
As at 31 March 2015	2,742
<b>Capital work-in-progress</b>	
Balance as at 1 April 2013	4,144
Addition	1,257
Balance as at 31 March 2014	5,401
<b>Balance as at 1 April 2014</b>	<b>5,401</b>
<b>Addition</b>	<b>-</b>
<b>Capitalised/discarded during the year</b>	<b>5,401</b>
<b>Balance as at 31 March 2015</b>	<b>-</b>

**10 NON-CURRENT INVESTMENT (valued at cost unless otherwise stated)**

	31st March 2015	31st March 2014
Non-trade investment		
Un-Quoted equity shares		
500 (previous year 500) equity shares of Rs.10 each fully paid up in Assam Petrochemicals Limited	5	5

Amount in Rs. thousands

**11 LOANS AND ADVANCES**

	Long-term		Short-term	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
<b>To parties other than related parties</b>				
Security deposits				
Unsecured, considered good	<b>3,437</b>	5,369	<b>1,986</b>	1,867
	<b>3,437</b>	5,369	<b>1,986</b>	1,867
Other loans and advances				
Unsecured considered good, unless otherwise stated				
Advances to employees and directors*	-	-	<b>2,031</b>	1,543
Balance with excise and sale tax authorities	-	-	<b>1,341</b>	1,464
<b>Prepaid expenses</b>	-	-	<b>2,277</b>	2,338
Advance income-tax	<b>287</b>	1,287	-	-
Advances recoverable in cash or in kind or for value to be received				
- Considered good	-	-	<b>1,360</b>	812
- Considered doubtful	-	-	<b>1,371</b>	1,371
	<b>287</b>	1,287	<b>8,380</b>	7,528
Less: Provision for doubtful advances	-	-	<b>1,371</b>	1,371
	<b>287</b>	1,287	<b>7,009</b>	6,157
	<b>3,724</b>	6,656	<b>8,995</b>	8,024

\* includes advances to directors aggregating to Rs. 653 (previous year Nil)

**12 OTHER ASSETS**

	Non-current		Current	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Unsecured considered good, unless otherwise stated				
Interest accrued on bank deposits	-	16	-	-
Others receivable	-	-	<b>4,096</b>	4,258
Bank deposits due to mature after 12 months from the reporting date (Refer note 15) - Held as margin money	<b>286</b>	118	-	-
	<b>286</b>	<b>134</b>	<b>4,096</b>	<b>4,258</b>

**13 INVENTORIES (Valued at lower of cost and net realizable value)**

	31st March 2015	31st March 2014
Raw materials [including in transit Rs. 4,440 (previous year Rs. 5,277)]	<b>21,902</b>	34,528
Stores and spares parts	<b>4,571</b>	5,248
Work-in-progress	<b>46,097</b>	53,315
Finished goods		
- Manufactured	<b>8,354</b>	10,597
- Traded	<b>551</b>	632
	<b>81,475</b>	<b>1,04,320</b>



Amount in Rs. thousands

<b>14 TRADE RECEIVABLES</b>		
	31st March 2015	31st March 2014
Receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	33,725	28,131
Unsecured, considered doubtful	60,273	55,856
	93,998	83,987
Less: Provision for doubtful receivables	60,273	55,856
	33,725	28,131
Other receivables		
Unsecured, considered good	93,645	1,12,820
	93,645	1,12,820
	1,27,370	1,40,951
<b>15 CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balance with banks:		
Current accounts	7,394	7,272
Cash on hand	140	178
	7,534	7,450
<b>Details of deposits</b>		
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	286	118
<b>16 REVENUE FROM OPERATIONS</b>		
<b>Sale of products</b>		
Own manufactured	3,62,523	3,73,265
Traded	6,890	6,287
Sale of products (gross)*	3,69,413	3,79,552
Less : excise duty [net of excise duty refund Rs. 6,299 (previous year Rs.6,238)]	27,988	29,366
	3,41,425	3,50,186
Other operating income		
Scrap sales	2,241	3,504
<b>Total</b>	<b>3,43,666</b>	<b>3,53,690</b>
(*) Sale of products		
<b>Manufactured</b>		
EG, HC, NG and RB carbon blocks	47,308	46,147
MG and SG carbon blocks	9,054	10,953
Electrical carbon brushes	1,59,164	1,52,499
Mechanical and Special Carbon components	1,35,082	1,47,961
ISO Graphite components	11,097	15,084
Others	818	621
	3,62,523	3,73,265
<b>Traded</b>		
Carbon Brushes	6,574	5,918
Commutator Maintenance Accessories	316	369
	6,890	6,287

Amount in Rs. thousands

**17 OTHER INCOME**

	31st March 2015	31st March 2014
Interest income	246	21
Provision and liabilities no longer required written back	4,027	10,210
Profit on sale / discard of fixed assets	–	12,796
Payables to related parties written back (Refer Note 40)	14,859	24,946
Borrowings from related parties written back (Refer Note 40)	–	16,506
Gain on foreign exchange fluctuations (net)	5,797	–
Miscellaneous income	1,755	269
	<b>26,684</b>	<b>64,748</b>

**18 COST OF MATERIALS CONSUMED**

Opening Stock	34,528	53,365
Add : Purchases	81,616	1,04,864
	<b>1,16,144</b>	<b>1,58,229</b>
Less : Closing Stock	21,902	34,528
	<b>94,242</b>	<b>1,23,701</b>
<b>Break up of cost of material consumed</b>		
Lamp black, carbon black, coke, natural & synthetic graphite, pitch etc.	27,901	44,178
Non ferrous metals, copper sheets, brass sheets, flexible wires, tubes etc.	21,413	20,441
Copper sheets, brass sheets, flexible wires, tubes, rodes etc.	12,494	13,783
Carbon brush components	7,374	7,715
ISO graphite & carbon blocks, blanks etc.	20,508	30,536
Others	4,552	7,048
	<b>94,242</b>	<b>1,23,701</b>
<b>Breakup of inventory - materials</b>		
Lamp black, carbon black, coke, natural & synthetic graphite, pitch etc.	6,632	7,744
Non ferrous metals, copper sheets, brass sheets, flexible wires, tubes etc.	1,425	1,616
Copper sheets, brass sheets, flexible wires, tubes, rodes etc.	3,509	4,723
Carbon brush components	1,826	2,117
ISO graphite & carbon blocks, blanks etc.	7,325	15,876
Others	1,185	2,452
	<b>21,902</b>	<b>34,528</b>

**19 PURCHASES OF STOCK IN TRADE**

Carbon brushes	3,085	2,261
Commutator Maintenance Accessories	144	858
	<b>3,229</b>	<b>3,119</b>

Amount in Rs. thousands

**20 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE**

	31st March 2015	31st March 2014
Opening inventory		
Work-in-progress	53,537	35,031
Finished goods		
- Manufactured	10,375	10,654
- Traded	632	1,256
	64,544	46,941
Less :		
Closing inventory		
Work-in-progress	46,097	53,315
Finished goods		
- Manufactured	8,354	10,597
- Traded	551	632
<b>Net increase</b>	<b>9,542</b>	<b>(17,603)</b>

**21 EMPLOYEE BENEFITS**

	31st March 2015	31st March 2014
Salaries, wages and bonus	95,385	94,946
Contribution to Provident and other funds	13,388	13,004
Workmen staff welfare expense	13,199	12,414
	1,21,972	1,20,364

**22 OTHER EXPENSES**

	31st March 2015	31st March 2014
Stores and spares parts consumed	13,592	20,888
Power and fuel	48,364	49,687
Fabrication costs	9,987	8,986
Repairs to:		
- building	1,176	694
- plant and machinery	2,970	4,610
- others	1,855	1,780
Insurance	1,604	2,021
Rent (Refer note 30)	2,442	2,171
Commission - others	1,505	1,952
Packing and freight	5,402	6,073
Travelling expenses	10,676	11,763
Provision for doubtful trade receivables	4,417	6,303
Advances written off	97	296
Rates and taxes	839	1,860
Legal and professional fees	7,819	11,693
Auditors' remuneration (refer note 37)	1,499	1,970
Non executive directors' fees	1,815	150
Loss on sale / discard of fixed assets	124	-
Loss on foreign exchange fluctuations (net)	-	19,547
Excise duty related to increase / decrease in inventory of finished goods	824	625
Postage and telephone	1,876	2,009
Security charges	2,766	2,457
Bank charges	255	701
Miscellaneous expenses	6,375	5,052
	1,28,279	1,63,288

Amount in Rs. thousands

**23 FINANCE COST**

	31st March 2015	31st March 2014
Interest on		
- Others	11,836	11,204
	11,836	11,204

**24 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 employees effective from 7 December 2010 to 8 March 2012 has been referred to appropriate authorities. 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. The labour matter is currently pending with the labour commissioner.		

**25 CONTINGENT LIABILITY NOT PROVIDED FOR**

(i) Sales tax matters under appeal	5,657	-
(ii) Custom duty matter under appeal	17,928	-

**26**

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 2014 to 31 March 2015 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.

**27** 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	1,079	1,00,402	107	7,255	256	16,006
	(1,229)	(122,122)	(129)	(10,763)	(240)	(14,319)
Trade Receivables	318	29,611	-	-	11	685
	(266)	(26,433)	(-)	(-)	(11)	(654)
Other Receivable	-	-	4	279	-	-
	(2)	(232)	(-)	(-)	(-)	(-)

(Previous year figures are in brackets)

Amount in Rs. thousands

<b>28 DEFERRED TAX</b>		
	<b>31st March 2015</b>	<b>31st March 2014</b>
<b>Deferred tax assets</b>		
Provision for doubtful receivables and advances	<b>19,048</b>	17,683
Provision for employee benefits	<b>9,588</b>	8,215
Provision for warranties	<b>1,116</b>	1,644
Carried forward tax losses	<b>36,209</b>	36,333
<b>Total</b>	<b>65,961</b>	<b>63,875</b>
<b>Deferred tax liabilities</b>		
Difference between written down value of fixed assets as per books of accounts and for tax purposes	<b>16,723</b>	22,053
<b>Total</b>	<b>16,723</b>	<b>22,053</b>
Deferred tax asset / (liability) [net]	<b>49,238</b>	41,822

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.

<b>29 EARNINGS PER SHARE</b>		
	<b>31st March 2015</b>	<b>31st March 2014</b>
(a) Weighted average number of equity shares outstanding during the year	<b>27,55,600</b>	27,55,600
(b) Net profit / (loss) after tax attributable to equity shareholders (Rs. '000)	<b>(18,071)</b>	1,518
(c) Basic and diluted profit / (loss) per equity share of face value Rs. 10 (Rs.)	<b>(6.56)</b>	0.55

### **30**

#### **(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.

#### **(b) Non- Cancellable Operating Leases:**

The Company acquired one vehicle under non-cancellable operating lease agreement. Future minimum lease payments outstanding as on 31 March 2015 are given below :

	<b>31st March 2015</b>	<b>31st March 2014</b>
Not later than one year	<b>520</b>	672
Later than one year but not later than five years	<b>44</b>	564
	<b>564</b>	<b>1,236</b>

(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. **2,442** (Previous year Rs. 2,171).

Amount in Rs. thousands

**31 EMPLOYEE BENEFITS**

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

	31st March 2015 Gratuity Funded	31st March 2014 Gratuity Funded
<b>(i) Net Asset / (liability) recognised in Balance sheet as at the year end</b>		
Present value of defined obligation at year end	50,684	45,780
Fair value of plan assets at year end	28,954	28,700
Net Asset / (liability) recognised in the balance sheet	(21,730)	(17,080)
<b>(ii) Components of employer expense</b>		
Current service costs	2,585	2,399
Interest costs	3,463	3,621
Expected return on plan assets	(2,583)	(3,022)
Actuarial loss recognised	2,225	1,492
Expense recognised in the statement of profit and loss	5,690	4,490
The gratuity expenses have been recognised in 'Contribution to Provident and other funds' under note 21		
<b>(iii) Change in defined benefit obligations :</b>		
Obligation at beginning of the year	45,780	46,349
Service cost	2,585	2,399
Interest cost	3,463	3,621
Actuarial loss recognised	3,830	899
Benefits paid	(4,974)	(7,488)
<b>Defined benefit obligation at end of the year</b>	<b>50,684</b>	<b>45,780</b>
<b>(iv) Change in plan assets:</b>		
Fair value of plan assets at the beginning of the year	28,700	32,676
Expected return on plan assets	2,583	3,022
Employer's contribution	1,040	1,082
Benefit paid	(4,974)	(7,488)
Actuarial gain / (loss) recognised	1,605	(592)
<b>Fair value of plan assets at the end of the year</b>	<b>28,954</b>	<b>28,700</b>
<b>(v) Deficit</b>	<b>(21,730)</b>	<b>(17,080)</b>
<b>(vi) Actual return on plan assets:</b>	<b>4,188</b>	<b>2,430</b>
<b>(vii) Category of assets as at year end:</b>		
Invested in Life Insurance Corporation of India	28,954	28,700
<b>(viii) Assumptions:</b>		
Discount rate	8.00%	8.50%
Expected return on plan assets	8.00%	8.00%
Inflation rate	9.00%	8.00%

Amount in Rs. thousands

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

Sl.	Particulars	2014-15 Gratuity Funded	2013-14 Gratuity Funded	2012-13 Gratuity Funded	2011-12 Gratuity Funded	2010-11 Gratuity Funded
(viii)	<b>Experience history</b>					
	Defined benefit obligation at the end of the year	50,684	45,780	46,349	49,206	42,609
	Plan assets at the end of the year	28,954	28,700	32,676	39,632	23,157
	Funded Status	(21,730)	(17,080)	(13,673)	(9,574)	(19,452)
	<b>Experience gain/(loss) adjustment on plan liabilities</b>	(1,971)	799	(3,125)	(10,346)	295
	Actuarial gain/(loss) due to change in assumption	(1,930)	(1,290)	(1,167)	7,480	(9,253)
	Experience gain/(loss) adjustment on plan assets	1,676	(1,001)	788	504	294
(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%
(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.

## 32 SEGMENT REPORTING

	Export		Domestic		Total	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014
Revenue from Operation	12,681	42,175	3,58,973	3,40,881	3,71,654	3,83,056
Less: Excise duty	–	–	27,988	29,366	27,988	29,366
Revenue from Operation (Net)	12,681	42,175	3,30,985	3,11,515	3,43,666	3,53,690
Other income	764	3,863	23,526	31,293	24,290	35,156
Other income - unallocable	–	–	–	–	2,394	29,592
Segment revenue	13,445	46,038	3,54,511	3,42,808	3,70,350	4,18,438
Segment result	296	2,127	2,921	7,583	3,217	9,710
Unallocated expenses (net of income)	–	–	–	–	8,452	(3,012)
Finance cost	–	–	–	–	11,836	11,204
Profit/ (Loss) before tax	–	–	–	–	(17,071)	1,518
Less : Tax expenses					1,000	–
Profit/ (Loss) for the year					(18,071)	1,518
<b>Other Information :</b>						
Segment assets	30,375	27,148	96,995	1,12,404	1,27,370	1,39,552
Unallocated assets					2,06,950	2,56,319
<b>Total assets</b>					<b>3,34,320</b>	<b>3,95,871</b>

Amount in Rs. thousands

	Export		Domestic		Total	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014
Segment liabilities	5,854	23,105	1,57,847	1,73,108	1,63,701	1,96,213
Unallocated liabilities					1,66,888	1,70,325
Share Capital	–	–	–	–	27,556	27,556
Reserves and surplus	–	–	–	–	(23,825)	1,777
<b>Total liabilities</b>					<b>3,34,320</b>	<b>3,95,871</b>
<b>Cost incurred to acquire fixed asset</b>	–	–	–	–	–	–
Unallocable	–	–	–	–	3,042	5,115
<b>Depreciation/amortisation</b>	–	–	–	–	–	–
Unallocable	–	–	–	–	18,321	12,847
<b>Significant non cash expenses</b>	–	–	–	–	–	–

**33** **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 Advanced Material plc, Holding Company

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

	Nature of relationship	Sales	Purchases	Loan	Payables written back	Remuneration paid	Professional fees	Receivable/ (payable) at year end
Morgan Advanced Material plc	Holding company	–	–	1,00,420	–	–	–	(1,05,806)
Morgan AM&T (SEA) Pte Limited	Fellow subsidiary	–	5,122	–	–	–	–	(5,766)
Shanghai Morgan Carbon Co. Limited	Fellow subsidiary	–	–	–	–	–	–	(7,655)
Morgan Electrical Carbon Limited	Fellow subsidiary	3,774	7,568	–	14,859	–	–	(70,306)
Morgan Hungary KFT	Fellow subsidiary	1,392	–	–	–	–	–	745
Morganite Luxembourg Limited	Fellow subsidiary	146	–	–	–	–	–	–
Morganite South Africa pty Limited	Fellow subsidiary	–	296	–	–	–	–	–
Morgan Carbon Italia	Fellow subsidiary	–	–	–	–	–	–	(3,817)
Mr. Prabhat C Goenka*	Key management personnel	–	–	–	–	–	3,295	653
Mr. K. K. Bhattacharjee	Key management personnel	–	–	–	–	803	–	–
<b>Total</b>		<b>5,312</b>	<b>12,986</b>	<b>1,00,420</b>	<b>14,859</b>	<b>803</b>	<b>3,295</b>	<b>–</b>

\*Director till 7 January 2015



Amount in Rs. thousands

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

	Nature of relationship	Sales	Purchases	Borrowings written back	Payables written back	Remuneration paid	Professional fees	Receivable/ (payable) at year end
Morgan Advanced Material plc	Holding company	-	-	16,506	-	-	-	(5,517)
Morgan AM&T (SEA) Pte Limited	Fellow subsidiary	-	5,160	-	-	-	-	(5,548)
Shanghai Morgan Carbon Co. Limited	Fellow subsidiary	19,358	3,471	-	-	-	-	(7,217)
Morgan Electrical Carbon Limited	Fellow subsidiary	12,973	7,966	-	24,946	-	-	(93,771)
Morgan Hungary KFT	Fellow subsidiary	5,455	1,303	-	-	-	-	(985)
Morgan Korea Company Limited	Fellow subsidiary	311	-	-	-	-	-	-
Morganite Luxembourg Limited	Fellow subsidiary	754	-	-	-	-	-	-
Morgan Carbon Italia	Fellow subsidiary	-	-	-	-	-	-	(4,604)
Mr. V S Lokre	Key management personnel	-	-	-	-	2,397	-	-
Mr. Prabhat C Goenka	Key management personnel	-	-	-	-	-	1,098	-
<b>Total</b>		<b>38,851</b>	<b>17,900</b>	<b>16,506</b>	<b>24,946</b>	<b>2,397</b>	<b>1,098</b>	<b>-</b>

**34 DETAILS OF INVENTORIES OF FINISHED GOODS**

Class of goods	31st March 2015	31st March 2014
EG, HC, NG and RB carbon blocks	-	1,438
MG and SG carbon blocks	17	148
Electrical carbon brushes	5,435	4,803
Mechanical and special carbon blocks and blanks	-	95
Machined and special carbon components	2,547	3,821
Copper Molding and Linking Power	-	6
ISO-Graphite components	355	286
<b>Total</b>	<b>8,354</b>	<b>10,597</b>

**35 DETAILS OF INVENTORIES OF FINISHED GOODS**

Class of goods	31st March 2015	31st March 2014
Trading Brush	113	181
Commutator maintenance accessories	438	451
<b>Total</b>	<b>551</b>	<b>632</b>

Amount in Rs. thousands

**36 DETAILS OF IMPORTED AND INDIGENOUS RAW MATERIALS AND STORES AND SPARE PARTS CONSUMPTION**

	31 March 2015		31 March 2014	
	Amount	% of total consumption	Amount	% of total consumption
<b>Raw materials</b>				
Imported	43,844	47	57,336	46
Indigenous	50,398	53	66,365	54
	94,242	100	1,23,701	100
<b>Stores and spares</b>				
Imported	191	1	-	-
Indigenous	13,401	99	20,888	100
	13,592	100	20,888	100
<b>Total</b>	<b>1,07,834</b>		<b>1,44,589</b>	

**37 AUDITORS' REMUNERATION INCLUDES**

	31st March 2015	31st March 2014
(a) Statutory audit fees	790	790
(b) Limited Reviews	550	550
(c) Certification and Other assignments	50	235
(d) Reimbursement of out of pocket expenses for (a), (b) and (c) above	59	200
(e) Service tax	50	195
	1,499	1,970

**38 VALUE OF IMPORTS ON C.I.F. BASIS**

	31st March 2015	31st March 2014
Raw materials	27,789	38,361
Trading items	138	199

**39** The Company has incurred a net loss of Rs 18,071 during the year ended 31 March 2015. However, the Company's operational results have improved during the current year as compared to the earlier periods largely due to the cost saving and operational efficiencies measures initiated by the management. Further, the Holding and its group companies will continue its financial support to the Company. In view of the same, the financial statements have been prepared on a going concern basis for the current year.

**40** The Company had written back External Commercial Borrowings (ECB) aggregating to Rs 16,506 during the previous year without the prior approval of the Reserve Bank of India (RBI). The Company has since filed a compounding application with the RBI with respect to the write back of the ECB. The RBI's approval in this regards is awaited.

**41 EXPENDITURE AND EARNINGS IN FOREIGN EXCHANGE**

	31st March 2015	31st March 2014
(a) Earnings in foreign currency		
Exports on F.O.B. basis	6,051	41,548
Reimbursement of expenses	842	866
(b) Expenditure in foreign currency	-	-

- 42** The Central Government has approved the payment of remuneration to the non-executive Director subject to 1% of the net profit of the Company as computed under section 198 of the Companies Act, 1956 ('Act'). In view of inadequate profits, the Company during the year 1 April 2013 to 31 March 2014 had not made a provision for managerial remuneration aggregating to Rs.1,700 payable to the non-executive Director. The Company has filed an application with the Central Government for approval of aforesaid remuneration. The same will be accrued and paid to the non-executive Director on receipt of approval from the Central Government.
- 43** During the year ended 31 March 2015, according to Schedule II of the Companies Act, 2013, the management based on an internal evaluation have reassessed the remaining estimated useful life of fixed assets, with effect from 1 April 2014. Accordingly, the useful life of certain assets required a change from the previous estimates. Had the Company continued with the previously assessed useful lives, depreciation charge for the year ended 31 March 2015 would have been lower by Rs. 5,873. Further, based on transitional provision provided in note no.7 (b) of Schedule II of The Companies Act 2013, an amount of Rs. 7,531 has been adjusted against retained earnings.

As per our report of even date attached

For **B S R & Co. LLP**

*Chartered Accountants*

Firm Registration No.: 101248W/W-100022

Jayanta Mukhopadhyay

*Partner*

Membership No.: 055757

Place : Kolkata

Date : 13 June 2015

**R. Himatsingka**

*Chairman*

**Saugata De**

*Company Secretary*

**K. K. Bhattacharya**

*Managing Director*

**Pijush Bysack**

*Chief Financial Officer*



**ASSAM CARBON PRODUCTS LIMITED**

Regd. Office: Birkuchi, Guwahati – 781 026

CIN:L23101AS1963PLC001206

**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 52nd Annual General Meeting being held on Friday, 18th September, 2015 at 11.45 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.

**ASSAM CARBON PRODUCTS LIMITED**

Regd. Office: Birkuchi, Guwahati – 781 026

CIN:L23101AS1963PLC001206

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act 2013 & rule 19(3) of the Companies (Management and Administration), Rules 2014]

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: .....

Address: .....

E-mail Id: ..... Signature:....., or failing him/her

2. Name: .....

Address: .....

E-mail Id: ..... Signature:....., or failing him/her

3. Name: .....

Address: .....

E-mail Id: ..... Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 52nd Annual general meeting of the company, to be held on the 18th day of September 2015, at 11.45 a.m. at the registered office of the company at Birkuchi, Guwahati – 781 026) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars	For	Against
1.	Adoption of audited P & L and B & S for FY 14-15		
2.	Appointment of Director in place of Mr. Neil Hoyland, who retires by rotation and eligible for re-appointment.		
3.	Appointment of Director in place of Mr. Ralph Gomarsall, who retires by rotation and eligible for re-appointment.		
4.	Appointment of Statutory Auditors		
5.	Waiver of excess remuneration paid to Non-Executive Director		
6.	Appt of Managing Director		
7.	Appt of Independent Director, Mr S K Lhila		
8.	Appt of Independent Director, Mrs Rupanjana De		

Signed this ..... day of ..... 2015.

Signature of Shareholder :

Signature of Proxy holder(s):

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



## **Book Post**

ANNUAL REPORT 2014-2015

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Birkuchi, Guwahati

Assam - 781 026