



**ANNUAL REPORT**  
**2010-2011**

**INDIA CARBON LIMITED**



# India Carbon Limited

## ANNUAL REPORT 2010-2011

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### BOARD OF DIRECTORS

RAKESH HIMATSINGKA

*Chairman and Managing Director*

ERIC P. JOHNSON

GORDON KENNETH MCINTOSH

RAVI CAPOOR, I.A.S. (upto 13th May, 2011)

*Nominee of Government of Assam*

HEMANT KUMAR KHAITAN

MANOJ MOHANKA

MANISH GUPTA (upto 17th May, 2011)

SOUMENDRA MOHAN BASU

ABHIJIT BAROOAH

MARK R. JONES

*(Alternate to Mr. Eric P. Johnson)*

ALBERT JOHN ROLFE

*(Alternate to Mr. Gordon Kenneth McIntosh)*

SHAURYA VEER HIMATSINGKA

*Dy. Managing Director*

### CHIEF FINANCIAL OFFICER

PINKIE GARG

### STATUTORY AUDITORS

D BASU & CO.

*Chartered Accountants*

### SOLICITORS & ADVOCATES

B. K. JAIN & CO.

### BANKERS

UCO Bank

IDBI Bank Limited

United Bank of India

AXIS Bank Limited

### REGISTERED OFFICE & WORKS

Noonmati, Guwahati - 781 020, Assam

### CENTRAL OFFICE

'Temple Chambers', 4th Floor

6, Old Post Office Street, Kolkata - 700 001

### BUDGE BUDGE WORKS

35, Deshbandhu Chittaranjan Road, Budge Budge

24, Paragnas (South), Kolkata - 700 137

### REGISTRAR & SHARE TRANSFER AGENT

C B Management Services (P) Ltd.

P-22, Bondel Road, Kolkata - 700 019

Phone : (033) 4011 6700/11/18/23, 2280 6692/93/94

Fax : (033) 2287 0263, E-mail : rta@cbmsl.com

## NOTICE

NOTICE is hereby given that the Forty-ninth Annual General Meeting of the Members of INDIA CARBON LIMITED will be held on Saturday the 30th July, 2011 at 10.30 a.m. at the Registered Office of the Company at Noonmati, Guwahati - 781020, Assam to transact the following business :

### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2011, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Preference & Equity Shares.
3. To appoint a Director in place of Mr. Hemant Kumar Khaitan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Eric P. Johnson who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### AS SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION :

"RESOLVED THAT subject to the provisions of Section 198, 269, 302,309, 310 and 311 read along with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof), and subject to necessary sanction, consent and permission of appropriate authorities, if any, approval of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Rakesh Himatsingka as Managing Director of the Company, for a period of 3 (three) years from 1st December, 2010 to 30th November 2013 on the terms and conditions as mentioned in the Draft Agreement placed before the meeting and initialed by a Director of the Company, for the purpose of identification, with authority to the Board of Directors of the Company to vary, alter or modify the terms of appointment and remuneration, as set out in the said draft Agreement, within the ceiling limit laid down in Schedule XIII of the Companies Act 1956, as amended/revised/alterd/modified and/or any other statutory modifications or re-enactment thereof and/or any guidelines relating to managerial remuneration as may be notified by the Central Government from time to time and as may be agreed to by the Board of Directors of the Company and Mr. Rakesh Himatsingka, Managing Director, without any further approval of the Company in General Meeting."

"RESOLVED FURTHER that notwithstanding anything hereinabove stated, wherein in any financial year the Company has no profits or its profits are inadequate during the currency of his term, Mr. Rakesh Himatsingka, Managing Director, shall be entitled to receive remuneration by way of salary, perquisites, benefits and allowances as specified in the draft agreement as Minimum Remuneration, subject to the provisions of the Companies Act, 1956 and the ceiling limit laid down in Schedule XIII thereto."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized and empowered to execute the agreement with Managing Director and to take such steps and do all such acts, deeds, matters and things as may be necessary or expedient for the purpose of giving effect to the above Resolutions."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION :

"RESOLVED THAT subject to the provisions of Section 198, 269, 302,309, 310 and 311 read along with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof), and subject to necessary sanction, consent and permission of appropriate authorities, if any, approval of the Members of the Company be and is hereby accorded to the appointment of Mr Shaurya Veer Himatsingka as Dy. Managing Director of the Company, for a period of 3 (three) years from 1st April, 2011 to 31st March, 2014 on the terms and conditions as mentioned in the Draft Agreement placed before the meeting and initialed by a Director of the Company, for the purpose of identification with authority to the Board of Directors of the Company to vary, alter or modify the terms of appointment and remuneration, as set out in the said draft Agreement, within the ceiling limit laid down in Schedule XIII of the Companies Act 1956, as amended/revised/modified and/or any other statutory modifications or re-enactment thereof and/or any guidelines relating to managerial remuneration as may be notified by the Central Government from time to time and as may be agreed to by the Board of Directors of the Company and Mr. Shaurya Veer Himatsingka, Dy. Managing Director without any further approval of the Company in General Meeting."

"RESOLVED FURTHER that notwithstanding anything hereinabove stated, wherein in any financial year the Company has no profits or its profits are inadequate during the currency of his term, Mr. Shaurya Veer Himatsingka, Dy. Managing Director, shall be entitled to receive remuneration by way of salary, perquisites, benefits and allowances as specified in the draft agreement as Minimum Remuneration, subject to the provisions of the Companies Act, 1956 and the ceiling limit laid down in Schedule XIII thereto."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized and empowered to execute the agreement with Dy. Managing Director and to take such steps and do all such acts, deeds, matters and things as may be necessary or expedient for the purpose of giving effect to the above Resolutions."

Place : Kolkata

By Order of the Board of Directors

Date : 15th June, 2011

Registered Office :

Noonmati, Guwahati - 781 020

Assam

**Rakesh Himatsingka**

*Chairman & Managing Director*

#### NOTES :

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
2. **Details under the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at the Annual General Meeting is contained in the Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
4. **THE PROXY FORMS TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
5. Shareholders are requested to bring their copy of Annual Report to the meeting.
6. Members/ Proxies should fill the Attendance Slip for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in Physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

7. In case of joint holders attending the meeting only such joint holder who is higher in the order of names will be entitled to vote.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd July, 2011 to 30th July, 2011 (both days inclusive).
9. The Company has appointed the following Registrar & Share Transfer Agent (RTA) to deal with both Physical and Demat shares.  
C. B. Management Services (P) Limited  
P-22, Bondel Road, Kolkata - 700 019  
Phone No. 033 40116700, 40116711, 40116718, 40116723, 2280-6692/93/94  
Fax No. : 033 2287 0263  
E-mail : rta@cbmsl.com  
Members are requested to send their queries relating to share transfer/transmission etc. to the above address.
10. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Saturdays between 10.00 A.M. to 12.00 Noon up to the date of the Annual General Meeting.
11. Members are requested in their own interest :
  - a) To notify the Company / R & T Agent about any change in address with correct pin code, mandate/bank details etc.
  - b) To quote correct Folio No./ Client ID. No. and DP ID. No. in all correspondence with the Company/ R & T Agent to facilitate better service to the members.
  - c) To dematerialize the Equity Shares of the Company.
12. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
13. Consequent upon the introduction of Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nomination, are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents.
14. Pursuant to the provisions of Section 205A of the Companies Act, 1956 unclaimed dividend for the year ended 31st March, 2003 has been already transferred to the Investor Education & Protection Fund.

Information in respect of unclaimed dividend is given below :

Financial Year ended	Date of Declaration of Dividend	Last Date for claiming of Unpaid Dividend	Last date for transfer to IEP Fund
31.03.2004	18.09.2004	17.09.2011	17.10.2011
31.03.2007	14.09.2007	20.10.2014	20.11.2014
31.03.2008	22.07.2008	28.08.2015	27.08.2015
31.03.2009	21.08.2009	27.09.2016	26.10.2016
31.03.2010	21.09.2010	26.10.2017	25.11.2017

Members who have not so far encashed their dividend warrant(s) are requested to seek issue of duplicate warrant(s), revalidation of the existing warrants to Company's Share Department at "Temple Chambers" 4th Floor, 6, Old Post Office Street, Kolkata - 700 001 immediately. Members are requested to note that no claim shall lie against the Company or the said fund in respect of any amounts transferred to Investor Education and Protection Fund (IEPF).



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

### ITEM NO. 6

The tenure of Mr. Rakesh Himatsingka as Managing Director came to an end on 30th November, 2010. Subject to the approval of Shareholders in the next Annual General Meeting, the Board of Directors, at its Meeting held on 1st December, 2010, approved the re-appointment of Mr. Himatsingka as Managing Director of the Company for a period of 3 years w.e.f 1st December, 2010 to 30th November, 2013. The Remuneration Committee had recommended the Re-appointment of the Managing Director. The terms and conditions of the re-appointment are set out in the Draft Agreement, the copy of the which is available for inspection at the Registered Office of the Company.

Mr. Rakesh Himatsingka, aged about 59 years is a qualified Mechanical Engineer (BITS) and a Carbon Technologist. He is associated with the Company in various capacities since 1977 and has spearheaded the Company's growth as well as in-house R&D activities over the last 30 years. He has specialized in Company Management, Global Marketing, Project Co-ordination, Technology Transfer etc. Besides India Carbon Limited, he is a Director and Chairman of the Board of Directors of Assam Carbon Products Ltd. Furthermore, he has served as the National President of The Confederation of Export Units and is a member of the Board of Governors of the Institute of Modern Management, Kolkata. He has also served on the Board of Directors of Morganite Electrical Carbon Ltd., UK, a subsidiary of Morgan Crucible Company plc, UK, from 1992 to 2003.

Deeply involved in social welfare, he is the Secretary General of the National Diabetics Association of India and also an active member of various Public Trusts such as the India Carbon Charitable Trust, Manav Kalyan Trust, Raghumull Charity Trust, Ghanshyamdas Charitable Trust, Jan Seva Nidhi Trust, Shree Shyam Seva Nidhi Trust and the Ramkrishna Vivekananda Mission.

Material terms and conditions of the draft agreement are as follows :-

1. **Term** : The remuneration and other terms and conditions will be effective from 1st December, 2010 to 30th November, 2013.
2. **Salary** : Rs.1,40,000/- (Rupees One Lac Forty Thousand Only) per month, with an increment of Rs.15,000/-(Rupees Fifteen thousand Only) each year on 1st December. Dearness Allowance, if any, payable by the Company will be treated as part of the salary.
3. **Commission** : One percent of the net profit of the Company, determined in accordance with relevant provisions of the Companies Act, 1956.
4. In addition to salary, the Managing Director will be entitled to the following perquisites, benefits and allowances :
  - (i) **Housing** : The expenditure incurred by the company on hiring furnished residential accommodation for the Managing Director will be subject to the following ceiling :
    - a) Sixty percent of the Salary, over and above ten percent payable by the Managing Director.
    - b) In case the Company owns the accommodation, ten percent of the Salary of the Managing Director shall be deducted by the Company.
    - c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in (a) above.
  - (ii) **Gas, Water & Electricity Allowance** : 10% of the salary per year.
  - (iii) **Furnishing Allowance** : One month's salary per year.
  - (iv) **Re-imbursement of House Maintenance Expenses** : One month's salary per year.
  - (v) **Medical Re-imbursement** : Re-imbursement of medical expenses incurred 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.
  - (vi) **Leave Travel** : Leave travel allowance for self and family once in a year as per rules of the Company.

- (vii) **Use of Car on Company's business and telephone/fax at residence** : Personal long distance calls on telephone/fax and use of Company's car for personal purpose will be billed by the Company to the Managing Director.
- (viii) **Club Fees** : Fees of clubs, subject to a maximum of two clubs. This will not include admission and life membership fees.
- (ix) **Mediclaime Insurance** : Mediclaime Insurance cover for self and family. The premium shall not exceed Rs. 50,000/- Per annum.
- (x) **Personal Accident Insurance** : Personal Accident Insurance Premium not exceeding Rs. 50,000/- per annum.
- (xi) **Leave** : One month's leave on full pay and allowance for every eleven months' service.
- (xii) The Managing Director will also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration, as specified below :
  - a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
  - b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service in addition to the gratuity already accrued for every completed year of continuous past service with the Company.
  - c) Encashment of leave at the end of the tenure.
- (xiii) Where the Company has profit in a financial year, the remuneration payable to the Managing Director by way of salary, dearness allowance, if any, commission, perquisites and other allowances shall be subject to the provisions of Companies Act, 1956 and Schedule XIII thereto.

#### 5. **Minimum Remuneration :**

Wherein any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Managing Director shall be entitled to remuneration by way of salary, dearness allowance, perquisites, benefits and allowance specified above as Minimum remuneration not exceeding the ceiling limit linked with "Effective Capital" of the Company, as specified in Schedule XIII to the Companies Act, 1956.

#### 6. **Other Terms :**

- (i) The Managing Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof from the date of his re-appointment and he will not be subject to retirement by rotation.
- (ii) The Company shall reimburse the Managing Director,
  - a. entertainment expenses incurred by him for the business of the Company.
  - b. travelling expenses and all other incidental expenses for him as well as one attendant of him for the purpose of the business of the Company.
  - c. The above reimbursement shall not be considered as perquisite to the Managing Director but will be wholly and exclusively for the business purpose of the Company.
- (iii) The Managing Director shall not become interested or otherwise concerned, directly or indirectly, in any Selling Agency of the Company without the prior approval of the Central Government.
- (iv) The Board of Directors of the Company is authorized and empowered to vary, alter or modify the terms and conditions of the agreement within the maximum remuneration payable in accordance with Schedule XIII to the Act, including any other statutory modifications, substitutions or re-enactment thereof, without any further approval of the Company in a General Meeting.

Although, your Company has achieved growth and profit from operation in the previous financial year and expects to earn profit in the future years, it is proposed to approve the above resolution as a Special Resolution to enable the Company to pay the remuneration to its Managing Director in the event of loss/inadequate of profits.

Your Board proposes the resolution for approval of the Members as Special Resolution.



None of the Directors of the Company except Mr. Rakesh Himatsingka and Mr. Shaurya Veer Himatsingka, is concerned or interested in the above resolution.

The relevant abstract, as required under Section 302 of the Companies Act, 1956 has already been sent to the shareholders of the Company.

#### ITEM NO. 7

The tenure of Mr. Shaurya Veer Himatsingka as Whole Time Director came to end 31st March, 2011. Subject to the approval of shareholders in the next Annual General Meeting, the Board of Directors have at its Meeting held on 16th May, 2011, approved the appointment of Mr. Himatsingka as Dy. Managing Director of the Company for a period of 3 years w.e.f. 1st April, 2011 to 31st March, 2014. The Remuneration Committee had recommended the appointment of Dy. Managing Director. The terms and conditions of the appointment are set out in the Draft Agreement, the copy of the which is available for inspection at the Registered Office of the Company.

Mr. Shaurya Veer Himatsingka aged about 29 years, has done his Masters in Business Administration mainly concentrating in Finance, Strategy, Operation and Management and Marketing from Carnegie Mellon University, Tepper School of Business from Pittsburgh, PA, United States of America.

Material terms and conditions of the draft agreement are as follows :-

1. **Term** : The remuneration and other terms and conditions will be effective from 1st April, 2011 to 31st March, 2014.
2. **Salary** : Rs.1,00,000/- (Rupees One Lac Only) per month, with an increment of Rs.10,000/- (Rupees Ten thousand Only) each year on 1st April. Dearness Allowance, if any, payable by the Company will be treated as part of the salary.
3. **Commission** : One percent of the net profit of the Company, determined in accordance with relevant provisions of the Companies Act, 1956.
4. In addition to salary, the Dy. Managing Director will be entitled to the following perquisites, benefits and allowances :
  - (i) **Housing** :  
The expenditure incurred by the company on hiring furnished residential accommodation for the Dy. Managing Director will be subject to the following ceiling :
    - a) Sixty percent of the Salary, over and above ten percent payable by the Dy. Managing Director.
    - b) In case the Company owns the accommodation, ten percent of the Salary of the Dy. Managing Director shall be deducted by the Company.
    - c) In case no accommodation is provided by the Company, the Dy. Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in (a) above.
  - (ii) **Gas, Water & Electricity Allowance** : 10% of the salary per year.
  - (iii) **Furnishing Allowance** : One month's salary per year.
  - (iv) **Re-imbursement of House Maintenance Expenses** : One month's salary per year.
  - (v) **Medical Re-imbursement** : Re-imbursement of medical expenses incurred 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.
  - (vi) **Leave Travel** : Leave travel allowance for self and family once in a year as per rules of the Company.
  - (vii) **Use of Car on Company's business and telephone/fax at residence** : Personal long distance calls on telephone/fax and use of Company's car for personal purpose will be billed by the Company to the Dy. Managing Director.
  - (viii) **Club Fees** : Fees of clubs, subject to a maximum of two clubs. This will not include admission and life membership fees.

- (ix) **Special Allowance** : Fees of Chamber/s of Commerce and /or Entrepreneurs Organization/s and/or Business & Trade Bodies and/or Business Clubs and/or other bodies of similar nature whether national or international, subject to a maximum two such bodies. This will include admission and life membership fees and related travelling and other incidental expenses for attending the conferences, seminars e.t.c. anywhere in the world.
- (x) **Mediclaime Policy** : Mediclaime Insurance covers for self and family. The premium shall not exceed Rs. 20,000/- per annum.
- (xi) **Personal Accident Insurance** : Personal Accident Insurance premium not exceeding Rs. 50,000/- per annum.
- (xii) **Leave** : One month's leave on full pay and allowance for every eleven months' service.
- (xiii) The Dy. Managing Director will also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration, as specified below :
  - a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
  - b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service in addition to the gratuity already accrued for every completed year of continuous past service with the Company.
  - c) Encashment of leave at the end of the tenure.
- (xiv) Where the Company has profit in a financial year, the remuneration payable to the Dy. Managing Director by way of salary, dearness allowance, if any, commission, perquisites and other allowances shall be subject to the provisions of Companies Act, 1956 and Schedule XIII thereto.

#### 5. **Minimum Remuneration :**

Wherein any financial year during the currency of tenure of the Dy. Managing Director, the Company has no profits or its profits are inadequate, the Dy. Managing Director shall be entitled to remuneration by way of salary, dearness allowance, perquisites, benefits and allowance specified above as Minimum remuneration not exceeding the ceiling limit linked with "Effective Capital" of the Company, as specified in Schedule XIII to the Companies Act, 1956.

#### 6. **Other Terms :**

- (i) The Dy. Managing Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof from the date of his re-appointment and he will not be subject to retirement by rotation.
- (ii) The Company shall reimburse the Dy. Managing Director,
  - a. entertainment expenses incurred by him for the business of the Company.
  - b. travelling expenses and all other incidental expenses for him as well as one attendant of him for the purpose of the business of the Company.
  - c. The above reimbursement shall not be considered as perquisite to the Dy. Managing Director but will be wholly and exclusively for the business purpose of the Company.
- (iii) The Dy. Managing Director shall not become interested or otherwise concerned, directly or indirectly, in any Selling Agency of the Company without the prior approval of the Central Government.
- (iv) The Board of Directors of the Company is authorized and empowered to vary, alter or modify the terms and conditions of the agreement within the maximum remuneration payable in accordance with Schedule XIII to the Act, including any other statutory modifications, substitutions or re-enactment thereof, without any further approval of the Company in a General Meeting.

Although, your Company has achieved growth and profit from operation in the previous financial year and expects to earn profit in the future years, it is proposed to approve the above resolution in Special to enable the Company to pay the remuneration to its Dy. Managing Director in the event of loss/inadequate of profits.

Your Board proposes the resolution for approval of the Members as Special Resolution.

None of the Directors of the Company except Mr. Rakesh Himatsingka, and Mr. Shaurya Veer Himatsingka, is concerned or interested in the above.

The relevant abstract, as required under Section 302 of the Companies Act, 1956 has already been sent to the shareholders of the Company.

Information required under Clause (iv) of proviso to paragraph 1(B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 for item Nos. 6 and 7.

**I. General Information :**

- Nature of Industry :** The Company is primarily engaged in the manufacture and sale of Calcined Petroleum Coke, Electrode Carbon Paste and Thermal Carbon (Tamping) Paste.
- Date of commencement of commercial production : 15th November, 1962.
- In case of new Companies, expected date of commencement of activities : Not applicable.
- Financial performance based on given indicators : Key financials for last three years are as given below :

	2009-2010 Rs.	2008-2009 Rs.	2007-2008 Rs.
Gross Turnover	1549431918	1572541348	1312555683
Other Income	25916997	15896756	16442054
Profit Before Tax	145556553	60925313	57312847
Profit after Tax	114651014	47492070	36783479
Paid up Equity Share Capital	26500000	26500000	26500000
Paid up Preference Share Capital	1000000	1000000	1000000
Reserves and Surplus	306796854	197108624	153064379
Earning per share	43.22	17.88	13.84
Equity dividend	15%	10%	10%
Dividend on Preference Shares	9.30%	9.30%	9.30%

- Export Performance and net Foreign Exchange Collaborations : During the year the Company has made export valued Rs. 21277146.00.
- Foreign Investors or collaborators : The Company, since inception, has been in Technical & Financial Collaboration with Oxbow Calcining LLC (formerly Great Lakes Carbon LLC) USA - World Leaders in the Calcined Petroleum Coke field. Oxbow Calcining LLC is holding 30.65% of the paid up equity capital of the Company.

**II. Information about the Appointees :**

**A. Mr. Rakesh Himatsingka**

- Background Details :** Mr. Rakesh Himatsingka currently serving as Chairman & Managing Director of India Carbon Limited has been Managing Director of the Company since May, 1996 and then took over as Chairman in 1999. He completed his Mechanical Engineering from Birla Institute of Technology and Science (BITS), Pilani. He is also Chairman of Assam Carbon Products Ltd and has over 38 years of industry experience. Furthermore, he has served as the National President of The Confederation of Export Units and is a member of the Board of Governors of the Institute of Modern Management, Kolkata. He has also served on the Board of Directors of Morganite Electrical Carbon Ltd., UK, a subsidiary of Morgan Crucible Company plc, UK, from 1992 to 2003. Deeply involved in social welfare, he is the Secretary General of the National Diabetics Association of India and also an active member of various Public Trusts such as the India Carbon Charitable Trust, Manav Kalyan Trust, Raghunull Charity Trust, Ghanshyamdas Charitable Trust, Jan Seva Nidhi Trust, Shree Shyam Seva Nidhi Trust and the Ramkrishna Vivekananda Mission.
- Past remuneration :** Remuneration of Mr. Rakesh Himatsingka for the financial year ended 31st March, 2010 was Rs. 4837533/-.
- Recognition or awards/job profile and his suitability :** Please see (1) above.

4. Remuneration proposed : The remuneration proposed to Mr. Rakesh Himatsingka is set out in the Notice read along with Item No. 6 of the Explanatory Statement.
5. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person : The remuneration proposed for Mr. Rakesh Himatsingka is reasonably in line with the remuneration in similar sized companies in the same segment of business.
6. Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any :  
Mr. Rakesh Himatsingka does not have any pecuniary relationship, directly or indirectly, with the Company and its managerial personnel that may have potential conflict with the interest of the Company at large. However it is disclosed that Mr. Shaurya Veer Himatsingka, son of Mr. Rakesh Himatsingka is the Dy. Managing Director of the Company.

**B. Mr. Shaurya Veer Himatsingka**

1. Background Details : Mr. Shaurya Veer Himatsingka, aged about 29 years, has done his Masters in Business Administrations mainly concentrating in Finance, Strategy, Operation Management and Marketing from Carnegie Mellon University, Tepper School of Business from Pittsburgh, PA, United States of America.  
Mr. Shaurya Veer Himatsingka has been actively involved in the affairs of the Company since April, 2006 and was appointed as Whole Time Director w.e.f. 04.03.2007. He was elevated to the position of Dy. Managing Director w.e.f. 01.04.2011.
2. Past remuneration : Remuneration of Mr. Shaurya Veer Himatsingka for the Financial Year ended 31st March, 2010 was Rs. 3133754/-.
3. Recognition or awards/job profile and his suitability : Please see (1) above.
4. Remuneration proposed : The remuneration proposed to Mr. Shaurya Veer Himatsingka is set out in the Notice read along with Item No. 7 of the Explanatory Statement.
5. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person : The remuneration proposed for Mr. Shaurya Veer Himatsingka is reasonably in line with the remuneration in similar sized companies in the same segment of business.
6. Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any :  
Mr. Shaurya Veer Himatsingka does not have any pecuniary relationship, directly or indirectly, with the Company and its managerial personnel that may have potential conflict with the interest of the Company at large. However it is disclosed that, Mr. Rakesh Himatsingka, father of Mr. Shaurya Veer Himatsingka is the Chairman and Managing Director of the Company.

**III. Other information :**

Reasons of loss or inadequate profits, Steps taken or proposed to be taken for improvement, Expected increase in productivity and profits in measurable terms. - Not Applicable

The Director's Report and Management Discussion and Analysis Report which are forming part of the Annual Report for the year contains, for a detailed analysis on the Company's performance and outlook for future. The Company always strives to improve its productivity and profit by optimum utilization of its resource, manpower and also by utilizing proper financial planning.

**IV. Disclosures :**

The required disclosures as to remuneration package, etc. have been appropriately provided in the notice read along with item no. 6 and 7 of the Explanatory Statement.

The Draft Agreements referred to in the Resolution No. 6 and 7 will be available for inspection at The Registered Office of the Company at Noonmati, Guwahati, Assam on any working day up to the date of the Annual general Meeting between 10.00 A.M. to 12.00 Noon and will also be available at the meeting.

Place : Kolkata  
Date : 15th June, 2011  
Registered Office :  
Noonmati, Guwahati - 781 020  
Assam

By Order of the Board of Directors

**Rakesh Himatsingka**  
Chairman & Managing Director

**The details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (In pursuance of clause 49 of the Listing Agreement)**

Name of the Director	Mr. Rakesh Himatsingka	Mr. Shaurya Veer Himatsingka	Mr. Hemant Kumar Khaitan	Mr. Eric P. Jonhson
Date of Birth	4th November, 1951	27th April, 1982	19th Jan, 1954	22nd June, 1968
Date of Appointment	14/10/1977	01/02/2007	15/07/1996	29/06/2007
Expertise in specific functional areas	Carbon Technologist	Finance	Management	Refining Aluminium and Calcining Industries
Qualifications	B.E (Hons.), Mechanical	Master's in Business Administration from Tepper School of Business at Carnegie Mellon University Pittsburgh Pennsylvania	B. Com (Hons.)	B.A. in Business Management from Oxford University
List of outside Directorship held	1. Assam Carbon Products Ltd. 2. APL Holdings & Investments Ltd.	Nil	1. Steel Products Ltd. 2. Spiral Pack (India) Ltd. 3. Kanoria Chemicals and Industries Ltd. 4. Hind Galvanizing and Engineering Co. Ltd.	Nil
Chairman/Member of the Committee of other Companies in which he is a Director				
a. Audit Committee	Nil	Nil	Kanoria Chemicals and Industries Ltd. - M	Nil
b. Shareholders / Investor Grievance Committee	Nil	Nil	Kanoria Chemicals and Industries Ltd. - M	Nil
c. Remuneration Committee	Assam Carbon Products Ltd. - M	Nil	Kanoria Chemicals and Industries Ltd. - M	Nil
Shareholding in the Company	9838	37543	Nil	Nil
Disclosure of relationship between Directors inter-se	Father of Mr. Shaurya Veer Himatsingka	Son of Mr. Rakesh Himatsingka	NA	NA

**Note**

- CM - Chairman of the Committee
- M - Member of the Committee
- Directorship in Pvt. Ltd. Co.'s, Foreign Co.'s, Companies u/s 25 of the Companies Act, 1956.

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31ST MARCH, 2011**

#### **To The Members,**

Your Directors have pleasure in presenting the Forty-ninth Annual Report on the business and operations of the Company and Audited Statement of Accounts of the Company for the year ended 31st March, 2011.

#### **FINANCIAL RESULTS**

	<b>Year Ended 31.03.2011 Rs. in lacs</b>	<b>Year Ended 31.03.2010 Rs. in lacs</b>
Profit before Interest, Depreciation & Tax	<b>1567.63</b>	1750.07
Less : Interest	<b>238.49</b>	194.69
Less : Depreciation (Net of transfer from Revaluation Reserve)	<b>164.73</b>	99.82
<b>Profit Before Tax</b>	<b>1164.41</b>	1455.56
Less : Provision for Taxation (including Deferred Tax)	<b>246.52</b>	309.05
<b>Profit After Tax</b>	<b>917.89</b>	1146.51
Add : Balance brought forward from previous year	<b>751.38</b>	712.30
<b>Amount available for Appropriation</b>	<b>1669.27</b>	1858.81
<b>Appropriations :</b>		
Proposed Dividend on Preference Shares	<b>0.93</b>	0.93
Proposed Dividend on Equity Shares	<b>39.75</b>	39.75
Tax on Dividend	<b>6.60</b>	6.75
Transfer to General Reserve	<b>795.00</b>	1060.00
Balance carried forward to Balance Sheet	<b>826.99</b>	751.38

#### **DIVIDEND**

The Board is pleased to recommend a dividend of Rs. 9.30 (9.3%) per redeemable Cumulative Preference Share of Rs. 100/- each and Rs. 1.50 per Equity Share of Rs. 10/- each for the current year.

#### **OPERATIONAL PERFORMANCE**

During the year under review, your Company achieved a gross turnover of Rs. 17624.93 lacs which is 13.75% higher than the previous year's turnover of Rs. 15494.32 lacs.

Production of Calcined Petroleum Coke (CPC) during the year was 71621 MT as against 68633 MT in the previous year and Electrode Carbon Paste (ECP) production was 10806 MT as against 9673 MT in the previous year, an increase of 4.35% and 11.71% respectively.

Further, Sales of CPC for the year was 59798 MT as against 70798 MT in the previous year which is lower by 15.54% ECP and sales were at 10373 MT as against 9436 MT in the previous year, which is higher by 9.93%.

Both ECP production and sales recorded highest ever growth. Though the production of CPC increased, but the Sales were low as the raw material prices were very sharply increased by IOC towards end of February, 2011, as a result of which upliftment against confirmed orders and delivery schedule was deferred by your customers.

The profit of the Company has decreased compared to last year even after increase in the prices only because of over 18% reduction in sales of CPC as well as higher outgo on accounts of Interest and Depreciation.

#### **FUTURE OUTLOOK**

Due to continued high inflationary conditions the Government has been compelled to increase interest rate 10 times since April, of last year and inspite of that inflation is not coming under control which has resulted in significant slow down in demand and growth.



Housing, Automobiles, White Goods and Consumer Durables amongst other have taken a major hit in demand. As a result demand for Steel and other Metals has reduced, resulting in weaker demand for your Company's products. Continued slow down in Global Economy especially in Europe and coupled with the massive natural disaster in Japan has further contributed to the slow down in both growth and demand.

It is feared that this situation will continue till the 3rd quarter of this year and only thereafter growth rebound is expected.

As reported in the last Annual Report, your Company could not proceed ahead with its 1st Phase of activity at Jharsuguda Growth Centre and is now re-evaluating its option.

During the year the Company has taken initiative to add balancing equipment at its Budge Budge Plant to increase Paste Production which is expected to yield results during the current year and in the future as your Company has been able to capture part of the growing demand for ECP.

Your Company is also exploring the possibility of enhancing its ECP Capacity at new locations in other states where new demand is coming up.

### **DIRECTORS**

In accordance with the Articles of Association of the Company, Mr. Hemant Kumar Khaitan and Mr. Eric P. Johnson retire by rotation as Directors at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Ravi Capoor and Mr. Manish Gupta resigned from the Board w.e.f. 13.05.2011 and 17.05.2011 respectively. The Board places on record its appreciation to the valuable contribution made by them during the tenure of their Directorships.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of the provisions of Section 217 (2AA) of the Companies Act 1956, your Directors confirm that

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, wherever applicable.
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 of the Company for that period.
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

### **AUDITORS**

The term of appointment of Messrs D. Basu & Co, Chartered Accountants and Statutory Auditors of the Company expires on the conclusion of the forthcoming Annual General Meeting and being eligible are recommended for re-appointment. The Company has received letter from them to the effect that their appointment, if made would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

### **AUDITORS' OBSERVATIONS**

The report of the Auditors is self-explanatory and does not call for any further comments from the Directors.

### **PUBLIC FIXED DEPOSITS**

The Company does not have any matured unclaimed deposits as on 31.03.2011.

### **INVESTORS EDUCATION AND PROTECTION FUND**

Your Company has transferred Rs. 90,497.00 to the Investors Education And Protection Fund set up by the Central Government Pursuant to the provisions of Section 205C of the Companies Act, 1956.

## **HEALTH, SAFETY AND ENVIRONMENT**

Your Company puts great emphasis on Health, Safety and Environment. Every possible effort is being taken by the Company to comply with the relevant regulations and their effective management.

### **Health and Safety**

Your Company is committed to health and safety of its employees. The Company in addition to normal medical check up also arranges special medical test of its employees.

Safety measures have been designed and circulated at the plant site to the responsible person. Training have been give to employees to follow these safety measures. Senior persons has been deputed to enforce safety plans.

The Company has also taken group personal accident policy for its employees.

### **Environment**

The Company has continued with its floriculture division and has identified a portions of land in Guwahati unit as green area. The Company has in place Pollution Control System which improves the emission norms further and enable a cleaner environment. The Company continuously strives on environmental management to minimize any adverse impact.

## **CORPORATE SOCIAL RESPONSIBILITY**

Your Company is deeply committed and aware of its Corporate Social Responsibility. During the year the Company organized Medical Camps and provided medicines and fruits.

The Company also arranged an ambulance to one of the charitable institution in Kolkata "Hope Foundation".

The Company contributed to "Khatara Satra Parichalana Samity" for publication of Great Epic Srimadh Bhagwat Gita in Assamese.

Time to time Company is participating in cultural and religious activities in the local areas.

The Company also regularly provides Scholarship to needy students.

## **ENERGY CONSERVATION, TECHNOLOGY ABSORPTIONS, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rule, 1988 prescribed particulars as applicable, are given in an Annexure forming part of the Directors Report.

## **PARTICULARS OF EMPLOYEES**

The Company does not have any employee covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended up-to-date.

## **LISTING OF SHARES AT THE STOCK EXCHANGES AND TRADEABILITY IN DEMATERIALISATION FORM**

The Equity Shares of the Company continues to be listed with Guwahati and Calcutta Stock Exchanges. The listing fees for the financial year 2010-11 have already been paid and are traded in dematerialization form.

The Company is having connectivity with both the depositories, i.e., National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialization of the Company's Equity shares on either of the Depositories as aforesaid. However, the members would still have the option to hold the Equity shares of the Company in physical form. The ISIN number allotted to the Company is INE743B01015.

Presently, M/s. C B Management Services (P) Ltd., is acting as Registrar and Share Transfer Agents of the Company, for shares under both physical and demat form. Members are requested to send their communications/ correspondences/ queries regarding share matters at the following address :

C B Management Services (P) Ltd.  
P-22, Bondel Road, Kolkata - 700 019  
Phone No. 40116700, 40116711, 40116718, 40116723, 2280-6692/93/94  
Fax No. : 033 2287 0263  
E-mail : rta@cbmsl.com

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A Management Discussion and Analysis Report is attached herewith and forms part of this Report.

### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a separate section on Corporate Governance forms part of the Annual Report. A certificate from the Auditors of the Company in respect of compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges is attached to this Report.

The Managing Director and the Chief Financial Officer have certified to the Board w.r.t. financial reporting, in the manner required under the Clause, concerning the annual financial statement.

### **COMPLIANCE CERTIFICATE**

In accordance with Section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules 2001, the Company has obtained a Certificate from a Secretary in Whole Time Practice confirming that the Company has complied with all provisions of the Companies Act, 1956 and a copy of such Certificate is attached.

### **INDUSTRIAL RELATIONS**

The relation of the Company with its employees and workers continued to be cordial and peaceful during the year under review. Your directors record their sincere appreciation to the employees & workers at large for their continued co-operation for maintaining harmonious industrial relations in and around the plants.

### **SUBSIDIARY & CONSOLIDATED FINANCIAL STATEMENTS**

The Company is having a subsidiary viz., C&C Investments Limited. The audited statement of accounts of the Subsidiary company for the year ended 31.03.2011 together with the Reports of the Directors and the Auditors and the statement pursuant to Section 212 of the Companies Act, 1956 are attached with the Annual Accounts of the Company.

The Consolidated Financial Statements required under Accounting Standard 21 issued by the Institute of Chartered Accountants of India are not prepared as because the Subsidiary Company operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company.

### **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to thank its Shareholders, Customers, Financial Institutions, Bankers, Suppliers, the Government of India, the State Governments & the Local Authorities.

Your Directors also take the opportunity to acknowledge the support and services of all its workers, staffs and executives, which is largely reflected in the performance of the Company.

For & on behalf of the Board of Directors

Place : Kolkata  
Date : 15th June, 2011

**Rakesh Himatsingka**  
*Chairman and Managing Director*

## **ANNEXURE TO DIRECTORS' REPORT**

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report :-

### **A) CONSERVATION OF ENERGY**

- a) energy conservation measures taken &
- b) additional investments and proposals, if any, being implemented for reduction of consumption of energy :

Wherever possible, energy conservation measures have already been implemented. However, efforts to conserve and optimize the use of energy through improved operational methods and other means are continued on a going basis.

- c) impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

The energy consumption and the cost of production is being kept under control.

- d) total energy consumption and energy consumption per unit of production :- Not Applicable to the Company.

### **B) TECHNOLOGY ABSORPTION**

- a) Research & Development (R&D) :

- i) During the year under review, no R&D carried out
- ii) Benefits derived as a result of above R&D : Not Applicable
- iii) Future Plan of action :

If required, R&D activities shall be carried out in future

- iv) Expenditure on R&D : During the year, no capital as well as recurring expenditure made on R&D .

- b) Technology, absorption, adaptation and innovation

- i) Effort, in brief, made towards technology absorption, adaptation and innovation : The Company has fully absorbed the technology on existing product line.
- ii) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

a) Improved quality of Company's finished products

b) Increase customer satisfaction

- iii) Imported Technology : The Company did not import any technology during the last 5 years.

### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- i) Activities relating to exports : The Company is consistently putting efforts for exports of its products.
- ii) Foreign Exchange used and earned: Details of Foreign Exchange used and earned are given in Schedule L of the Accounts.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE & DEVELOPMENT

Calcined Petroleum Coke (CPC) is one of the essential raw materials for the production of Aluminium Metal. With the rapid growth in Aluminium production in the country, demand for CPC is also growing rapidly. Other than for Aluminium, CPC is used for the production of Steel, Titanium Dioxide, Graphite Electrodes and for Electrode Carbon Paste (ECP) for the Ferro Alloy Industries. All these industries are also growing rapidly in the Country, and thereby demand for your Company's both main products CPC as well as ECP is growing concurrently.

As reported last year, the main growth in Eastern India is coming on stream as expected shall continue for the next 4-5 years at least as per present approvals/projects in hand.

Raw Petroleum Coke (RPC) is the sole raw material for the production of CPC, but the same has been in acute shortage for the last several years. However, some new production this year has come on stream and new capacity in the future for RPC is being set up, but it will continue to be well below the demand, requiring most new capacities in CPC to be based on imported RPC

### OPPORTUNITIES & THREATS

Your Company constantly examines the opportunities and threats that exist in its business and is geared to undertake course corrections whenever necessary.

#### Opportunities

The Company's two products Calcined Petroleum Coke (CPC) and Electrode Carbon Paste (ECP) are used mainly for the production of Aluminum, Steel, Ferro Alloys and Titanium Dioxide.

Aluminum Metal amongst its many uses, in India is primarily used in the field of Power Transmission, Automobiles and Domestic use.

With a booming economy, rapidly increasing industrialization there is a major surge in the demand for both Aluminum & Steel by all the Sectors.

There are huge new capacities being set up for production of Aluminum, Steel and other industries dependent on CPC and ECP.

On the other hand, the Company has one major raw material, Raw Petroleum Coke (RPC), which is in very short supply. However, new refineries to produce RPC are being set up and existing ones are increasing their capacities.

#### Threats

1. Excess installed capacity in the country for CPC.
2. Cheap import of CPC from China.
3. Increased dependence on imported RPC, which being a Crude Oil based product is subject to severe price fluctuations.
4. Inadequate and poor infrastructure at Ports, resulting in much higher freight by vessels prepared to come to Kolkata Port.
5. Very poor transport infrastructure leading to much higher transportation cost.
6. Cost and carry policy of IOC Ltd for Indian RPC resulting in much higher inventory carrying cost.

**SEGMENT-WISE/PRODUCT-WISE PERFORMANCE**

The Company achieved a turnover of Rs. 176.24 crore during the year under review as against Rs. 154.94 crore in the previous year, an increase of 13.75% as compared to the previous year.

However, production of Calcined Petroleum Coke (CPC) during the year was 71621 MT as against 68633 MT in the previous year and Electrode Carbon Paste (ECP) production was 10806 MT as against 9673 MT in the previous year, an increase of 4.35% and 11.71% respectively.

Further, Sales of CPC for the year was 59798 MT as against 70798 MT in the previous year and ECP sales were at 10373 MT as against 9436 MT in the previous year.

Both ECP production and sales recorded highest ever growth. Though the production of CPC has increased, the sale quantity has decreased due to rise in CPC prices demand is low. However, the overall turnover has increased due to the continuous rise in the CPC prices during the year.

**OUTLOOK**

The outlook for the Company continues to be optimistic based on the very healthy growth in the demand for Company's both products, viz, CPC & Carbon Paste. The Company is consolidating its customer base and also continues to expand, upgrade and modernize its Plants. The Company is also exploring new growth opportunities as well as optimum utilization of its available resources.

Constant efforts are on towards achieving savings, improving operational efficiency, increasing market share, optimum utilization of production capacities and Customers satisfaction.

The Management is optimistic about the growth and profitability of the Company.

**RISKS & CONCERNS**

Company is dependent on imported raw material for one of its plants, which is brought in shiploads and at times has inventory of 6 months or more. The RPC and CPC is quite a volatile market and so is the foreign exchange as all imports are in US Dollars.

With some orders, there is no Price Variation Clause and thus the Company is exposed to changes in the Global Price and/or Exchange Risk.

For the year under review the Company was able to successfully manage both its inventories as well as foreign exchange and earned on both accounts unlike the previous year.

In addition, the Company is always exposed to the risk of imported raw material upon arrival not conforming to expectations or to the specifications, which can lead to higher consumption, lower price realization and/or longer carrying of such slow moving inventory.

**INTERNAL CONTROL SYSTEM & THEIR ADEQUACY**

The Company has proper and adequate internal control system commensurate with its size and nature of business. It ensures that all assets are safeguarded and protected against improper use and that transactions are authorized, recorded and reported correctly.

Internal Audit is conducted by independent auditing firm at all locations of the Company. The internal audit reports are reviewed by the Audit Committee and adequate remedial measures are taken in time.

The end result was a positive assurance on sustenance as well as improvement in the level of the internal controls across locations and functions.



The CEO & CFO certification as required under Clause 49 of the Listing Agreement with Stock Exchanges authenticates the effectiveness of internal controls for financial reporting.

The Audit Committee is vested with wide powers to review any transaction and has been empowered with the term of reference as mandated by Clause 49 of the Listing Agreement with Stock Exchanges.

The consulting initiatives through facilitation of the standard operating procedure as well as Control Self Assessment continued to bring in further benefits.

### **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The company achieved a turnover of Rs. 176.25 crore during the year under review as against Rs. 154.94 crore in the previous year, an increase of 13.75% as compared to the previous year.

During the year the Company achieved a turn over of Rs. 176.25 crore and a profit before tax of Rs. 11.64 crore. However this was achieved in spite of the decrease in the sales quantity of CPC by 15.54% due to sharp increase in the prices of the raw materials during the year which has resulted in increase in stock remaining unsold at the year end.

The Earnings per Share of the Company as on 31.03.2011 is Rs.34.60 as against Rs. 43.22 in the corresponding previous year.

The profitability of the Company has decreased compared to the last year even after increase in the prices of the raw material. In spite of the increase in the price of the raw material, the Company is still facing the risk of raw material constraint and higher price both for indigenous and imported raw material.

### **HUMAN RESOURCES/INDUSTRIAL RELATIONS**

The Company has always given prime importance to Human Resources. Continued efforts towards manpower rationalization are being made for reduction of cost and optimization of productivity. The Company continues to provide thrust on regular training programmes for up gradation of job knowledge and other related skills amongst its employees.

Industrial relations have been cordial and during the year the Company successfully concluded Workmen's Wage Agreement for three years for Budge Budge Plant, and at Central Office, Kolkata, The Guwahati Works Workmen's Wage Agreement concluded in 2008 is valid up to May 2011.

The total number of people employed in the organization as on 31.03.2011 was 211 as compared to 201 as on 31.03.2010.

### **CAUTIONARY STATEMENT**

Statement in the "Management's Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied in this report. Important factors that would make a difference to the Company's operations include global and Indian demand/supply conditions, raw materials prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations/policies, tax regimes, economic developments within the country and other factors such as litigation and labour negotiations. The Company assumes no responsibility to modify or revise any forward-looking statements on the basis of any future events or new information. Actual results may differ from those mentioned in the report.

## CORPORATE GOVERNANCE REPORT

(As required by Clause 49 of the Listing Agreement with the Stock Exchanges)

### INTRODUCTION

Corporate Governance is a synonym for sound management, transparency and disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel a company to take sound decisions, thus maximizing long term shareholders value.

The detailed report on implementation by the Company, of the Corporate Governance as incorporated in Clause 49 of the Listing Agreement with the Stock Exchanges, is set out below :

#### 1. Company's Philosophy on Code of Corporate Governance :

Corporate Governance to us relates to systems and processes that direct corporate resources and management strategies towards maximization of value for stakeholders ensuring at the same time accountability, probity and openness in the conduct of business within the acceptable legal and ethical framework. A good governance process should thus provide sufficient transparency, several corporate policies, strategies and the decision making process while strengthening internal control systems and build relationship with stakeholders including employees and shareholders.

We believe that corporate governance is a voluntary and self-discipline code which ensures compliance with regulatory requirements while being responsive to our stakeholders needs.

The Company is fully committed to and continues to follow procedures and practices in conformity with the Corporate Governance enshrined in the Listing Agreement.

#### 2. Board of Directors - Composition :

The Board is headed by Mr. Rakesh Himatsingka, Chairman & Managing Director and consists of twelve Directors including two alternate Directors.

The Composition and Category of Director as on 31st March, 2011 is as under :

Sl. No.	Name of the Director	Category
1	Mr. Rakesh Himatsingka Chairman & Managing Director	Executive Director (Promoter)
2	Mr. Shaurya Veer Himatsingka Whole Time Director	Executive Director (Promoter)
3	Mr. Ravi Capoor - I.A.S. (Nominee of Government of Assam)	Non-Executive Director (Non-Promoter)
4	Mr. Gordon Kenneth McIntosh	Non-Executive Director (Non-Promoter)
5	Mr. Albert John Rolfe (Alternate to Mr. Gordon Kenneth McIntosh)	Non-Executive Director (Non-Promoter)
6	Mr. Eric P. Johnson	Non-Executive Director (Non-Promoter)
7	Mr. Mark R. Jones (Alternate to Mr. Eric P. Johnson)	Non-Executive Director (Non-Promoter)
8	Mr. Abhijit Barooah	Non-Executive and Independent Director
9	Mr. Hemant Kumar Khaitan	Non-Executive and Independent Director
10	Mr. Manoj Mohanka	Non-Executive and Independent Director
11	Mr. Manish Gupta	Non-Executive and Independent Director
12	Mr. Soumendra Mohan Basu	Non-Executive and Independent Director

**Board Meetings :**

During the year four Board Meetings were held on 14.05.2010, 05.08.2010, 01.12.2010 & 12.02.2011. The details of the attendance at the Board Meetings during the year and the last Annual General Meeting as also number of other Directorships and Committee Memberships and disclosure of relationship between Directors inter-se are given below :-

Name of the Director	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	No. of other Committee Membership/ Chairmanship	Disclosure of relationship between Directors Inter-se	No. of Shares held by Director as on 31.03.2011
Mr. Rakesh Himatsingka	4	Yes	2	1 (as Chairman)	Father of Mr. Shaurya Veer Himatsingka	9838
Mr. Shaurya Veer Himatsingka	4	No	Nil	Nil	Son of Mr. Rakesh Himatsingka	37543
Mr. Ravi Capoor	Nil	No	8	Nil	None	Nil
Mr. Gordon Kenneth McIntosh	Nil	No	Nil	Nil	None	Nil
Mr. Albert John Rolfe (Alternate to Mr. Gordon Kenneth McIntosh)	Nil	No	Nil	Nil	None	Nil
Mr. Eric P. Johnson	Nil	No	Nil	Nil	None	Nil
Mr. Hemant Kumar Khaitan	4	No	4	3	None	Nil
Mr. Manoj Mohanka	3	No	6	13 (7 as Chairman)	None	Nil
Mr. Manish Gupta	3	No	2	5 (1 as Chairman)	None	Nil
Mr. Soumendra Mohan Basu	4	No	1	3 (2 as Chairman)	None	Nil
Mr. Abhijit Barooah (Appointed as an Additional Director w.e.f. 14.05.2010 and Confirmed as Director at the AGM on 21.09.2010).	1	No	2	(1 as Chairman)	None	Nil
Mr. Mark R. Jones (Appointed as an Alternate Director to Mr. Eric P Johnson. w.e.f. 05.08.2010)	Nil	No	Nil	Nil	None	Nil
Mr. Christopher John Barnes (Resigned as an Alternate to Mr. Eric P. Johnson w.e.f. 05.08.2010)	Nil	No	Nil	Nil	None	Nil
Mr. Gautam Prasad Barua (Resigned as a Director w.e.f. 15.05.2010)	1	No	Nil	Nil	None	70

**Note :** Excludes directorship in Pvt. Ltd. Companies, Foreign Companies and Companies U/s 25 of the Companies Act, 1956. Only Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee have been considered for the Committee position.

### 3. Committee of Directors :

#### A) Audit Committee :

The Audit Committee functions in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

Composition of the Committee as on 31.03.2011 and its Meeting & Attendance during the financial year 2010-2011 :

Name of the Member	Category	Position	No. of Meetings Attended
Mr. Hemant K. Khaitan	Non-Executive and Independent Director	Chairman	5
Mr. Rakesh Himatsingka	Executive Director (Promoter)	Member	5
Mr. Soumendra Mohan Basu	Non-Executive and Independent Director	Member	5
Mr. Manish Gupta (Appointed as a member of the Audit Committee on 05.08.2010)	Non-Executive and Independent Director	Member	2
Mr. Gautam Prasad Barua (Resigned w.e.f 15.05.2010)	Non-Executive and Independent Director	Member	1

All the Committee Members are financially literate and all of them have accounting or related financial management expertise. During the year five Audit Committee Meetings were held on 14.05.2010, 05.08.2010, 14.08.2010, 04.11.2010 and 12.02.2011.

The CFO, Internal Auditors and the representatives of the Statutory Auditors and other officials of the Company are invited to attend the Audit Committee Meetings as and when required.

The Minutes of the Audit Committee Meetings are noted by the Board of Directors in their subsequent Meeting.

#### Terms of reference :

The powers & terms of the reference of the Audit Committee are as follows :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors.

4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i) : The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Explanation (ii) : The company has set up an audit committee pursuant to provision of the Companies Act, as well as the Listing Agreement with the Stock Exchanges.

#### **B) Remuneration Committee :**

The remuneration policy is decided by the Remuneration Committee of the Board within the statutory framework and approved by the General Body. The Remuneration Committee function in accordance with the provisions of the revised Clause 49 of the Listing Agreement with the Stock Exchanges.

The composition of the Committee as on 31-03-2011 is as follows :

Name of the Member	Category	Position
Mr. Hemant Kumar Khaitan	Independent Director	Chairman
Mr. Manoj Mohanka	Independent Director	Member
Mr. Soumendra Mohan Basu	Independent Director	Member
Mr. Gautam Prasad Barua (Resigned w.e.f 15.05.2010)	Independent Director	Member

One Meeting of Remuneration Committee was held on 1st December, 2010 which was attended by Mr. Hemant Kumar Khaitan, Mr. Manoj Mohanka and Mr. Soumendra Mohan Basu.

The broad terms of reference of the Remuneration Committee is to determine on behalf of the Board of Directors of the Company, the Company's policy on specific remuneration packages for Whole-time Directors/Managing Director of the Company.

**Remuneration Policy :**

- Remuneration structure for the Managing Director/Whole time Director comprises salary, perquisites, Commission as well as contribution to the Provident, Superannuation, Gratuity Fund as per the Agreement entered between the respective Managing Director/Whole time Director and the Company. The Agreement is placed before this committee and thereafter before the Board for approval and subsequently the approval of the shareholders is obtained at the Annual General Meeting/General Meeting of the Company.
- The Non-Executive Directors do not draw any remuneration from the Company except the sitting fees for Board and Committee Meetings.

**Details of Remuneration paid to all Directors during the financial year 2010-11 :**

**(i) Executive Directors - Wholetime Directors/Managing Director**

Name	Salary (Rs.)	Commission (Rs.)	Perquisites (Rs.)	Retirement Benefits (Rs.)	Total (Rs.)
Mr. Rakesh Himatsingka Chairman & Managing Director	15,20,000	12,44,544	15,87,849	4,68,400	48,20,793
Mr. Shaurya Veer Himatsingka Wholetime Director	7,40,000	12,44,544	7,68,001	2,29,300	29,81,845

Name	Service Contract (No. of Years)	Notice Period (No. of months)	Severance fees (Rs.)
Mr. Rakesh Himatsingka Chairman & Managing Director	3 (w.e.f.01/12/2010)	6	NIL
Mr. Shaurya Veer Himatsingka Wholetime Director	3 (w.e.f. 01/04/2011)	6	NIL



**(ii) Non-Whole time/Non-Executive Directors**

<b>Non-Executive Directors</b>	<b>Sitting Fees paid for attending Board/Committee Meetings (Rs.)</b>
Mr. Hemant K. Khaitan	Rs. 60,000
Mr. Soumendra Mohan Basu	Rs. 60,000
Mr. Manoj Mohanka	Rs. 32,500
Mr. Manish Gupta	Rs. 35,000
Mr. Abhijit Barooah	Rs. 10,000
Mr. G. P. Barua (Resigned w.e.f. 15.05.2010)	Rs. 12,000

- a) Neither any stock option was issued nor any bonus was paid to any of the Directors. No severance fees is payable to Directors.
- b) Non-Executive Directors are being paid sitting fees of Rs. 10,000 and Rs.2,500 for attending each Board and Committee Meeting respectively.
- c) The Non-Executive Directors except Mr. Gautam Prasad Barua do not hold any shares and/or convertible instruments in the Company. Mr. Gautam Prasad Barua holds 70 Equity Shares.
- d) There has been no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the year under review.

**C) Share Transfer Committee :**

The composition of the Share Transfer Committee as on 31.03.2011 is as follows :

<b>Name of the Member</b>	<b>Position</b>
Mr. Rakesh Himatsingka	Chairman
Mr. Shaurya Veer Himatsingka	Member
Mr. Hemant Kumar Khaitan	Member
Mr. Gautam Prasad Barua (Resigned w.e.f. 15.05.2010)	Member

The Share Transfer Committee mainly reviews the process of share transfers, issue of duplicate certificates and certificates after splits/consolidation/ renewal and re-materialization. This Committee meets as and when required.

**D) Shareholders Grievance Committee**

Composition of the Shareholders Grievance Committee as on 31.03.2011 is as follows :

<b>Name of the Member</b>	<b>Position</b>
Mr. Hemant Kumar Khaitan (Non-Executive Director)	Chairman
Mr. Rakesh Himatsingka	Member
Mr. Shaurya Veer Himatsingka	Member
Mr. Gautam Prasad Barua (Resigned w.e.f 15.05.2010)	Member

The Committee looks into redressal of shareholders' complaints like transfer of shares, non-receipt of declared dividends, non-receipt of Balance Sheet etc. The Committee oversees the performance

of the Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor services. The Board has designated Mrs. Pinkie Garg, Chief Financial Officer as the Compliance Officer w.e.f. 06.07.2009.

Investors Complaints : Balance as on 01.4.2010 - NIL, Received during the year -10, Disposed off during the year - 8, Balance as on 31.03.2011 - 2.

#### 4. General Body Meetings :

The last three Annual General Meetings were held as under :

Financial Year	Date	Time	Venue	Whether any Special Resolutions passed
31.03.2010	21.09.2010	10.30 A.M.	Registered Office at Noonmati, Guwahati, Assam	No
31.03.2009	21.08.2009	10.00 A.M.	Same as above	No
31.03.2008	22.07.2008	10.00 A.M.	Same as above	Yes

#### 5. Postal Ballot :

The Company had successfully completed the process of obtaining the approval of its members on the Special Resolution under Section 17 of the Companies Act, 1956, pertaining to alteration of the Objects Clause of the Memorandum of Association of the Company, vide the Postal Ballot. The procedure for conducting the Postal Ballot was carried as per the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and general circulars in this regard issued by the Central Government. Shri Sanjay Mody, a practicing Chartered Accountant was appointed as the Scrutinizer, who carried out the Postal Ballot process in a fair and transparent manner. The results were announced on 11th February, 2011 and the details of voting are given hereunder :-

SI No.	Particulars	No. of ballot forms	% to the total ballot forms	No. of Shares	% of total valid votes
1	Postal Ballot Forms in favour of Resolution	28	93.33	1249316	99.9995
2	Postal Ballot Forms against the Resolution	2	6.67	6	0.0005

Accordingly, the Special Resolution as set out in the Notice dated 1st December, 2010, had been duly approved by the requisite majority of the Shareholders of the Company.

#### 6. Code of Ethics and Business Conduct :

The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct is available on the website of the Company, [www.indiacarbonltd.com](http://www.indiacarbonltd.com). The declaration of Chairman and Managing Director is given below :

**To the Shareholders of India Carbon Ltd.  
Compliance with Code of Conduct**

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Date : 15th June, 2011

**Rakesh Himatsingka**  
*Chairman and Managing Director*

**7. Whistle Blower Mechanism :**

The Company has not adopted any Whistle Blower Policy. However, the Company promotes ethical behavior in all its business activities and has put in place mechanism of reporting illegal or unethical behavior. Employees are free to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Directors and Senior Management are obliged to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practices.

No person has been denied access to the Audit Committee.

**8. Disclosures :**

- (a) Disclosure on material significant related party transactions i.e. transactions of the Company of a material nature with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. Declarations have been received from the senior management personnel to this effect.**

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

The material financial and commercial transactions with related parties are reported to Audit Committee regularly. Transactions with the related parties as per Accounting Standard -18 issued by the Institute of Chartered Accountants of India, during the year 2010-2011 are disclosed in Note No. 9 of Schedule M of Notes on Accounts in the Annual Report.

Transactions with Senior Management Personnel are reported in case there is any personal interest involved.

**(b) Risk Management :**

Business risk evaluation and management is an ongoing process within the Company. In compliance with the requirements of the revised Clause 49 of the Listing Agreement, the Company is always in the process for identification and mitigation of the Risks and periodical review is undertaken by all departments for mitigation of risks.

- (c) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years :**

During the Financial Year 2007-2008 M/s. Oxbow Calcining LLC, the Company's financial and technical partner made a Public Announcement for acquisition of upto 530000 Equity Shares of the Company under the provisions of SEBI (Substantial Acquisitions of Shares and Takeover) Regulations, 1997 (hereinafter referred as "Regulation"). The Company being the "Target Company" under the Regulation was asked by SEBI through Yes Bank (Manager to the Offer for acquisition of shares by Oxbow Calcining LLC) to submit the details of all the forms and returns filed by the Company as well as its Promoters under the provisions of SEBI (Substantial Acquisitions of Shares and Takeover) Regulations, 1997. The Company provided all the information/ documents required by SEBI sans few old information/documents which were not readily traceable by the Company. On suggestion of Yes Bank, the Company voluntarily applied

to SEBI for its Consent Order. Company's application for its Consent Order was accepted and approved by SEBI vide its Order No. CO/933/219/2009 dtd 18.05.2009 and the matter was duly settled vide the said Consent Order. The Company paid Rs. 2,00,000/- towards settlement charges and Rs. 25,000/- as administrative charges.

**(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49 :**

The Company has duly complied with all the mandatory requirements of the Clause 49 pertaining to Corporate Governance of the Listing Agreement with the Stock Exchanges. The Company has filed its confirmation to that effect with the concerned Stock Exchanges. Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement are being reviewed by the Board from time to time.

**9. CEO/CFO Certification :**

The Chairman and Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Chairman and Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41.

**10. Means of Communication :**

- a) Quarterly Results are published in daily newspapers viz. Business Standard (English) and Amar Assam (Assamese - local language). The Annual Report is posted to every Shareholder of the Company. The quarterly as well as annual financial results have also been posted on the Company's website - [www.indiacarbonltd.com](http://www.indiacarbonltd.com).
- b) Management's Discussions & Analysis Report forms part of this Annual Report, which is also being posted to all Shareholders of the Company.
- c) Official news releases, if any, are given to the press from time to time.
- d) Presentations to institutional investors or to the analysts : As and when made.

**11. General Shareholders Information :**

Annual General Meeting is proposed to be held on 30th July, 2011 at Registered Office at Noonmati, Guwahati, Assam.

- a) Financial Calendar : 1st April, 2010 to 31st March, 2011

Annual Results of 2010-11	15th June, 2011
First Quarter Results (30th June, 2011)	Within 45 days of 1st Quarter ended
Annual General Meeting	30th July, 2011
Second Quarter Results (30th September, 2011)	Within 45 days of 2nd Quarter ended
Third Quarter Results (31st December, 2011)	Within 45 days of 3rd Quarter ended

- b) During the year under review, pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Rs. 90,497.00 Unclaimed/Unpaid Refund Amount has been transferred to the Investor Education and Protection Fund (the Fund) of the Central Government. The Company is regularly transferring the remaining unclaimed/unpaid amount to the said Fund as per maturity date.

**12. Date of Book Closure :**

The Register of Members and Share Transfer Books of the Company will remain closed from 22nd July, 2011 to 30th July, 2011 (both days inclusive).

**13. Dividend Payment Date :**

On or after 30th July, 2011.

**14. Listing of Equity Shares on Stock Exchange :**

The Company's shares are listed on the Stock Exchanges in Guwahati and Kolkata.

<b>Name of the Stock Exchanges</b>	<b>Stock Code</b>
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Guwahati Stock Exchange Ltd.	Physical
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The Calcutta Stock Exchange Association Ltd.	19205
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**Stock Market Price of the Company's Share vis-a-vis Sensex :**

No trading took place during the year.

**15. Registrars and Share Transfer Agent :**

M/s. C.B. Management Services (P) Limited, P-22, Bondel Road, Kolkata - 700 019, a SEBI registered Registrar, are the Registrars & Share Transfer Agent of the Company and are processing the transfers, sub-division, consolidation, splitting of securities, etc. The Company's shares can be traded in the Stock Exchanges only in the dematerialized form and any request for dematerialisation and rematerialisation should be sent directly to M/s. C.B. Management Services (P) Limited, P-22, Bondel Road, Kolkata - 700 019. The Company has already entered into agreements with NSDL and CDSL for the purpose of dematerialisation of shares.

Demat ISIN Number in NSDL and CDSL : INE 743B01015.

**16. Share Transfer System :**

The shares in physical form for transfer should be lodged at the Office of the Company's Registrar and Share Transfer Agent, CB Management Services (P) Ltd., Kolkata or at the Registered Office of the Company. The transfers are processed within 10 days from the date of receipt of such request for transfer, if technically found to be in order and complete in all respects. As per directives issued by SEBI, it is compulsory to trade in securities of any Company's equity shares in dematerialised form.

**Dematerialisation**

The shareholders should open a demat account with a Depository Participant (DP) for dematerialisation of shares. The person has to submit a Demat request Form duly filled up along with the share certificates to his DP. The DP will allocate a demat request number and shall forward the same physically as well as electronically, through NSDL/CDSL, to the Registrar and Share Transfer Agent. On receipt of the demat request both physically and electronically and after verification, the shares are dematerialized and an electronic credit of shares is given in the account of the shareholder.

**17. Dematerialisation of Shares :**

As per the notification issued by SEBI, the shares of the Company are traded compulsorily in dematerialised form by all investors with effect from 26th March, 2001. As on 31st March, 2011, 14.87% of the Company's paid up equity capital representing 394042 shares were held in demat form.

No. of shares in Physical segment	22,55,958	85.13%
No. of shares in Demat segment	3,94,042	14.87%

**18. Distribution of Shareholding as on 31st March, 2011**

No. of Shares	No. of Shareholders	No. of Shares
1-500	4408	303469
501-1000	68	48713
1001-2000	20	29827
2001-3000	2	4519
3001-4000	2	6422
4001-5000	—	—
5001-10000	8	53566
10001-50000	13	311906
50001-100000	6	508487
100000 and above	5	1383091
<b>TOTAL</b>	<b>4532</b>	<b>2650000</b>

**Shareholding Pattern as on 31st March, 2011 :**

Shareholders	Total No. of shares	Percentage to total Issued Shares
Promoters	135208	5.10
Persons acting in Concert	—	—
Mutual Funds, Banks, Financial Institutions and Insurance Companies	15265	0.58
Others	2499527	94.32
<b>Total</b>	<b>2650000</b>	<b>100.00</b>

**19. Plant Locations :**

A) Noonmati, Guwahati, Assam.

B) 35, Deshbandhu Chittaranjan Road, Budge Budge, 24 Parganas (South), Kolkata - 700 137.

**20. Address for Correspondence :**

For transfer/dematerialisation of shares, payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debentures of the Company.

: C B Management Services (P) Ltd  
P-22, Bondel Road, Kolkata - 700 019  
Telephone : (033) 40116700, 40116711  
(033) 40116718, 40116723  
(033) 22806692/93/94

Fax No. : 033 2287 0263

E mail : rta@cbmsl.com

Any query on Annual Report

: Secretarial Department  
"Temple Chambers", 4th Floor  
6, Old Post Office Street, Kolkata - 700 001  
Ph : (033) 2248-7856/9

Place : Kolkata

Date : 15th June, 2011

On behalf of the Board of Directors

**Rakesh Himatsingka**  
Chairman and Managing Director



**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
India Carbon Ltd.

We have examined the compliance of conditions of corporate governance by India Carbon Ltd. for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges) issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2011, 2(two) investor grievances are pending against the Company as per the records maintained by the Company and presented to the Shareholders' Grievance Committee.

We further state such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

10, Old Post Office Street  
Kolkata - 700 001  
Dated : 15th June, 2011

For **D. BASU & CO.**  
*Chartered Accountants*  
Registration No. 301111E  
**Atanu Chatterjee**  
*Partner*  
Membership No. 050105

## COMPLIANCE CERTIFICATE

[(Rule 3 of Companies Compliance) Rules 2001]

To,  
The Members,  
**India Carbon Limited**  
Noonmati Guwahati  
Assam - 781020.

**CIN : L23101AS1961PLC001173**

Authorised Capital : Rs. 10,00,00,000/-

Paid-up Capital : Rs. 2,75,00,000/-

We have examined the registers, records, books and papers of **India Carbon Limited** (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies (ROC) as prescribed under the Act and the rules made there under.
3. The Company is a public limited company.
4. The Board of Directors duly met 4 (Four) times on 14.05.2010, 05.08.2010, 01.12.2010 and 12.02.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The register of members and share transfer books were closed from 14.09.2010 to 21.09.2010 (both days inclusive) and the provisions of Section 154 of the Act was duly complied with.
6. The annual general meeting for the financial year ended on 31.03.2010 was held on 21.09.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the year under report.
8. The provisions of Section 295 of the Act are not attracted.
9. The provisions of Section 297 of the Act are not attracted.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act for the disclosures made by the directors pursuant to the provisions of the Section 299 of the Act.
11. The provisions of Section 314 of the Act are not attracted.
12. Duplicate share certificate was issued during the year under report.
13. The Company has :
  - (i) issued the share certificate within time after processing the request for transfer of shares received during the year;
  - (ii) declared dividend during the year under report and has complied with the provision of the Act;

- (iii) transferred the unpaid/unclaimed dividend due for transfer during the year to the Investor Education & Protection Fund;
- (iv) complied with the requirements of Section 217 of the Act.
- 14. The Board of Directors of the Company is duly constituted and there were appointment of additional directors during the year under report for which necessary compliance were made.
- 15. The appointments under the provisions of Section 269 of the Act were duly complied with.
- 16. No sole-selling agent was appointed during the year.
- 17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities.
- 18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and rules made there under.
- 19. The Company has not issued any new shares during the year.
- 20. The Company has not bought back any shares during the year.
- 21. The Company does not have any preference shares/debentures.
- 22. The Company has not issued any right/bonus shares etc. during the year.
- 23. The Company has not accepted/renewed any fresh deposits attracting the provisions of Section 58A of the Act.
- 24. The borrowings made by the Company are within the statutory limit.
- 25. The investments, loans and advances made by the Company are in compliance with the provisions of the Act.
- 26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
- 27. The Company has altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny vide the result of the postal ballot declared on 11.02.2011.
- 28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
- 29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
- 30. The Company has not altered the provisions of the Articles of Association of the Company during the year under scrutiny.
- 31. The Company has not received any show cause notice for any alleged offence during the year under report.
- 32. The Company has not received any security from its employees during the year under certification.
- 33. The provisions of Section 418 of the Act were not attracted.

For **A. K. LABH & CO.**  
*Company Secretaries*  
**CS A. K. Labh**  
*Proprietor*  
 C. P. No. 3238

Place : Kolkata  
 Date : 15.06.2011

**Annexure - A**

Registers as maintained by the Company :

1. Register of Members u/s 150
2. Register of Index of Members u/s 151
3. Register of transfer of shares u/s 108
4. Register of charges u/s 143
5. Register of Directors, Manager, etc. u/s 303
6. Register of Directors' shareholding u/s 307
7. Minutes of Board Meeting
8. Minutes of General Meeting
9. Books of Accounts u/s 209

**Annexure - B**

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ending on 31st March, 2010 :

1. Form 20B u/s 159 (doct. dated 21.09.2010 filed on 20.11.2010)
2. Form 23AC & ACA u/s 220 (doct. dated 31.03.2010 filed on 20.10.2010)
3. Form 66 u/s 383A (doct. dated 05.08.2010 filed on 13.10.2010)
4. Form 32 u/s 260 & 303 (doct. dated 14.05.2010 filed on 11.06.2010)
5. Form 32 u/s 303(2) (doct. dated 21.09.2010 filed on 20.10.2010)
6. Form 32 u/s 260 & 303 (doct. dated 05.08.2010 filed on 10.01.2011)
7. Form I (doct. dated 09.10.2010 u/s 205(C) for transfer of fund to Investor Education & Protection Fund) filed on 20.10.2010.
8. Form 8 u/s 125 (doct. date 25.11.2010 filed on 23.12.2010)
9. Form 8 u/s 125 (doct. dated 13.01.2011 filed on 14.03.2011)
10. Form 8 u/s 125 (doct. dated 15.01.2011 filed on 14.03.2011)
11. Form 17 u/s 138 (doct. dated 12.03.2011 filed on 11.04.2011)
12. Form 25C u/s 269(2) (doct. dated 01.12.2010 filed on 30.12.2010)
13. Form 23 u/s 192 (doct. dated 01.12.2010 filed on 30.12.2010)
14. Form 25C u/s 269(2) (doct. dated 30.01.2010 filed on 04.03.2011)
15. Form 23 u/s 192 (doct. dated 30.01.2010 filed on 01.02.2011)
16. Form 23 u/s 192 (doct. dated 11.02.2011 filed on 02.03.2011)

## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF INDIA CARBON LIMITED

1. We have audited the attached Balance Sheet of INDIA CARBON LIMITED as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, on the basis of such checks as we considered appropriate, we report on the matters specified in paragraphs 4 and 5 of the said Order :
  - (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The fixed assets except furniture and fittings have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such verification.
  - (c) The Company has not disposed off a substantial part of its fixed assets during the year.
  - (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of 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. No material discrepancies were noticed between the physical verification of stocks and book records.
  - (iii) During the year the Company has neither granted nor taken any Loans, secured or unsecured to / from Companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
  - (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
  - (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information & explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained

under Section 301 of the Companies Act, 1956 that exceed the value of rupees five lakhs in respect of any party during the year.

- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The maintenance of cost records has not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 for the products manufactured by the Company.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, service tax, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts in respect of such statutory dues were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute, except following :

Name of the Statute	Nature of dues	Amount Rs.	Period to which relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Sales Tax	69674	2005-06	West Bengal Commercial Taxes Appellate & Revisional Board
W.B. VAT Act, 2003	Sales Tax	377036	2005-06	- Do -
W.B. VAT Act, 2003	Sales Tax	117944	2006-07	- Do -

- (x) The Company has neither accumulated losses nor has incurred cash losses in the financial year or in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the said Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the said Order are not applicable to the Company.
- (xv) According to the information and explanations given to us and to the best of our knowledge the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) On the basis of records examined by us and according to the information and explanations given to us, in our opinion term loans obtained by the Company during the year have been applied for the purpose for which they were obtained.

(xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on short-term basis which have been used for long-term investment.

(xviii) According to the information and explanations given to us the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

(xix) The Company has not issued any debentures during the year.

(xx) The Company has not raised any money by public issue during the year.

(xxi) According to the information and explanations given to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit for the year.

4. We further report that :

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) In our opinion, proper books of account as required by the Companies Act, 1956 have been kept by the Company so far as appears from our examination of those books;

(iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(v) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is, prima facie, disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts along with significant accounting policies, the schedules and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principals generally accepted in India :

(a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2011;

(b) in the case of the profit and loss account, of the profit for the year ended on that date; and

(c) in the case of cash flow statement, of the cash flows for the year ended on that date.

10, Old Post Office Street  
Kolkata - 700 001  
Dated : 15th June, 2011

For **D. BASU & CO.**  
*Chartered Accountants*  
Registration No. 301111E  
**Atanu Chatterjee**  
*Partner*  
Membership No. 050105



**BALANCE SHEET**

as at 31st March, 2011

	Schedule	Rs.	As at 31.3.2011 Rs.	Rs.	As at 31.3.2010 Rs.
<b>I. SOURCES OF FUNDS</b>					
(1) <b>Shareholders' Funds</b>					
(a) Share Capital	A	27500000		27500000	
(b) Reserves and Surplus	B	<u>393657022</u>		<u>306796854</u>	
			421157022		334296854
(2) <b>Loan Funds</b>	C				
Secured Loans			247197423		189020322
(3) <b>Deferred Tax Liability (Net)</b>	M(8)		<u>14996235</u>		<u>13743947</u>
<b>TOTAL</b>			<u>683350680</u>		<u>537061123</u>
<b>II. APPLICATION OF FUNDS</b>					
(1) <b>Fixed Assets</b>	D				
(a) Gross Block		267712227		253918748	
(b) Less : Depreciation		<u>159993841</u>		<u>143605775</u>	
(c) Net Block		107718386		110312973	
(d) Capital Work-in-Progress		<u>6174090</u>		<u>4078404</u>	
			113892476		114391377
(2) <b>Investments</b>	E		7004000		7004000
(3) <b>Current Assets, Loans and Advances</b>	F				
(a) Inventories		502923408		394182176	
(b) Sundry Debtors		247339907		163811439	
(c) Cash and Bank Balances		32911612		42232766	
(d) Other Current Assets		37602240		21229056	
(e) Loans and Advances		<u>54218507</u>		<u>72239245</u>	
		<u>874995674</u>		<u>693694682</u>	
(4) <b>Less : Current Liabilities and Provisions</b>	G				
(a) Current Liabilities		303934341		268789736	
(b) Provisions		<u>8607129</u>		<u>9239200</u>	
		<u>312541470</u>		<u>278028936</u>	
Net Current Assets			562454204		415665746
<b>TOTAL</b>			<u>683350680</u>		<u>537061123</u>
<b>Notes on Accounts</b>	L , M				

Per Our Report attached.

For **D. BASU & CO.**  
Chartered Accountants

**Atanu Chatterjee**  
Partner

Place : Kolkata  
Date : 15th June, 2011

**Pinkie Garg**  
Chief Financial Officer

**Rakesh Himatsingka**  
Chairman & Managing Director

**Shaurya Veer Himatsingka**  
Deputy Manager Director

**Soumendra Mohan Basu**  
Director

**PROFIT AND LOSS ACCOUNT**

for the year ended 31st March, 2011

	Schedule	Year ended 31.3.2011 Rs.	Year ended 31.3.2010 Rs.
<b>INCOME</b>			
Turnover		1762493348	1549431918
Less : Excise Duty (Net)		<u>160069235</u>	<u>150930257</u>
Net Turnover		1602424113	1398501661
Other Income	H	<u>15017847</u>	<u>25916997</u>
		1617441960	1424418658
Increase/(Decrease) in Stock of Finished Goods		<u>184951170</u>	<u>(165665585)</u>
		<u>1802393130</u>	<u>1258753073</u>
<b>EXPENDITURE</b>			
Materials	I	1409729239	921644118
Manufacturing, Marketing and Administrative Expenses	J	251946831	173599025
Depreciation		16674035	10201230
Less : Transfer from Revaluation Reserve		<u>201362</u>	<u>219140</u>
		16472673	9982090
Managerial Remuneration	K	<u>7802638</u>	<u>7971287</u>
		1685951381	1113196520
<b>Profit for the Year before tax</b>		<u>116441749</u>	<u>145556553</u>
Provision for Taxation – Current		23400000	25100000
– Deferred	M(8)	<u>1252288</u>	<u>5805539</u>
		24652288	30905539
<b>Profit after tax</b>		<u>91789461</u>	<u>114651014</u>
Surplus Brought Forward from Previous Year		<u>75137957</u>	<u>71230587</u>
<b>Balance Available for Appropriation</b>		<u>166927418</u>	<u>185881601</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend			
Preference Shares		93000	93000
Equity Shares		3975000	3975000
Tax on Dividend		659931	675644
Transfer to General Reserve		79500000	106000000
Balance Carried to Balance Sheet		<u>82699487</u>	<u>75137957</u>
		166927418	185881601
<b>Earnings per Shares of Rs.10 each (Basic and Diluted)</b>	M(9)	34.60	43.22
<b>Notes on Accounts</b>	L , M		

Per Our Report attached.

For **D. BASU & CO.**  
Chartered Accountants**Atanu Chatterjee**  
PartnerPlace : Kolkata  
Date : 15th June, 2011**Pinkie Garg**  
Chief Financial Officer**Rakesh Himatsingka**  
Chairman & Managing Director**Shaurya Veer Himatsingka**  
Deputy Manager Director**Soumendra Mohan Basu**  
Director

**CASH FLOW STATEMENT**

for the year 31st March, 2011

	Rs.	Year ended 31.3.2011 Rs.	Year ended 31.3.2010 Rs.
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>			
Profit before tax		116,441,749	145,556,553
Adjustments for :			
Depreciation	16,472,673		9,982,090
Interest Expenditure	23,849,007		19,469,286
Profit on Sale of Assets	(4,853)		(36,875)
Loss on Assets	—		51,568
Interest (Income)	(2,387,658)		(2,930,256)
Liabilities No Longer Required written back	(128,337)		(809,147)
Bad Debts/Advances written off	1,135,748		—
Provision for Leave Salaries	842,599	39,779,179	486,151
		<u>39,779,179</u>	<u>486,151</u>
<b>Operating Profit before Working Capital changes</b>		<b>156,220,928</b>	<b>171,769,370</b>
Adjustments for changes in Working Capital			
Trade and Other Receivables	(82,705,604)		(78,009,831)
Inventories	(108,741,232)		(68,183,751)
Trade Payables	35,272,942	(156,173,894)	49,618,700
		<u>(156,173,894)</u>	<u>(96,574,882)</u>
<b>Cash Generated from Operations</b>		<b>47,034</b>	<b>75,194,488</b>
Taxes Paid		(25,170,016)	(24,573,579)
		<u>(25,170,016)</u>	<u>(24,573,579)</u>
<b>NET CASH FROM OPERATING ACTIVITIES - (A)</b>		<b>(25,122,982)</b>	<b>50,620,909</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		(16,214,333)	(40,648,412)
Sale of Fixed Assets		44,053	229,163
Redemption of Investments		—	4,120,000
Interest Received		2,387,658	2,930,256
		<u>2,387,658</u>	<u>2,930,256</u>
<b>NET CASH FROM INVESTING ACTIVITIES - (B)</b>		<b>(13,782,623)</b>	<b>(33,368,993)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Long Term Borrowings		27,589,897	(10,000,000)
Proceeds from Short Term Borrowings		30,587,204	21,024,976
Interest Expenditure		(23,849,007)	(19,469,286)
Dividend Paid		(4,068,000)	(2,743,000)
Dividend Tax Paid		(675,644)	(466,173)
		<u>(29,584,450)</u>	<u>(11,653,483)</u>
<b>NET CASH FROM FINANCING ACTIVITIES - (C)</b>		<b>29,584,450</b>	<b>(11,653,483)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</b>		<b>(9,321,154)</b>	<b>5,598,433</b>
Balance of Cash and Cash Equivalents As At 31.3.2010	42,232,766		36,634,333
Balance of Cash and Cash Equivalents As At 31.3.2011	32,911,612	(9,321,154)	42,232,766
		<u>(9,321,154)</u>	<u>5,598,433</u>

Note : (1) The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard-3 issued by the Institute of Chartered Accountants of India.

(2) Cash and Cash Equivalents as at 31.03.2011 includes Deposits **Rs. 2,77,66,364** as Margin money for Letters of Credit and Guarantees (Previous Year - Rs. 3,19,32,753) and **Rs. 33,00,000** pledged with UCO Bank as Collateral Security (Previous Year - Rs.33,00,000)

Per Our Report attached.

For **D. BASU & CO.**  
Chartered Accountants

**Atanu Chatterjee**  
Partner

Place : Kolkata  
Date : 15th June, 2011

**Pinkie Garg**  
Chief Financial Officer

**Rakesh Himatsingka**  
Chairman & Managing Director

**Shaurya Veer Himatsingka**  
Deputy Manager Director

**Soumendra Mohan Basu**  
Director

**Schedule A**

	As at 31.3.2011 Rs.	As at 31.3.2010 Rs.
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
85,00,000 Equity Shares of Rs.10 each	85000000	85000000
1,50,000 Preference Shares of Rs.100 each	15000000	15000000
	<u>100000000</u>	<u>100000000</u>
<b>Issued and Paid up</b>		
i) Equity		
26,50,000 Equity Shares of Rs.10 each fully paid	26500000	26500000
ii) Preference		
10,000 9.3% Redeemable Cumulative Preference Shares of Rs.100 each fully paid	1000000	1000000
	<u>27500000</u>	<u>27500000</u>

**Notes :**

1. Issued and Paid up Equity Shares include 40,000 Shares of Rs.10 each fully paid, allotted for consideration other than cash and 6,00,000 Shares of Rs.10 each fully paid, issued as Bonus Shares by capitalisation of General Reserve.
2. Preference Shares are redeemable at par at the option of the Company at any time after expiry of 10 years, but not later than 15 years from December 26, 2001.

**Schedule B**

	As at 31.3.2011 Rs.	As at 31.3.2010 Rs.
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per last Accounts	6400	6400
<b>Capital Redemption Reserve</b>		
As per last Accounts	1000000	1000000
<b>Central Capital Subsidy</b>		
As per last Accounts	2000000	2000000
<b>Share Premium Account</b>		
As per last Accounts	7500000	7500000
<b>Revaluation Reserve</b>		
As per last Accounts	9152497	9371637
Less : Transfer to Profit & Loss Account being additional depreciation for the year arising out of revaluation of fixed assets	<u>201362</u>	<u>219140</u>
	8951135	9152497
<b>General Reserve</b>		
As per last Accounts	212000000	106000000
Add : Transfer from Profit & Loss Account	<u>79500000</u>	<u>106000000</u>
	291500000	212000000
<b>Profit and Loss Account Surplus</b>		
	<u>82699487</u>	<u>75137957</u>
	<u>393657022</u>	<u>306796854</u>

**Schedule C**

	Rs.	As at 31.3.2011 Rs.	Rs.	As at 31.3.2010 Rs.
<b>LOAN FUNDS</b>				
<b>Secured Loans</b>				
<b>From Banks</b>				
(i) Cash Credit				
UCO Bank	107010396		104346832	
IDBI Bank Limited	9384364		48247396	
United Bank of India	16603185		13661349	
AXIS Bank Limited	11696061		12764745	
		<b>144694006</b>		179020322
(ii) Working Capital Demand Loan				
IDBI Bank Limited		<b>40000000</b>		—
(iii) Term Loan				
IDBI Bank Limited	—		10000000	
UCO Bank	37589897		—	
		<b>37589897</b>		10000000
		<b>222283903</b>		189020322
<b>From Others</b>				
The National Small Industries Corporation Ltd.		<b>24913520</b>		—
		<b>247197423</b>		189020322

Note : Secured Loans from Banks are secured by way of hypothecation of Stocks, Stores, Book Debts and equitable mortgage of Fixed Assets of the Company; and have been guaranteed by Mr. Rakesh Himatsingka, Managing Director of the Company. Secured loans from others are secured by Bank Guarantee with IDBI Bank Ltd. and have been guaranteed by Mr. Rakesh Himatsingka, Managing Director of the Company.

**Schedule D****FIXED ASSETS**

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.3.2010 Rs.	Additions during year Rs.	Deductions during year Rs.	As at 31.3.2011 Rs.	Up to 31.3.2010 Rs.	For the year Rs.	Written back during year Rs.	Up to 31.3.2011 Rs.	As at 31.3.2011 Rs.	As at 31.3.2010 Rs.
Land-Freehold	7041500	—	—	7041500	—	—	—	—	7041500	7041500
Land-Leasehold	4915236	—	—	4915236	56497	56497	—	112994	4802242	4858739
Buildings	50744447	142215	—	50886662	41405549	741805	—	42147354	8739308	9338898
Plant, Machinery & Factory Equipments (*)	134663813	4485577	—	139149390	66915303	10595874	—	77511177	61638213	67748510
Research and Development Equipments	5125216	—	—	5125216	4952563	24016	—	4976579	148637	172653
Railway Siding, Roads and Bridges	8340289	—	—	8340289	2168867	308579	—	2477446	5862843	6171422
Utilities, Facilities and Service Equipments	4233176	792963	—	5026139	3250063	224406	—	3474469	1551670	983113
Vehicles (*)	10759131	4290710	325169	14724672	5191383	1867153	285969	6772567	7952105	5567748
Office Equipments, Furniture and Fixtures	8408465	4407182	—	12815647	6442280	2116745	—	8559025	4256622	1966185
Floriculture Plants	9111185	—	—	9111185	6744452	329213	—	7073665	2037520	2366733
Orchidarium	10576290	—	—	10576290	6478818	409747	—	6888565	3687725	4097472
	253918748	14118647	325169	267712227	143605775	16674035	285969	159993841	107718386	110312973
Previous year	216202447	39945572	2229271	253918748	135389960	10201230	1985415	143605775		
Capital work-in-progress	4078404	6174090	4078404	6174090					6174090	4078404
									113892476	114391377

(\*) Include assets aquired on hire purchase - Cost **Rs. 81,88,795** (Previous Year - Rs. 52,64,548) and Net Block **Rs. 61,40,719** (Previous Year - Rs. 38,58,038)

**Schedule E**

	No. of Shares/ Bonds/Warrants	Face value (Per Share/ Bond/Warrant) Rs.	As at 31.3.2011 Rs.	As at 31.3.2010 Rs.
<b>INVESTMENTS</b>				
<b>LONG TERM ( NON - TRADE )</b>				
<b>(A) Government Securities</b>				
7-Year National Plan Savings Certificates (Face Value - Rs.14,000 Deposited with Government Department)			<b>14000</b>	14000
<b>(B) In Subsidiary Companies (Unquoted)</b>				
Fully Paid Equity Shares :				
C & C Investments Limited	7,50,130	10	7501300	
Less : Provision for Diminution in Value (Refer Note 4 of Schedule - M)			<u>7501300</u>	<u>-</u>
<b>(C) Others</b>				
(i) Fully Paid Equity Shares (Quoted)				
Amines & Plasticizers Ltd.	6,99,000	10	<b>6990000</b>	6990000
(ii) Fully Paid Equity Shares (Unquoted)				
Him Containers Limited (In Liquidation)	12,00,000	10	12000000	
Detachable Warrants - 10% Upfront paid (Unquoted)				
Him Containers Limited (In Liquidation)	12,00,000	10	<u>1200000</u>	<u>13200000</u>
Less : Provision for Diminution in value (Refer Note 4 of Schedule - M)			<u>13200000</u>	<u>-</u>
			<b><u>7004000</u></b>	<b><u>7004000</u></b>
	<b>Cost</b>	<b>As at 31.03.2011</b>	<b>Cost</b>	<b>As at 31.03.2010</b>
	<b>Rs.</b>	<b>Market Value</b>	<b>Rs.</b>	<b>Market Value</b>
		<b>Rs.</b>		<b>Rs.</b>
<b>Quoted</b>	<b>6990000</b>	<b>33517050</b>	6990000	25408650
<b>Unquoted</b>	<b>14000</b>	<b>-</b>	14000	-

**Schedule F**

		As at 31.3.2011 Rs.	As at 31.3.2010 Rs.
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>(a) Inventories</b>			
(As certified by the Management)			
Raw Materials (1)	252819955	332001378	
Stock-in-Trade	234322500	49371330	
Stores and Spares	15780954	12809468	
	<b>502923408</b>		394182176
<b>(b) Sundry Debtors</b>			
(Unsecured : Considered good)			
Due for more than 6 months - Rs. 1,00,77,768			
(As at 31.03.2010 - Rs. 8404296)	247339907		163811439
<b>(c) Cash and Bank Balances</b>			
Cash and Cheques in hand	138094	127398	
Current Accounts with Scheduled Banks	1707154	6872615	
Fixed Deposits with Scheduled Banks (2)	31066364	35232753	
	<b>32911612</b>		42232766
<b>(d) Other Current Assets</b>			
(Unsecured : Considered good)	37602240		21229056
<b>(e) Loans and Advances</b>			
Unsecured : Considered doubtful			
To Subsidiary Company			
C & C Investments Ltd.	4095000	4095000	
Less : Provision for doubtful advance			
(Refer Note 4 of Schedule - M)	4095000	4095000	
	<u>—</u>	<u>—</u>	
Unsecured : Considered good and recoverable in cash or in kind or for value to be received			
(i) To Suppliers for Raw Materials	31065038	45974937	
(ii) To Others			
Advance Income Tax (Net of Provisions)	802847	—	
Security and Other Deposits	13709196	21907631	
Prepaid Expenses	1581110	1814482	
Other Loans and Advances (3)	7060316	2542195	
	<b>23153469</b>	<b>26264308</b>	
	<b>54218507</b>		72239245
	<b>874995674</b>		<b>693694682</b>

(1) Includes Rs. 2,05,50,659 in -Transit (Previous Year - Rs. 68,50,547).

(2) Includes Deposits Rs. 2,77,66,364 as Margin money for Letters of Credit and Guarantees (Previous Year Rs. 3,19,32,753) and Rs. 33,00,000 pledged with UCO Bank as Collateral Security (Previous Year - Rs. 33,00,000)

(3) Includes Debts due from Officers - Rs. 10,500 (Previous Year - Rs. 4,500).  
Maximum during the year - Rs. 5,22,859 (Previous year - Rs. 2,61,150).



**Schedule G**

	Rs.	As at 31.3.2011 Rs.	Rs.	As at 31.3.2010 Rs.
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>(a) Current Liabilities</b>				
Sundry Creditors (Refer Note 5 of Schedule M)				
Due to Micro and Small Enterprises	—		—	
Due to Others	253552661		248435301	
Advances and Deposits	7197484		2666131	
Unclaimed Dividends	481868		430104	
Other Liabilities	42702329		17258200	
		303934341		268789736
<b>(b) Provisions</b>				
Proposed Dividend - Preference Shares	93000		93000	
- Equity Shares	3975000		3975000	
Tax on Dividend	659931		675644	
Income Tax (Net of payments)	—		1458957	
Leave Salaries	3879198		3036599	
		8607129		9239200
		312541470		278028936
<b>Contingent Liabilities</b>				
(As submitted by the Management)				
1. Indemnity Bonds/Guarantees through Banks		72949663		12956554
2. Letters of Credit		—		—
3. Estimated Amount of contracts remaining to be executed on capital account and not provided for.		39598778		26525000
4. Claims against the Company not acknowledged as debts;				
i) Income Tax		—		43490
ii) Sales Tax		564654		697423
iii) Excise duty		2231619		91963
iv) Custom Duty		12625733		12625733
v) Employees State Insurance		4662640		4431041
vi) Others		2668608		500000

It is not probable that an outflow of economic resources will be required to settle the obligations and therefore, no provision is considered necessary.

**Schedule H**

	Rs.	Year ended 31.3.2011 Rs.	Rs.	Year ended 31.3.2010 Rs.
<b>OTHER INCOME</b>				
Dividend		699000		—
Interest (Gross)				
- From Banks	1410464		2557167	
- From Others	977194		373089	
[Tax deducted at source Rs. 2,06,742/- (Previous Year Rs. 3,79,086)]		2387658		2930256
Rent		1144800		3744712
Miscellaneous Receipts		3708145		1675556
Profit on Sale of Assets		4853		36875
Miscellaneous refunds and claims in respect of earlier years		4297		5399
Liability no longer required writtenback		128337		809147
Gain on Foreign Exchange (Net)		6940757		16715052
		15017847		25916997

**Schedule I**

	Rs.	Year ended 31.3.2011 Rs.	Rs.	Year ended 31.3.2010 Rs.
<b>MATERIALS</b>				
<b>(a) Raw Materials Consumed</b>				
[Refer Item 'B' of Schedule L]				
Opening Stock	332001378		99310418	
Add : Purchases	1330547815		1154335078	
[Include Freight & Handling-Rs. 8,07,09,510 (Previous year Rs. 9,85,40,642)]				
	<u>1662549193</u>		<u>1253645496</u>	
Deduct : Cost of Materials Sold	43037614		50117827	
	<u>1619511579</u>		<u>1203527669</u>	
Deduct : Closing Stock	252819955	1366691625	332001378	871526291
<b>(b) Cost of Materials Sold</b>		<u>43037614</u>		<u>50117827</u>
		<u>1409729239</u>		<u>921644118</u>

**Schedule J**

	Rs.	Year ended 31.3.2011 Rs.	Rs.	Year ended 31.3.2010 Rs.
<b>MANUFACTURING, MARKETING AND ADMINISTRATIVE EXPENSES</b>				
Difference in Excise Duty on Stocks		21204301		(11755268)
Carriage and Handling		19050416		20754146
Processing Charges		—		2001522
Power, Fuel and Water		37380043		26980638
Stores, Spares and Packing Materials		18082206		16762305
Research and Development Expenses		140000		114000
Repairs and Maintenance				
Plant and Machineries	7822665		10170637	
Buildings	5853765		3284887	
Others	11296096	24972526	6803883	20259407
Payment to and Provisions for Employees				
Salaries, Wages and Bonus	34879097		29534738	
Gratuity and Superannuation Contribution	3472249		900075	
Provident Fund Contribution	2133781		1696444	
Workmen and Staff Welfare	3371270	43856398	3224690	35355947
Interest				
On Term Loans	735860		1788629	
On Others	23113147	23849007	17680657	19469286
Hire Purchase Charges		346468		217930
Commission and Bank Charges		7789458		8396429
Freight and Forwarding		5189150		7878410
Advertisement and Publicity		179776		256420
Commission on Sales		13502309		—
Rent (Net)		656997		638980
Rates and Taxes		1895986		1515431
Insurance		1835358		1661914
Travelling, Transport and Conveyance		11436546		9235437
Professional and Legal Expenses		4956285		3820288
Auditors' Remuneration				
As Auditors	150000		125000	
For Tax Audits	45000		45000	
For Other Audits & Certifications	62000		62000	
Travelling Expenses	26240	283240	13128	245128
Donations and Subscriptions		4769131		2700725
Miscellaneous Expenses		9225482		6850882
Board Meeting Fees		210000		187500
Bad Debts written off		1135748		—
Loss on Assets		—		51568
		<u>251946831</u>		<u>173599025</u>

**Schedule K**

	Rs.	Year ended 31.3.2011 Rs.	Rs.	Year ended 31.3.2010 Rs.
<b>MANAGERIAL REMUNERATION</b>				
To Managing Director - Mr. Rakesh Himatsingka				
Salary	1520000		1360000	
Contribution to Provident, Superannuation and Gratuity Funds	468400		421200	
Perquisites	1587849		1519180	
	3576249		3300380	
Commission - 1% of Net Profit	1244544	4820793	1537153	4837533
To Whole Time Director - Mr. S. V. Himatsingka				
Salary	740000		680000	
Contribution to Provident, Superannuation and Gratuity Funds	229300		210600	
Perquisites	768001		706001	
	1737301		1596601	
Commission - 1% of Net Profit	1244544	2981845	1537153	3133754
		7802638		7971287
<b>NET PROFIT UNDER SECTION 198/349 OF THE COMPANIES ACT, 1956</b>				
Profit before tax as per Profit and Loss Account		116441749		145556553
Add : Managerial Remuneration		7802638		7971287
Board Meeting Fees		210000		187500
<b>Net Profit</b>		<b>124454387</b>		<b>153715340</b>

**Schedule L****NOTES FORMING PART OF ACCOUNTS****INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3,4C AND 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

	Year ended 31.3.2011		Year ended 31.3.2010	
	Quantity MTs.	Value Rs.	Quantity MTs.	Value Rs.
<b>(A) Turnover</b>				
Calcined Petroleum Coke	59798	1415781100	70798	1271540156
Electrode Carbon Paste	10373	281364095	9436	207006179
Thermal Carbon (Tamping) Paste	752	21107137	615	13593599
Raw Petroleum Coke	4000	43929880	6070	53967092
Others		311136		3324892
		1762493348		1549431918
Less : Excise Duty		160069235		150930257
		1602424113		1398501661
<b>(B) Raw Materials Consumed</b>				
Raw Petroleum Coke (*)	93764	1147605642	94236	791470276
Pitch	2566	70591301	2379	60370995
Calcined Petroleum Coke - Purchased	8158	140266913	884	11824295
Calcined Petroleum Coke - Captive Consumption	4896	—	6536	—
Others		8227769		7860725
		1366691625		871526291
(*) Includes Transit Loss	5		836	

(C) Stock of Goods Produced	Year ended 31.3.2011		Year ended 31.3.2010			
	Opening	Closing	Opening	Closing		
	MTs.	MTs.	MTs.	MTs.		
Calcined Petroleum Coke	2472	9399	11173	2472		
Electrode Carbon Paste	490	922	253	490		
Thermal Carbon (Tamping) Paste	1	39	63	1		
(D) Capacity and Production	Annual		Annual			
(Installed Capacity being a technical matter, accepted by auditors as certified by management)	Installed Capacity	Actual Production	Installed Capacity	Actual Production		
	MTs.	MTs.	MTs.	MTs.		
Calcined Petroleum Coke	91800	71621	91800	68633		
Electrode Carbon Paste	15000	10806	10000	9673		
Thermal Carbon (Tamping) Paste	4500	790	3000	553		
Calcined Anthracite Coal	5000	—	5000	—		
Carbon/Graphite Cements and Surface Primers	1000	—	1000	—		
	Year ended 31.3.2011 Rs.		Year ended 31.3.2010 Rs.			
(E) (a) Value of Imports Calculated on CIF Basis						
(i) Raw Materials		194999678		218724163		
(ii) Spare Parts and Components		—		455134		
(iii) Capital Goods		—		503958		
(b) Expenditure in Foreign Currency						
Professional Fees		—		221880		
Interest		2774654		1936843		
Others		1236147		1534602		
(c) Value of Imported and Indigenous Goods Consumed and Percentage	Rs.	%	Rs.	%		
(i) Raw Materials						
Imported	134632313	10	193187299	22		
Indigenous	1232059312	90	678338992	78		
	1366691625	100	871526291	100		
(ii) Stores, Spares and Packing Materials (Excluding for Repairs etc)						
Imported	319226	2	148921	1		
Indigenous	17762980	98	16613384	99		
	18082206	100	16762305	100		
	No of Non- Resident Share holders	No of Equity Shares held	Dividend Remitted Rs.	No of Non- Resident Share holders	No of Equity Shares held	Dividend Remitted Rs.
(d) Dividends Remitted in Foreign Currencies	1	812377	1218565 (for 2009-10)	1	797860	797860 (for 2008-09)
(e) Earnings in Foreign Exchange			Rs.			Rs.
FOB value of exports			21277146			7268589

## Schedule M

### NOTES FORMING PART OF ACCOUNTS

#### 1. Significant Accounting Policies :

- (a) **General** : The Financial Statements are prepared under the historical cost convention and comply with the accounting standards, as applicable, issued by the Institute of Chartered Accountants of India referred to in Section 211(3C) of the Companies Act, 1956.
  - (b) **Recognition of Income and Expenditure** : Items of income and expenditure are generally recognised on accrual basis. Refunds and claims are recognised on the basis of sanction/acceptance.
  - (c) **Turnover** : Turnover is stated net of returns, rebates, discounts and includes packing charges and sale of R & D products. Excise Duty is stated net of refunds under Government Scheme.
  - (d) **Fixed Assets** : Fixed Assets are stated at cost or at revalued amount as per revaluation carried out as at 30th September, 1985.
  - (e) **Depreciation/Amortisation** : Depreciation on Fixed Assets has been provided for on Diminishing Balance Method and at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on increase in the net book value arising on revaluation of Fixed Assets is provided for by transfer from Revaluation Reserve Account created on revaluation of Fixed Assets. Consideration for lease hold rights over land is being amortised over the period of the lease.
  - (f) **Research & Development** : Revenue expenditure on research and development is charged as expense in the year in which it is incurred. Capital expenditure on research and development is shown as an addition to Fixed Assets.
  - (g) **Foreign Currency Transactions** : Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining outstanding at the end of the year are translated at the year end exchange rates. Gains/Losses arising out of fluctuations in the exchange rates are recognised in Profit and Loss Account in the period in which they arise.
  - (h) **Inventories** : Raw Materials, Packing Materials and Stores have been valued at cost on FIFO basis. Finished Goods have been valued at average cost including interest cost or net realisable value, whichever is lower. Excise Duty on goods manufactured and remaining in inventory is included as a part of valuation of Finished Goods.
  - (i) **Investments** : Long Term Investments are stated at cost. Diminution in the value of Investments, other than temporary fluctuations, are provided for.
  - (j) **Retirement Benefits** : Contributions to Provident Fund and Superannuation Fund are charged to Profit & Loss Account. Gratuity and Leave encashment benefit are charged to Profit & Loss Account on the basis of actuarial valuation.
  - (k) **Voluntary Retirement Scheme** : Payments under the Voluntary Retirement Scheme are amortised over a period of five years.
  - (l) **Taxation** : Provision for tax for the year comprises current income-tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s). Deferred tax assets arising mainly on account of carry forward of losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. The same are reviewed at each Balance Sheet date.
  - (m) **Impairment of Assets** : In case, the recoverable amount of Fixed Assets is lower than its carrying amount, a provision is made for impairment loss.
  - (n) **Contingent Liabilities** : Liabilities of contingent nature are not provided and are disclosed separately in the accounts.
2. Valuation of stocks and consumption of stores and fuel have been certified by the Management. Stores, Spares and Packing materials consumed shown in Schedule 'J' and Schedule 'L' do not include stores and spares consumed and charged to other heads.

**Schedule M (Contd.)**

3. The Financial Statements of C & C Investments Ltd., have not been consolidated in the light of Para 11(b) of AS 21. (Severe long-term restriction on transfer of funds).
4. Hon'ble Gauhati High Court on 1.9.2000 ordered for winding up of Him Containers Limited (HCL) and appointed Registrar of Companies, Assam as the official liquidator of HCL. Consequently there was diminution in the value of Company's investments in HCL (in liquidation) and also in its wholly owned subsidiary C & C Investments Limited (CCIL) whose resources are fully invested in HCL. As required by Accounting Standard-13, full provision was made for diminution in the value of such investments and also advances to CCIL, as extraordinary item, totalling Rs. 2,47,96,300 by charge to Profit & Loss Account during the year ended 31st March, 2001.
5. (a) Sundry Creditors include Rs. **61,69,571** (Previous year - Rs. 35,27,207) on account of hire purchase and Instalments payable within one year - Rs. **26,60,796** (Previous year - Rs. 12,87,196).
- (b) Details of dues to Micro and Small Enterprises as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, based on the available information with the Company are as under :

	As at/Year ended 31.03.2011 Rs.	As at/Year ended 31.03.2010 Rs.
(i) Principal amount as at the end of the year	Nil	Nil
Interest thereon as at the end of the year	Nil	Nil
ii) Amount paid beyond the respective due date during the year	Nil	Nil
Interest paid thereon in terms of Sec.16 during the year	Nil	Nil

6. **Particulars of forward contract outstanding and un-hedged foreign currencies exposure :**

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
a) Forward Contract outstanding	Nil	Nil
b) Un-hedged Foreign Currency Exposure		
i) Current Liabilities - Sundry Creditors	US\$ 4407179	4250901
	Rs. 196780559	191885668
ii) Current Assets - Sundry Debtors	Euro 8160	25600
	Rs. 516202	1550336

7. **Net Deferred Tax Assets and Liabilities are :**

Particulars	As at 31.3.2010 Rs.	For the year Rs.	As at 31.3.2011 Rs.
Deferred Tax Assets arising on account of :			
Retirement benefits	1,008,682	249,730	1,258,412
Less : Deferred Tax Liability arising on account of :			
Depreciation	14,752,629	1,502,018	16,254,647
Net Deferred Tax Assets/(Liabilities)	(13,743,947)	(1,252,288)	(14,996,235)

8. **Earnings per Share (EPS) - Basic & Diluted :**

		Year ended 31.03.2011	Year ended 31.03.2010
a) Profit after tax	Rs.	91789461	114651014
b) Preference dividend and tax thereon	Rs.	108087	108446
c) Profit attributable to Equity Shareholders	Rs.	91681374	114542568
d) Weighted Number of Shares	Nos	2650000	2650000
e) EPS per Equity Share of Rs.10/- each	Rs.	34.60	43.22

**Schedule M (Contd.)****9. Related parties disclosure :****(A) List of related parties****(a) Subsidiary Company**

C &amp; C Investments Ltd.

**(b) Key Management Personnel**

(i) Mr. Rakesh Himatsingka, Managing Director

(ii) Mr. Shaurya Veer Himatsingka, Deputy Managing Director

**(B) Detail of Transactions taken place with Key Management Personnel :**

	<b>Year ended 31.03.2011 Rs.</b>	<b>Year ended 31.03.2010 Rs.</b>
<b>(1) <u>Nature of Transactions</u></b>		
Remuneration of :		
Managing Director	<b>4,820,793</b>	4,837,533
Deputy Managing Director	<b>2,981,845</b>	3,133,754
<b>(2) <u>Outstanding Payable</u></b>	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</b>
(i) Mr. Rakesh Himatsingka, Managing Director	<b>1866549</b>	1793782
(ii) Mr. Shaurya Veer Himatsingka, Deputy Managing Director	<b>1574269</b>	1679472

**Note :** Related party relationship is as identified by the Company and relied upon by the Auditors.

**10. Disclosures as per Accounting Standard 15 "Employee Benefits" are given below :****(a) Defined Contribution Plans**

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :

	<b>2010-11 Rs.</b>	<b>2009-10 Rs.</b>
Employer's Contribution to Provident Fund	<b>2404981</b>	1941244
Employer's Contribution to Superannuation Fund	<b>607320</b>	651500

The Company's Provident Fund is exempted under Section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

The Company's Superannuation Fund, a fund approved under the Income Tax Act., 1961 contributes to Group Annuity Policy of Life Insurance Corporation of India.

**(b) Defined Benefit Plans**

The Employees' Gratuity Fund, managed by a Trust, is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit method. The obligation for leave encashment is recognised in the same manner as gratuity.



**Schedule M (Contd.)**

## 10. (b) Defined Benefit Plans (Contd.)

	<b>Gratuity (Funded)</b>		<b>Leave Encashment (Unfunded)</b>	
	<b>2010-11 Rs.</b>	<b>2009-10 Rs.</b>	<b>2010-11 Rs.</b>	<b>2009-10 Rs.</b>
<b>i) Reconciliation of opening and closing balances of Defined Benefit Obligation</b>				
Defined Benefit Obligation at beginning of year	5753316	6677883	3036599	2550448
Current Service Cost	634244	641543	203995	177341
Interest Cost	431257	436697	245465	192798
Plan Amendment	1273292			
Actuarial (gain)/loss	1739240	435522	607995	396967
Benefits paid	(1214110)	(2438329)	(214856)	(280955)
Defined Benefit Obligation at year end	8617239	5753316	3879198	3036599
<b>ii) Reconciliation of opening and closing balances of fair value of Plan Assets.</b>				
Fair Value of plan assets at beginning of year	5953316	6777883	N.A.	N.A.
Expected return on plan assets	585928	470120	N.A.	N.A.
Employer contribution	3291429	635575	214856	280955
Actuarial gain/(loss)	676	508067	N.A.	N.A.
Benefits paid	(1214110)	(2438329)	(214856)	(280955)
Fair value of plan assets at year end	8617239	5953316	N.A.	N.A.
Actual return on plan assets	586604	978187	N.A.	N.A.
<b>iii) Reconciliation of fair value of assets and obligations</b>				
Present value of obligation at year end	8617239	5753316	3879198	3036599
Fair value of plan assets at year end	8617239	5953316	N.A.	N.A.
Funded Status-surplus (deficit) at year end	0	200000	(3879198)	(3036599)
Net asset/(liability) recognised in Balance Sheet	0	—	(3879198)	(3036599)
<b>iv) Expenses recognised during the year</b>				
Current Services Cost	634244	641543	203995	177341
Interest Cost	431257	436697	245465	192798
Expected return on plan assets	(585928)	(470120)	N.A.	N.A.
Past Service cost	1273292			
Actuarial (gain)/loss	1538564	27455	607995	396967
Total Expense recognised in Profit & Loss Account	3291429	635575	1057455	767106
<b>v) Investment Details</b>				
Investment with fund approved under the Income Tax Act, 1961	100%	100%	N.A.	N.A.
<b>vi) Actuarial assumptions</b>				
Mortality (LIC - Standard Table)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.30%	8%	8.30%	8%
Expected rate of return on plan assets (per annum)	8.30%	8%	N.A.	N.A.
Rate of escalation in salary(per annum)	5%	5%	5%	5%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets, over the accounting period, primarily invested in Government Bonds/Deposits, is based upon return on such investments.

The above information under 'Defined Benefit Plans' is certified by the Actuary, and relied upon by the Auditors.

12. Previous year's figures have been regrouped and rearranged, wherever necessary.

Per Our Report attached.

For **D. BASU & CO.**

Chartered Accountants

**Atanu Chatterjee**

Partner

Place : Kolkata

Date : 15th June, 2011

**Pinkie Garg**

Chief Financial Officer

**Rakesh Himatsingka**

Chairman & Managing Director

**Shaurya Veer Himatsingka**

Deputy Manager Director

**Soumendra Mohan Basu**

Director

**Balance Sheet Abstract and Company's General Business Profile****I. Registration Details**Registration/CIN No.  State Code Balance Sheet Date **II. Capital Raised During the year** (Amount in Rs. Thousands)Public Issue  Right Issue Bonus Issue  Private Placement **III. Position of Mobilisation and Deployment of Funds** (Amount in Rs. Thousands)Total Liabilities  Total Assets **Sources of Funds**Paid-Up Capital  Reserves & Surplus Secured Loans  Unsecured Loans Deferred Tax Liability (Net)  Current Liabilities & Provisions **Application of Funds**Net Fixed Assets  Investments Current Assets, Loans & Advances  Misc. Expenditure Accumulated Losses **IV. Performance of Company** (Amount in Rs. Thousands)Turnover (Net of Excise)  Total Expenditure Profit Before Tax  Profit After Tax Earning Per Share in Rs.  Dividend Rate % **V. Generic Names of Three Principal Products/Services of Company** (As per Monetary Terms)Item Code No.(ITC Code)  Products Description Item Code No.(ITC Code)  Products Description Item Code No.(ITC Code)  Products Description **Rakesh Himatsingka**  
Chairman & Managing Director**Shaurya Veer Himatsingka**  
Deputy Manager Director**Soumendra Mohan Basu**  
DirectorPlace : Kolkata  
Date : 15th June, 2011**Pinkie Garg**  
Chief Financial Officer

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANY**

- |  |   |   |
|--|---|---|
| 1. Name of the Subsidiary Company  | : | C & C Investments Limited   |
| 2. Financial year ended on   | : | 31st March, 2011  |
| 3. Extent of interest of India Carbon Ltd.<br>in the Subsidiary Company  | : | 7,50,130 Equity Shares of Rs.10/- each<br>out of paid up Share Capital of<br>7,50,200 Shares of Rs.10/- each<br>and Rs. 40,95,000 given as interest<br>free loan (100%)<br>(Fully provided for) |
| 4. Net aggregate amount of Profit<br>& Loss of the Subsidiary Company<br>not dealt with in the Holding<br>Company's accounts : |   |   |
| (a) for the year ended March 31, 2011  | : | Rs. 13,184,201/-  |
| (b) for the previous financial year  | : | Rs. 13,184,201/-  |
| 5. Net aggregate amount of Profit or<br>Loss of the Subsidiary Company<br>Dealt with in the Holding Company's<br>Accounts.     |   |   |
| (a) for the year ended March 31, 2011  | : | NIL   |
| (b) for the previous financial years<br>since it became a subsidiary.  | : | NIL   |

**Rakesh Himatsingka**  
*Chairman & Managing Director*

**Shaurya Veer Himatsingka**  
*Deputy Manager Director*

**Soumendra Mohan Basu**  
*Director*

Place : Kolkata  
Date : 15th June, 2011

**Pinkie Garg**  
*Chief Financial Officer*

## **DIRECTORS' REPORT**

### **TO THE MEMBERS**

The Directors submit the Thirty-Fifth Annual Report for the year ended 31st March, 2011.

### **WORKINGS**

There were no transaction during the year ended 31st March, 2011. The accumulated loss as on 31st March, 2011 stands at Rs 13,184,201/- which is in excess of the paid-up share capital and reserves of the Company.

Hon.ble Guwahati High Court vide order dated 1st September, 2000 ordered for winding up of Him Containers Ltd. (HCL) and Registrar of Companies, Assam has been appointed as its official Liquidator. Consequent upon the said winding up order of HCL, provision for diminution in the value of investments of Rs.74,36,500/- held by the Company in HCL(in liquidation) and advance of Rs.57,50,000/- given by the Company to HCL was made as an Extraordinary item by charging the same to the Profit & Loss Account during the year ended 31st March, 2001.

Consequent upon the execution of joint guarantee with regard to the loans taken by HCL from their Bankers amounting to Rs.26,88,80,000/-, the Banker has filled a petition before the Debt Recovery Tribunal, Kolkata praying recovery of Rs.41,24,76,480 including proportionate interest from the defendants including your company as a Guarantor.

Debt Recovery Tribunal vide its interim order dated 20.06.2003 has restrained the Company by way of injunction to transfer, encumber or otherwise dispose off the movable and immovable properties, except in the usual course of business, till the disposal of the case. In view of the situation as explained above, the Directors are of the view that since your Company operates under Long Term restriction in dealing with the funds, it may be just and equitable for the Company to be wound up.

### **DIRECTORS**

In accordance with the Articles of Association of the Company, Mr. Pankaj Kumar Misra, Director nominated by ICL retires by rotation and being eligible offers himself for re-appointment.

### **AUDITORS**

M/s. S. K. Singhania & Co., Statutory Auditors of the Company retires at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment.

### **EMPLOYEES**

The Company does not have any employee in the Category specified under Section 217(2A) of the Companies Act, 1956.

### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company did not have any activity during the year under review and hence no details worth mentioning relating to the above could be furnished.

### **ERSTWHILE SUBSIDIARY COMPANY : HIM CONTAINERS LTD. (HCL)**

Consequent upon the winding-up order of HCL, its Directors ceased to hold office except for the purpose of filling Statement of Affairs, which has been filed with the Official Liquidator on 30th October, 2000. As

a result, C & C INVESTMENTS LIMITED (CCIL) can no longer control the composition of the Board of Directors of HCL (in Liquidation) and hence, HCL is not considered to be a subsidiary of CCIL.

#### **DIRECTORS. RESPONSIBILITY STATEMENT**

Pursuant to Sub-Section (2AA) of Section 217 of the Companies Act, 1956, the directors have to state that :

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures, if any.
- b) They have selected such accounting policies and applied them consistently and made judgment and estimates that are responsible 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 Loss of the Company for that period.
- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Accounts have been prepared on a going concern basis. However, Shareholders attention is drawn to Directors' Report on workings of the Company.

#### **COMPLIANCE CERTIFICATE**

In accordance with Section 383A of the Companies Act, 1956, and Companies (Compliance Certificate) Rules, 2001, the Company has obtained a certificate from a Secretary in Whole-Time Practice confirming that the Company has complied with all the provisions of the Companies Act, 1956 and a copy of such certificate is attached.

For and on behalf of the Board

#### **Registered office :**

Noonmati, Guwahati - 781 020, Assam  
Kolkata, 14th June, 2011

**D. K. Dutta**  
*Director*

**J. K. Nayak**  
*Director*

**COMPLIANCE CERTIFICATE**

(Rule 3 of Companies (Compliance Certificate) Rule, 2001)

To

The Members,

**C & C INVESTMENTS LIMITED**

Noonmati

Guwahati - 781 020, Assam

We have examined the registers, records, books and papers of **C & C INVESTMENTS LIMITED** (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011 (financial year). In our opinion and the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filled the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a public limited company, has the minimum prescribed paid up capital.
4. The Board of Directors duly met four times respectively on 31st May, 2010, 30th September, 2010, 9th December, 2010 & 25th March, 2011 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company did not close its Register of Members during the year.
6. The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 21st September, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act, during the financial year.
9. The Company has not entered into any contracts specified under section 297 of the Act, during the financial year.
10. The Company has made necessary entries in the register maintained under section 301 of the Act, wherever applicable.
11. As there were no instances falling within purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or previous approval of Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. (i) No shares were lodged for transfer/ transmission during the financial year.  
 (ii) The Company was not required to deposit any amount in a separate Bank Account as no dividend was declared during the financial year.  
 (iii) The Company was not required to post any dividend warrants to any member of the Company as no dividend was declared during the financial year.  
 (iv) The Company was not required to transfer any amount to Investor Education and Protection Fund during the financial year as there were no unpaid or unclaimed amounts of such nature.  
 (v) The Company has duly complied with the requirements of section 217 of the Act to the extent applicable.

14. The Board of Directors of the Company is duly constituted and appointment(s)/ resignation of Directors have been duly made.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Governments, Company Law Board, Regional Director, Registrar of Companies and/or such other authorities as prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preferential shares or debentures during the financial year.
22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of Shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A/58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has made loans and investments in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose. The Company has not given guarantees or provided securities to other bodies corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provision of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provision of the Memorandum with respect to share Capital of the Company during the year under Scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. We have been informed that there was no prosecution initiated against or show cause notice receives by the Company for alleged offence under the Act and that no fines or penalties or any other punishment was imposed in the financial year.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year, as the Provident Fund Rules/Regulations are not applicable.

For **R. K. JAIN & CO.**  
*Company Secretaries in Practice*

**Rajat Jalan**  
*Partner*  
C.P. No. 5705

Place : Kolkata  
Dated : 14th June, 2011



**ANNEXURE - 'A'**

1. Register of Members under section 150.
2. Register of Transfer and Transmission of shares.
3. Register of Renewed and Duplicate Share Certificates.
4. Register of Directors under section 303.
5. Register of Directors shareholding under section 307.
6. Register of Contracts under section 301.
7. Register of Investments/Loans under section 372A.
8. Books of Accounts under section 209.
9. Minutes Books of Board Meetings and General Meetings under section 193
10. Register and Returns under section 163.

**ANNEXURE - 'B'****Forms/Returns filed with the ROC**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2011

1. Form- 20B	Filed U/S 159	for filing of Annual Return for AGM held on 21-09-2010
2. Form- 66	Filed U/S 383A	for filing of Compliance Certificate for the year ended 31-03-2010
3. Form - 23AC & Form - 23ACA	Filed U/S 220	for filing of Audited Account for the year ended 31-03-2010
4. Form - 32	Filed U/S 260 & 257	for confirmation of appointment of Director in Annual General Meeting
5. Form - 32	Filed U/S 260 & 257	for appointment of Director
6. Form -32	Filed U/S 283	Cessation of Director

For **R. K. JAIN & CO.**  
Company Secretaries in Practice

Place : Kolkata  
Dated : 14th June, 2011

**Rajat Jalan**  
Partner  
C.P. No. 5705

## AUDITORS' REPORT

### To the Members of C & C Investments Limited

1. We have audited the attached Balance Sheet of C & C INVESTMENTS LIMITED as at 31st March 2011 and the annexed Profit & Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we report that :
  - (i) In respect of loans, secured or unsecured, taken/granted from/to companies covered in the Register maintained u/s. 301 of the Companies Act, 1956 :
    - (a) The Company had taken in earlier years, unsecured loan of Rs. 4,095,000/- from its Holding Company and had also given unsecured interest free loan of Rs. 5,750,000/- to Him Containers Ltd., which has ceased to be a Subsidiary Company.
    - (b) The loan taken by the Company was free of interest. The terms & conditions on which loan was granted by the Company were not prima facie prejudicial to the interest of the Company.
    - (c) The Company has neither repaid the loan taken nor is repayment of principal forthcoming in case of loan granted by the Company.
    - (d) The Company to whom loan was granted is under winding up and chances of any recovery is negligible, as explained to us, and the same has been fully provided for.
  - (ii) The Company does not have a formal internal audit system, however the internal control procedure are adequate according to the size and nature of the business.
  - (iii) The accumulated losses of the Company at the end of the financial year is more than the net worth of the Company and the Company has not incurred cash loss/profit during the financial year, however incurred cash loss during the immediately preceding financial year.
  - (iv) The Company had given guarantees to bank and financial institution for loan taken by M/s. Him Containers Ltd., which was a Subsidiary Company but has ceased to be so. The said Him Containers Ltd. has defaulted in repayment and is now under liquidation and winding up and court cases have been filed by the lender where the Company is also a party, refer Note no. 3 of Schedule 'A'.
  - (v) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit for the year.

(vi) Looking at the nature of activities being carried on, at present, by the Company and also considering the nature of the matters referred to in the various clauses of the Companies (Auditors' Report) Order, 2003, Clauses (i), (ii), (iv), (v), (vi), (viii), (ix), (xi), (xii), (xiii), (xiv), (xvi), (xvii), (xviii), (xix) and (xx) of Paragraph 4 of the aforesaid Order, we are of the opinion that the same are not applicable in the case of the Company.

4. Further to our comments in paragraph 3 above, we report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account of the Company;
- (iv) In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) Based on the representations made by the Directors as on 31st March, 2011 and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2011, prima facie disqualified from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India;
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011, and
  - (b) In the case of the Profit & Loss Account, there is no transaction for the year ended on that date.

19A, Jawaharlal Nehru Road  
Kolkata - 700 087  
Dated : 14th June, 2011

For **S. K. SINGHANIA & CO.**  
*Chartered Accountants*  
Registration No. 302206E  
**Rajesh Kumar Singhania**  
*Partner*  
M. No. 52722

## BALANCE SHEET AS AT 31ST MARCH, 2011

FIGURES AS AT 31.03.2010 (Rs.)	LIABILITIES	AMOUNT RS.	FIGURES AS AT 31.03.2010 (Rs.)	ASSETS	AMOUNT RS.
	<b>SHARE CAPITAL</b>			<b>INVESTMENTS : (At Cost - Unquoted)</b>	
	<b>Authorised</b>			<b>Long Term (Non Trade)</b>	
15,000,000	15,00,000 Equity shares of Rs. 10/- each	15,00,000	11,500	1,150 fully paid equity shares of Rs. 10/- each	11,500
			6,750,000	675,000 fully paid equity shares of Rs. 10/- each (New)	6,750,000
7,502,000	<b>Issued, Subscribed &amp; Paid Up</b>		675,000	675,000 Detachable Warrant	675,000
	750,200 equity shares of Rs. 10/- each fully paid up in cash.	7,502,000		upfront payable @ Re 1/- each.	7,436,500
	(Out of this 750,130 equity shares are held by India Carbon Ltd., the holding Company)		7,436,500		
			(7,436,500)	Less : Provision for diminution in values of Investment (Refer note No. 3 of Schedule 'A')	(7,436,500)
	<b>UNSECURED LOAN : (Not bearing interest)</b>		-		-
4,095,000	From Holding Company	4,095,000		<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>	
1,599,173	From Other Bodies Corporate	1,599,173	5,694,173	<b>A) Current Assets</b>	
				<b>Cash &amp; Bank Balances</b>	
			16,993	Cash with a Schedule Bank in Current Account.	16,993
5,021	<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>			<b>B) Loans &amp; Advances</b>	
	<b>A) Current Liabilities</b>			(Unsecured considered doubtful)	
	Sundry Creditors	5,021	5,750,000	Him Containers Ltd. (Liquidated)	5,750,000
			(5,750,000)	Less : Provision for Doubtful Advance (Refer note No. 3 of Schedule 'A')	(5,750,000)
				<b>PROFIT &amp; LOSS ACCOUNT</b>	16,993
			13,184,201	Balance at debit	13,184,201
			13,201,194		13,201,194

Note : Significant Accounting Policy &amp; Notes on Accounts as per Schedule 'A' annexed

As per our report of even date annexed herewith

For **S. K. SINGHANIA & CO.**

Chartered Accountants

(Registration No. 302206E)

**Rajesh Kumar Singhania**

M. No. 52722

Partner

19A, Jawaharlal Nehru Road  
Kolkata - 700 087

Dated : 14th June, 2011

**D. K. Dutta**  
**J. K. Nayak**  
Directors

# PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

FIGURES FOR THE PREVIOUS YEAR Rs.	PARTICULARS	AMOUNT Rs.	FIGURES FOR THE PREVIOUS YEAR Rs.	PARTICULARS	AMOUNT Rs.
1,000	TO FILLING FEES :	-	2,715	BY Balance carried down	-
60	" BANK CHARGES :	-			
1,655	" AUDITOR'S REMUNERATION :	-			
2,715			2,715		
2,715	TO BALANCE (Dr.) brought down	-	13,184,201	BY BALANCE carried to Balance Sheet	13,184,201
13,184,201	" BALANCE as per last account	13,184,201			
13,184,201		13,184,201	13,184,201		13,184,201

Note : Significant Accounting Policy & Notes on Accounts as per Schedule 'A' annexed.

In terms of our report of even date annexed on the Balance Sheet  
For **S. K. SINGHANIA & CO.**

Chartered Accounts

(Registration No. 302206E)

**Rajesh Kumar Singhania**

M. No. 52722

Partner

19A, Jawaharlal Nehru Road  
Kolkata - 700 087  
Date : 14th June, 2011

**D. K. Dutta**  
**J. K. Nayak**  
Directors

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.**

**1. SIGNIFICANT ACCOUNTING POLICIES :**

- (a) **General** : The Financial Statements are prepared under historical cost convention in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 as applicable.
- (b) **Recognition of Income & Expenditure** : Items of Income & Expenditure are generally recognized on accrual basis.
- (c) **Investments** : Investments are stated at cost. Provision for diminution in the value of investments, other than temporary are made.
- (d) **Taxation** : Owing to loss, provision for taxation has not been made. Moreover, provision for Deferred Tax Assets for carry forward of losses and unabsorbed depreciation has not been made as there is no convincing evidence that sufficient future taxable income shall be available against which such Deferred Tax Assets can be realized.
- (e) **Contingent Liability** : Liability of contingent natures are not provided for and are disclosed separately in the notes on accounts as and when becomes necessary.

**NOTES ON ACCOUNTS :**

2. Filling Fee expenses of Rs. 3,000/- and Audit fees of Rs. 1,655/- have been incurred by M/s. India Carbon Ltd., the holding Company.
3. Contingent Liabilities for Joint Guarantees/Guarantees given in respect of Him Containers Limited (in liquidation) :

	<u>As at 31.03.2011</u>	<u>As at 31.03.2010</u>
Joint Guarantees/Guarantees given to Financial Institutions for Term & Other Loans	<b>Rs. 15,800,000</b>	15,800,000
- Do -	<b>St £ 656,740</b>	656,740
- Do -	<b>US\$ 514,183</b>	514,183
Bankers for Loans & Other Purposes	<b>Rs. 268,880,000*</b>	268,880,000*

\*Against above guarantee(s), the Bankers have filed a petition before the Debt Recovery Tribunal, Kolkata, claiming recovery of Rs. 412,476,480 from Him Containers Limited, and has also made C & C Investments Ltd. a party as Guarantor.

Debt Recovery Tribunal vide its interim order dated 20.06.2003 has restrained the Company by way of; injunction to transfer, encumber or otherwise dispose off the movable and immovable properties, except in the usual course of business, till the disposal of the case. The case is being contested by the Company at the appropriate levels.

4. Hon'ble Gauhati High Court vide order dated 1st September 2000 has issued order for winding up of Him Containers Limited (HCL) and Registrar of Companies, Assam has been appointed as its Official Liquidator. Consequent upon the said winding up order of HCL, its directors ceased to hold office except for the purpose of filing Statement of Affairs which has been filed with the Official Liquidator on 30.10.2000. As a result, C & C Investments Limited can no longer control the

composition of the Board of Directors of HCL (in liquidation) and therefore, ceased to be the holding company of HCL.

The Company's involvement in Him Containers Limited (in Liquidation), is to the extent of 676,150 Equity Shares (including 675,000 new shares) of Rs. 10/- each valued at Rs. 6,761,500/- and 675,000 Detachable Warrants with upfront payment @ Re. 1/- per Warrant valued at Rs. 675,000/-. Further unsecured (Interest free) loans of Rs. 57,50,000 had been given to Him Containers Limited.

Provision for diminution in the value of investments held for Rs. 7,436,500 and provision against advance of Rs. 5,750,000 given by the Company in Him Containers Limited (in Liquidation) was charged to the Profit & Loss Account during the year ended 31.03.2001 under the head "Extraordinary Items."

Place : Kolkata  
Date : 14th June, 2011

**D. K. Dutta**  
**J. K. Nayak**  
*Directors*

**ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF SCHEDULE VI,  
PART IV OF THE COMPANY ACT, 1956****Balance Sheet Abstract and Company's General Business Profile****I. Registration Details**

Registration No.	<input type="text" value="1654"/>	State Code	<input type="text" value="021"/>
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Balance Sheet Date	<input type="text" value="31-03-2011"/>
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**II. Capital Raised During the year (Amount in Rs.)**

Public Issue	<input type="text" value="NIL"/>	Right Issue	<input type="text" value="NIL"/>
--------------	----------------------------------	-------------	----------------------------------

Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>
-------------	----------------------------------	-------------------	----------------------------------

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs.)**

Total Liabilities	<input type="text" value="13,196,173"/>	Total Assets	<input type="text" value="(13,196,173)"/>
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**Sources of Funds**

Paid-Up Capital	<input type="text" value="7,502,000"/>	Share Application	<input type="text" value="NIL"/>
-----------------	--	-------------------	----------------------------------

Reserves & Surplus	<input type="text" value="NIL"/>	Secured Loans	<input type="text" value="NIL"/>
--------------------	----------------------------------	---------------	----------------------------------

Unsecured Loans	<input type="text" value="5,694,173"/>		<input type="text"/>
-----------------	--	--	----------------------

**Application of Funds**

Net Fixed Assets	<input type="text" value="NIL"/>	Investments	<input type="text" value="NIL"/>
------------------	----------------------------------	-------------	----------------------------------

Net Current Assets	<input type="text" value="11,972"/>	Misc. Expenditure	<input type="text" value="NIL"/>
--------------------	-------------------------------------	-------------------	----------------------------------

Accumulated Losses	<input type="text" value="13,184,201"/>
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**IV. Performance of Company (Amount in Rs.)**

Turnover including Other Income	<input type="text" value="NIL"/>	Total Expenditure	<input type="text" value="NIL"/>
---------------------------------	----------------------------------	-------------------	----------------------------------

Profit/(Loss) Before Tax	<input type="text" value="NIL"/>	Profit/(Loss) After Tax	<input type="text" value="NIL"/>
--------------------------	----------------------------------	-------------------------	----------------------------------

Earning Per Share in Rs.	<input type="text" value="NIL"/>	Dividend Rate %	<input type="text" value="NIL"/>
--------------------------	----------------------------------	-----------------	----------------------------------

**V. Generic Names of Principal Products of the Company**

Item Code No.(ITC Code)	<input type="text" value="N.A."/>
-------------------------	-----------------------------------

Product Description	<input type="text" value="N.A."/>
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Place : Kolkata  
Date : 14th June, 2011

**D. K. Dutta**  
**J. K. Nayak**  
*Directors*



# INDIA CARBON LIMITED

Registered Office : Noonmati, Guwahati - 781 020, Assam

## ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Membership Folio No. ....

DP I.D. No. ....

No. of Shares held .....

Client I.D. No. ....

NAME AND ADDRESS OF SHAREHOLDER

NAME AND ADDRESS OF THE PROXY (IF ANY)

.....

.....

.....

.....

.....

.....

No. of Share(s) held : .....

I hereby record my presence at the 49th Annual General Meeting of the Company held on Saturday the 30th July, 2011, at 10.30 A.M. at the Registered Office of the Company at Noonmati Guwahati - 781 020, Assam.

Signature of the Shareholder or proxy

# INDIA CARBON LIMITED

Registered Office : Noonmati, Guwahati - 781 020, Assam

## PROXY

I/We.....

of.....

being Member(s) of INDIA CARBON LIMITED hereby appoint.....

..... of .....

or failing him/her.....

of ..... or failing him/her.....

of.....as my/our proxy

to attend and vote for me/us on my/our behalf at the Forty Ninth Annual General Meeting of the Company to be held on 30th July, 2011 or at any adjournment thereof.

Signed this..... day of.....2011

Signed by the said.....

Membership Folio No.....

Affix  
revenue  
stamp

DP I.D. No. ....

No. of Shares held.....

Client I.D. No. ....

Note : The Proxy must be deposited at the Registered Office of the Company at Noonmati, Guwahati - 781 020, Assam not less than 48 hours before the commencement of the Meeting.

## BOOK POST



*If undelivered, please return to :*

**India Carbon Limited**

Temple Chambers, 4th Floor

6, Old Post Office Street

Kolkata - 700 001