

CHAIRMAN EMERITUS

Mr P C Goenka

BOARD OF DIRECTORS

Mr R Himatsingka, Chairman

Mr Anthony Gallagher

Mr Ron Marno

Mr Neil P Hoyland

Mrs Anita Himatsingka

Dr J Balaji - Nominee of AIDC Ltd (upto 1st July 2011)

Mr Rajesh Prasad - Nominee of AIDC Ltd (w e f 1st July 2011)

Mr Prabhat C Goenka

Mr D Ray, Managing Director (upto 24th July 2011)

Mr Vivekananda S Lokre, Managing Director (w e f 25th July 2011)

Mr G P Chawla, Executive Director

COMPANY SECRETARY

Mr Saugata De

REGISTERED OFFICE

Birkuchi

Guwahati 781 026

Ph: 0361 -264074, Fax: 0361 – 2640368

E Mail: acplghy@ascarbon.com

CORPORATE OFFICE

‘Everest House’, 8th floor

46C Chowringhee Road

Kolkata – 700 071

Ph: 033 – 22887651, Fax: 033 – 22882258

E Mail: acplkol@ascarbon.com

Web Site: assamcarbon.in

AUDITORS

BSR & Co

Infinity Benchmark,

Plot No-G- 1, Block EP & GP,
Sector-V

Salt Lake, Kolkata – 700 091

REGISTRARS & SHARE

TRANSFER AGENTS

C B Management Services (P) Ltd

P-22 Bondel Road,

Kolkata – 700 019

BANKERS

HSBC

Axis Bank Ltd

State Bank of India

State Bank of Hyderabad

WORKS

Plant I:

Copper Powder Unit

NH Coke Unit, SIG

Contact Unit, Material - Birkuchi

(Block, Blanks, etc) &

Guwahati – 781 026

Brush Finishing Plant - Assam

Plant II:

Engineered Carbon Finishing

2, I D A Phase-I

& Metalising Plant

Patancheru – 502 319

Dist – Medak, Andhra Pradesh

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NOTICE TO MEMBERS

NOTICE is hereby given that the Forty eight Annual General Meeting of the Members of Assam Carbon Products Limited will be held on Wednesday, the 28th day of September, 2011 at 10.00 A.M. at ' The Cottages', Girish Chandra Bardalai Path, Bardalai Colony, Bamunimaidan Hills, Guwahati – 781 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2011, the Balance Sheet as at that date, and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr R Himatsingka, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr Prabhat C Goenka, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s BSR & Co, Chartered Accountants, be and is hereby appointed as the Auditor of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as fixed by the Board of Directors of the Company”.

SPECIAL BUSINESS:

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

5. **Waiver of excess remuneration paid to Mr R Himatsingka, Non Whole time Director for the year ended 31st March, 2011:**

“RESOLVED THAT the company, pursuant to provisions of section 309 (5B) and such other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government do waive the recovery of the remuneration for the year ended 31st March, 2011 paid in excess of the limits prescribed in sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 to Mr. Rakesh Himatsingka, Non Whole Time Director of the Company.”

Place: 19th August 2011

Date: Kolkata

By Order of the Board

Saugata De

Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD IN HIS OR HER PLACE, AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.**
2. The Register of Members and Share Transfer Registers of the Company will remain close from 21st September, 2011 to 28th September, 2011, both days inclusive.
3. Equity shares of the Company are listed with Calcutta and Guwahati Stock Exchanges. Listing fees for the current year have been paid.
4. Members are requested to address their grievances and other correspondences directly to the Company Secretary at 'Everest House', 8th floor, 46C Chowringhee Road, Kolkata – 700 071, or at sde@ascarbon.com.
5. **Green Initiative:**

The Ministry of Corporate Affairs, Government of India, has issued circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 towards "Green Initiative in the Corporate Governance". Vide these circulars, now the Companies are allowed to send all the communications under Companies Act, 1956, viz. Annual Reports, letters, notices, financial statements, etc, through e mail to the shareholders. It was a welcome move by the Ministry whereby there shall be paperless communication between the company and the shareholders, thereby contributing to the greener environment, and ensuring prompt receipt of the documents and avoidance of loss in transit for the shareholders.

Keeping in view of the above, we have proposed to implement the same and henceforth send all the communications to the shareholders at their registered e mail ids provided by the shareholders and made available to us by the depositories.

In case you are holding shares in electronic form and have registered your email id with the Depository, i.e. NSDL and CDSL, we intend to send the communications at the said registered id made available to us by the Depository henceforth. If you are holding shares in physical form, you are requested to register your e mail id at sde@ascarbon.com.

We hope that you will appreciate the steps taken by the Government in this behalf and shall register your e mail ids as soon as possible. As a shareholder you are also entitled to receive all the communications of the company free of cost on a requisition made by you, although you may have register your id with the company.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**Re: Item 5**

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

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

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

On computing the net profits under section 198 of the Companies Act, 1956, the remuneration for the year ended 31st March, 2011 paid to Mr R Himatsingka exceeded by Rs 11,25,000 the limits prescribed in sections prescribed in sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

The Remuneration Committee of the Board of Directors and also the Board of Directors at their meeting held on 19th August 2011, decided to waive recovery of the excess remuneration paid to Mr R Himatsingka, however, subject to approval of the Shareholders and the Central Government as required by provisions of section 309 (5B) of the Companies Act, 1956.

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

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

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

	Year ended 31.3.09 (Rs 000s)	Year ended 31.3.10 (Rs 000s)	Year ended 31.3.11 (Rs 000s)
(i) Paid up Capital	27,556	27,556	27,556
(ii) Sales & Other Income	320,600	426,597	425,028
(iii) Profit before tax	(43,278)	(1,288)	(21,571)
(iv) Dividend (%)	-	-	-

The Board noted that Mr Himatsingka (59) is B E (Hons) in Mechanical Engineering, from Birla Institute of Technology & Science, Pilani. Subsequent to completion of his Engineering, after working in India for two (2) years, Mr Himatsingka worked and was trained as 'Carbon Technologist' in Company's foreign collaborator's factory in Swansea, U K for over two (2) years. Mr Himatsingka was instrumental in the setting up of the Company's new factory in Birkuchi, Guwahati, Assam.

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

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

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

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

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

Place: 19th August 2011
Date: Kolkata

By Order of the Board

Saugata De
Company Secretary

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have the pleasure in presenting their Forty-eight Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2011.

1. FINANCIAL RESULTS

	(Rs.000's)	
	2010-2011	2009-2010
Sales & Other Income	425,028	426,597
Profit/(Loss) before tax	(21,571)	(1,268)
Less: Provision for tax	(25,426)	(3,127)
Profit/(Loss) after Tax	3,855	1,839
Add: Unappropriated Profit of last year	63,716	61,877
Balance carried forward	67,571	63,716

2. OPERATIONS

During the year under review, Gross Sales of the Company were Rs.4234.19 Lacs as compared to Rs.4187.57 Lacs in the previous year. For the year, your company has made a Gross Loss of Rs. 215.71 Lacs as against Gross Loss of Rs. 12.68 Lacs in the previous year. The Export Sales were Rs. 496.25 Lacs as compared to Rs. 370.61 Lacs in the previous year.

During the year under review, the Guwahati factory was under Lock out for the last four months of the year as compared to last year's full operating period. During the year under review, there was industrial dispute at the company's Guwahati factory in the form of continuous Go Slow, illegal Karmabirati Strikes. Due to this the Management was compelled to declare a Lock Out at the factory on 7th December 2010. In order to satisfy the domestic customers, the company was dependent on imported raw material whose cost was higher than the indigenous raw materials which were produced at the Guwahati factory. For this the raw material consumption was higher than the previous year. There was also a significant increase of export of long metalized carbon from for which the cost of raw material of extruded long carbon strips imported from UK was substantially higher than the previous year.

Though the cost of import of these materials has been, through negotiation, maintained at par with the cost of production in India, there have been unfavorable foreign exchange fluctuations. Your company made an Exchange Loss as compared to Exchange Gain in the previous year. In addition to the above, your company made a substantial provision for gratuity during the year, as per the latest Actuarial Valuation in comparison to the previous year.

3. FUTURE OUTLOOK

The Indian economy during the year under review rebounded strongly and now is among the leaders in global economy. Prompt and strong fiscal stimulus with ease in liquidity, an improving global economic environment, a return of risk appetite and large capital inflows were instrumental in the bounce back. India achieved a GDP growth of 8.6% for the year ended 31st March 2011. The economy is expected to grow @8.00% for the year 2011-2012.

Your company will take full advantage of the growing economy, and try to maximize domestic sales.

However the ongoing industrial lock out at your Company's Guwahati plant since 7th December 2010, which resulted due to the labour unrest is a matter of major concern which has already made significant adverse impact on the financial results of your company for the last few years and may affect the current year as well.

4. DIVIDEND

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

5. PUBLIC DEPOSIT

The Company has not accepted / renewed any public deposit under section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975 during the year 2010-2011.

6. STATUTORY AUDITORS' AND THEIR REPORT

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

7. DIRECTORS

Mr. D Ray retired from the Company on 24th July 2011, after serving for over 8 years in the company. The Board put on record its sincere appreciation of the invaluable contribution made by him during his tenure as Board Member.

Mr Vivekananda S Lokre was appointed as an Additional Director of the Board with effect from 18th July 2011. He was appointed as the Managing Director of the Company w e f 25th July 2011 in the Extra Ordinary General Meeting of the Company held on 29th July 2011.

Pursuant to Article 92of the Articles of Association of the Company, Assam Industrial Development Corporation Ltd (AIDC) nominated, Mr. Rajesh Prasad, IAS, as Director of the Company in place of Dr J Balaji.

Mr Rakesh Himatsingka and Mr Prabhat C Goenka retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

8. INDUSTRIAL RELATIONS

Industrial relations at the Guwahati factory had remained strained with continuous agitations by the workmen in the form of Go Slow, and frequent illegal Karmabirati Strikes. In spite of the Management's tolerance and efforts to keep the Guwahati plant running, while trying to convince the workmen on the necessity to increase productivity, the situation steadily deteriorated with the ongoing Go Slow, and the illegal Strikes. This affected the operation so much, that ultimately the Management had no other option but to declare a Lock Out of the Guwahati plant from December 7th, 2010 onward. Since then, Conciliation Proceedings have been going on at the office of the Assistant Labour Commissioner, Guwahati, Government of Assam.

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

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

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

10. EMPLOYEES

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

12. A NOTE OF APPRECIATION

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

For and on behalf of the Board

19th August 2011
Kolkata

R Himatsingka
Chairman

ANNEXURE TO DIRECTORS' REPORT

'ANNEXURE A'

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

A. Conservation of Energy

(a) Energy Conservation Measures :

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

B. Technology Absorption

Research and Development (R&D)

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

No major R&D activity could be carried out

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

No benefit was expected in the period.

3. Future plan of action

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

4. Expenditure on R & D

	(Rs. In lacs)
a. Capital	—
b. Recurring	4.87
c. Total	4.87
d. Total R & D expenditure as a percentage of total turnover	0.11

Technology absorption, adaptation and innovation NIL

C. Foreign exchange earnings and outgo:

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

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

b. Total foreign exchange used and earned	Rs. In Lacs
Total Foreign Exchange used	1074.38
Total Foreign Exchange earned	501.73

For and on behalf of the Board

19th August 2011
Kolkata

R Himatsingka
Chairman

AUDITORS' REPORT TO THE MEMBERS OF ASSAM CARBON PRODUCTS LIMITED

1. We have audited the attached Balance Sheet of Assam Carbon Products Limited ('the Company') as at 31 March 2011 and also the related Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We draw your attention to the following:

- a. *Included in Inventories is 'work-in-progress' inventories amounting to Rs. 20,015 thousands. The valuation of work-in-progress inventories does not include a systematic allocation of fixed and variable production overheads as required by paragraph 8 of Accounting Standard 2: Valuation of Inventories. Further, we note that items of finished goods amounting to Rs. 9,129 thousands are valued at standard cost. As per paragraph 18 of Accounting Standard 2: Valuation of Inventories, Management is required to determine whether the standard costs used for valuation of finished goods inventories approximate the actual costs of production of such finished goods.*

We are unable to satisfy ourselves regarding adjustments, if any, which will be required to the values of closing work-in-progress and finished goods inventories as at 31 March 2011 and its consequent impact on increase/decrease in inventories of finished goods and work in progress for the year ended 31 March 2011.

- b. *As more fully explained in Note 4 of Schedule 23, the Company has not established a provision for employee wages and benefits for the lock out period at the Company's Guwahati Factory during the years 2007-2008 and for the subsequent lock out period from December 2010 to March 2011 on the principle of 'No Work No Pay'. The labour matter is sub-judice and hence the impact, if any, in terms of provision of employee wages and employee benefits and its resultant impact on profit for the year ended 31 March 2011, reserves and surplus and current liabilities cannot currently be determined.*
- c. *The Company's Guwahati Factory has been incurring operating losses and has also been impacted due to the labour lock out. In our view, there are sufficient internal impairment indicators which would require the Company to estimate the 'recoverable amount' of the Guwahati Factory Fixed Assets amounting to Rs.46,662 thousand in accordance with Accounting Standard 28: Impairment of Assets.*

Pending such formal impairment test we are unable to comment, if an impairment loss is required to be recognised and its consequent effect on the profit for the year ended 31 March 2011, Reserves and Surplus and Net Fixed Assets cannot presently be determined.

- d. *The Central Government has approved the payment of remuneration to the non-executive Chairman subject to 1 % of the audited net profit of the Company for the year ended 31 March 2011 as computed under section 198 of the Companies Act, 1956. The Company, during the period 1 July 2010 to 31 March 2011, has paid remuneration amounting to Rs. 1,125 thousands to the non-executive Director in excess of the Central Government approvals. The Company is in the process of approaching the Central Government for the necessary approvals/ compounding of the matter. The impact of such compounding on the profit for the year ended 31 March 2011 and its consequent impact on Reserves and Surplus cannot presently be determined.*
5. Further to our comments in the Annexure referred to above, we report that:
- (a) *subject to our comments in paragraphs 4(a), 4(b) and 4(c), we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;*
 - (b) *subject to our comments in paragraphs 4(a) and 4(c), in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;*
 - (c) *the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;*
 - (d) *subject to our comments in paragraphs 4(a), 4(b) and 4(c), 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;*
 - (e) *on the basis of written representations received from the Directors of the Company as at 31 March 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2011 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956; and*
 - (f) *subject to our comments in paragraphs 4(a), 4(b), 4(c) and 4(d) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - i) *in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;*
 - ii) *in the case of the Profit and Loss Account, of the profit for the year ended on that date; and*
 - iii) *in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

For **BSR & Co**
Chartered Accountants
Firm Registration No.: 101248W

Jiten Chopra
Partner
Membership No.: 092894

Date: 25th August, 2011
Place: Gurgaon

Annexure referred to in paragraph 3 of the Auditors' Report to the Members of Assam Carbon Products Limited on the accounts for the year ended 31 March 2011

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets, other than those at the Guwahati Factory, have been physically verified by the management during the year and no material discrepancies were identified on such verification. *Due to lock-out at the Guwahati factory in the current year, management was unable to conduct physical verification of fixed assets at the Guwahati factory.*
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) According to the information and explanations given to us inventories, except for stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. *Due to lock-out at the Guwahati factory, management could not conduct a physical verification of inventory lying at the Guwahati factory.*
- (b) According to the information and explanations given to us, the procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) *In our opinion, maintenance of inventory records needs to be further improved as regards updation of inventory records on a timely basis and improved documentation in support of receipts, issues and consumption.* In relation to inventory at Patancheru factory, the discrepancies noticed on verification between the physical stocks and the book records were not material have been properly dealt with in books of account. *Due to a lock-out at the Guwahati factory, the management could not conduct physical verification of inventory during the year, consequently, we are unable to comment on the maintenance of proper inventory records and discrepancies between physical and book records at the Guwahati factory.*
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with purchase of fixed assets and with regard to sale of goods and services. We have neither observed nor have been informed of any major weaknesses in the internal control system during the course of the audit. *In our opinion, the internal control procedures with regard to purchase of inventories need to be further strengthened in respect of proper and timely updation of stock records to make them commensurate with the size of the Company and nature of its business.*

- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (v)(a) above and exceeding the value of Rs. 5 lakhs with any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for purchases of certain items of inventories and fixed assets which are for the Company's specialised requirements and similarly for sale of certain goods which are for the specialised requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vii) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) As informed to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the products manufactured/ services rendered by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Investor Education and Protection Fund and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Wealth Tax.

There were no dues on account of Cess under Section 441A of the Companies Act, 1956, since the date from which the aforesaid Section has come into force is yet to be notified by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Investor Education and Protection Fund and other material statutory dues were in arrears as at 31 March 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, Service Tax, Customs duty and Excise Duty which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Sales Tax, have not been deposited by the Company on account of disputes:

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

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

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

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

For **B S R & Co**
Chartered Accountants
Firm Registration No.: 101248W

Jiten Chopra
Partner
Membership No.: 092894

Date: 25th August, 2011
Place: Gurgaon

BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in Rs. thousand)

	Schedule	As at 31st March 2011	As at 31st March 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	27,556	27,556
Reserves and surplus	3	85,096	81,241
		112,652	108,797
Deferred government grant	4	142	205
Loan funds			
Secured loan	5	74,281	95,696
Unsecured loan	6	18,473	13,722
		92,754	109,418
		205,548	218,420
APPLICATION OF FUNDS			
Fixed assets			
Gross block	7	314,121	303,991
Less: Accumulated depreciation/amortisation		158,055	145,786
Net block		156,066	158,205
Capital work-in-progress		254	8,121
		156,320	166,326
Investments	8	5	5
Current assets, loans and advances			
Inventories	9	83,463	75,182
Sundry debtors	10	138,452	115,609
Cash and bank balances	11	22,236	24,881
Loans and advances	12	14,074	129,768
Other current assets	13	6,932	7,496
		265,157	352,936
Less : Current liabilities and provisions			
Current liabilities	14	186,524	141,259
Provisions	15	29,410	159,588
		215,934	300,847
Net current assets		49,223	52,089
		205,548	218,420
Significant accounting policies	1		
Notes to the accounts	23		

The schedules referred to above form an integral part of the Balance Sheet

As per our report attached

For **B S R & Co**

Chartered Accountants
Firm Registration No.: 101248W

JITEN CHOPRA

Partner

Membership No.: 092894

Place : Gurgaon

Date : 25th August 2011

For **Assam Carbon Products Limited**

R.HIMATSINGKA

Chairman

G.P.CHAWLA

Executive Director (O)

Place : Kolkata

Date : 19th August 2011

V.S.LOKRE

Managing Director

A.HIMATSINGKA

Director

ANTHONY GALLAGHER

Director

SAUGATA DE

Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

(Amount in Rs. thousand)

	Schedule	Year Ended 31st March 2011	Year Ended 31st March 2010
Income			
Gross sales	16	423,419	418,757
Less: Excise duty		27,830	17,200
[Net of Excise Duty refund Rs. 6,231 (previous year Rs. 11,930)]			
Net Sales		<u>395,589</u>	401,557
Other income	17	<u>1,609</u>	7,840
		<u>397,198</u>	<u>409,397</u>
Expenditure			
Material costs	18	175,088	132,514
Purchase of trading goods		3,634	3,027
Decrease in inventories of finished goods and work-in-progress	19	8,952	17,945
Personnel costs	20	110,681	117,889
Manufacturing and other expenses	21	97,010	115,507
Depreciation/amortisation	7	12,770	12,932
Interest expense	22	10,634	10,871
		<u>418,769</u>	<u>410,685</u>
(Loss) before tax		<u>(21,571)</u>	<u>(1,288)</u>
Less:			
Current tax		-	-
Deferred tax release		-	(3,127)
Excess provision for tax of earlier years written back		<u>(25,426)</u>	-
Profit after tax		<u>3,855</u>	1,839
Balance in Profit and Loss Account brought forward		<u>63,716</u>	<u>61,877</u>
Balance in Profit and Loss Account carried forward to Reserve and Surplus		<u>67,571</u>	<u>63,716</u>
Basic and diluted earnings per equity share of face value of Rs. 10 each (Rs.)	23(10)	1.40	0.67
Significant accounting policies	1		
Notes to the accounts	23		

The schedules referred to above form an integral part of the Profit and Loss Account

As per our report attached

For **B S R & Co**

Chartered Accountants
Firm Registration No.: 101248W

JITEN CHOPRA

Partner

Membership No.: 092894

Place : Gurgaon

Date : 25th August 2011

For **Assam Carbon Products Limited**

R.HIMATSINGKA

Chairman

G.P.CHAWLA

Executive Director (O)

Place : Kolkata

Date : 19th August 2011

V.S.LOKRE

Managing Director

A.HIMATSINGKA

Director

ANTHONY GALLAGHER

Director

SAUGATA DE

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

(Amount in Rs. thousand)

	For the year ended 31 March 2011	For the year ended 31 March 2010
A. <u>Cash flow from operating activities</u>		
(Loss) before tax	(21,571)	(1,288)
<u>Adjusted for :</u>		
Depreciation	12,770	12,932
Provision for doubtful debts and advances	4,393	14,746
Interest paid	10,634	10,871
Interest received	(74)	(800)
Government grant	(63)	(63)
Liabilities no longer required written back	(882)	(1,106)
Unrealised foreign exchange loss / (gain) (net)	813	(6,705)
Loss on sale of fixed asset	237	-
Bad Debts/ Advances written off	-	6,446
Dividend income	(1)	(1)
	<u>27,827</u>	<u>36,320</u>
Operating profit before working capital changes	6,256	35,032
<u>Changes in :</u>		
Trade and other receivables	(20,535)	(27,563)
Inventories	(8,281)	22,469
Current liabilities and provisions	50,797	(14,095)
	<u>21,981</u>	<u>(19,189)</u>
Cash generated from operating activities	28,237	15,843
Direct taxes (paid)/ refunds received	(20)	9,343
Cash flow generated from operating activities	28,217	25,186
B. <u>Cash flow from investing activities</u>		
Purchase of fixed assets (including net movement in capital work in progress)	(3,287)	(9,197)
Interest received	74	728
Proceeds on disposal of fixed assets	286	53
Dividend income	1	1
Net cash (used in) / generated from investing activities	<u>(2,926)</u>	<u>(8,415)</u>

(Amount in Rs. thousand)

	For the year ended 31 March 2011	For the year ended 31 March 2010
C. Cash flow from financing activities		
Proceeds from borrowings	–	13,107
Repayment of borrowings	(17,212)	1,774
Dividend paid	–	(184)
Interest paid	(10,724)	(10,755)
Net cash (used in) / generated from financing activities	<u>(27,936)</u>	<u>3,942</u>
Net (decrease) / increase in cash and cash equivalents (A+B+C)	<u>(2,645)</u>	<u>20,713</u>
Cash and cash equivalents - opening balance	24,881	4,168
Cash and cash equivalents - closing balance	<u>22,236</u>	<u>24,881</u>
	<u>(2,645)</u>	<u>20,713</u>
Cash and cash equivalents as at the year end comprise of :	As at 31st March 2011	As at 31st March 2010
Cash in hand	74	186
Balances with scheduled banks		
- on current accounts	21,582	23,910
- on fixed deposits	20	–
- on unpaid dividend accounts*	442	667
- on margin money accounts*	118	118
	<u>22,236</u>	<u>24,881</u>

* accounts are not available for use by the Company

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

As per our report attached

For **B S R & Co**
Chartered Accountants
Firm Registration No.: 101248W

JITEN CHOPRA
Partner
Membership No.: 092894
Place : Gurgaon
Date : 25th August 2011

For **Assam Carbon Products Limited**

R.HIMATSINGKA
Chairman

G.P.CHAWLA
Executive Director (O)

Place : Kolkata
Date : 19th August 2011

V.S.LOKRE
Managing Director

A.HIMATSINGKA
Director

ANTHONY GALLAGHER
Director

SAUGATA DE
Company Secretary

Schedules to the accounts for the year ended 31st March 2011

1. SIGNIFICANT ACCOUNTING POLICIES

i. Basis of preparation of financial statements

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

ii. Use of estimates

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

iii. Fixed assets

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

iv. Depreciation / Amortisation

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

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

Intangible fixed assets

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

v. Impairment

The carrying amounts of fixed assets and capital work in progress are reviewed at each balance sheet date in accordance with Accounting Standard 28 on 'Impairment of Assets', prescribed by the Companies (Accounting Standards) Rules, 2006, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of assets are estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit of which it is a part,

exceeds the corresponding recoverable amount. Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

vi. Investments

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

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

vii. Inventories

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

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

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

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

viii. Revenue

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

ix. Income from Government Grant

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

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to depreciable assets,

grants are treated as deferred income which is recognised in the Profit and Loss Account on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged.

x. Foreign exchange transactions

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

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

xi. Employee benefits

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

Short term benefits

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

Post employment benefits

- a) Monthly contributions to Provident Funds which are in the nature of defined contribution schemes are charged to Profit and Loss Account and deposited with the Provident Fund administered through the Company's trust on a monthly basis.
- b) The administration of the gratuity scheme which is in the nature of defined benefit plan, has been entrusted to Life Insurance Corporation of India ('LIC'). Annual charge is recognised on the basis of actuarial valuation at the Balance Sheet date, conducted by an independent actuary appointed by the Company and payments are made to LIC on the basis of annual demand received from them.

Other long term benefits

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

xii. Taxation

Income tax expense comprises current tax, (i.e. amount of taxes for the year determined in accordance with the Income-Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for

the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

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

xiii. Provisions and contingent liabilities

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

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

xiv. Operating leases

Lease payments under operating lease arrangements are recognised as expense in the profit and loss account on a straight line basis over the period of the lease.

xv. Earnings per share

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

Schedules to the accounts for the year ended 31st March 2011

(Amount in Rs. thousand)

As at
31 March 2011 As at
31 March 2010

Schedule – 2

SHARE CAPITAL

Authorised

20,000 (previous year 20,000)

preference shares of Rs. 100 each

2,000

2,000

9,800,000 (previous year 9,800,000)

equity shares of Rs. 10 each

98,00098,000100,000100,000

Issued, subscribed and paid up

2,755,600 (previous year 2,755,600) equity shares of

Rs. 10/- each fully paid up

27,55627,556

Out of the 2,755,600 equity shares

- 117,500 (previous year 117,500) equity shares have been allotted as fully paid-up for consideration other than cash
- 1,450,000 (previous year 1,450,000) equity shares are held by Morgan Crucible Co. Plc - holding company (including 600,000 shares by its subsidiary)
- 1,415,000 (previous year 1,450,000) equity shares were allotted as fully paid bonus shares by capitalisation of Share premium account and general reserve

Schedule – 3

RESERVES AND SURPLUS

Capital Reserve

3,606

3,606

Capital Redemption Reserve

2,244

2,244

General Reserve

11,675

11,675

Profit and Loss Account

67,57163,71685,09681,241

Schedule – 4

DEFERRED GOVERNMENT GRANT

Opening balance

205

268

Less: Transferred to Profit and loss account as 'other income'

6363142205

Schedules to the accounts for the year ended 31st March 2011

Schedule – 7
FIXED ASSETS

Description	Gross block		Accumulated Depreciation/Amortisation				Net block	
	As at 1 April 2010	Additions Disposals	As at 31 March 2011	As at 1 April 2010	Charge for the year	Disposals 31 March 2011	As at 31 March 2011	As at 31 March 2010
Tangible assets								
Freehold land	1,853	-	1,853	-	-	-	1,853	1,853
Buildings	36,285	763	37,048	14,450	985	-	21,613	21,835
Plant and machinery	232,937	3,704	236,641	110,456	9,539	-	116,646	122,481
Furniture and fittings	5,380	-	5,380	4,073	183	-	1,124	1,307
Office Equipments	20,439	1,172	21,589	13,558	1,157	4	6,878	6,881
Vehicles	7,097	1,317	7,412	3,249	622	497	4,038	3,848
Subtotal	303,991	6,956	309,923	145,786	12,486	501	152,152	158,205
Intangible assets								
Computer software	-	4,198	4,198	-	284	-	3,914	-
Subtotal	-	4,198	4,198	-	284	-	3,914	-
Total	303,991	11,154	314,121	145,786	12,770	501	156,066	
Previous year	301,361	2,691	303,991	132,862	12,932	8		158,205
Capital work in progress							254	8,121
							156,320	166,326

Schedules to the accounts for the year ended 31st March 2011

(Amount in Rs. thousand)

As at 31 March 2011 As at 31 March 2010

Schedule – 8

INVESTMENTS

Long term (Other than trade)

Unquoted - at cost

In Assam Petrochemicals Limited

[500 (previous year 500) equity shares of

Rs. 10 each fully paid -up]

5	5
<u>5</u>	<u>5</u>

Schedule – 9

INVENTORIES

(At lower of cost and net realisable value)

Raw Materials [including in transit

Rs. 15,108 (previous year Rs. 9,829)]

49,375	30,883
--------	--------

Stores and spare parts [including in transit

Rs. Nil (previous year Rs. 699)]

3,929	5,188
-------	-------

Work-in-progress

20,015	23,025
--------	--------

Finished goods:

- Manufactured

9,129	15,143
-------	--------

- Traded

1,015	943
-------	-----

<u>83,463</u>	<u>75,182</u>
---------------	---------------

Schedule – 10

SUNDRY DEBTORS

(Unsecured)

Debts outstanding for a period exceeding six months

(a) Considered good

29,632	11,487
--------	--------

(b) Considered doubtful

37,715	40,403
--------	--------

Debts outstanding for a period less than six months

(a) Considered good

108,820	104,122
---------	---------

(b) Considered doubtful

-	-
---	---

176,167	156,012
---------	---------

Less : Provision for doubtful debts (Refer note 1 below)

37,715	40,403
--------	--------

<u>138,452</u>	<u>115,609</u>
----------------	----------------

Notes :

1. Debts considered doubtful of recovery, aggregating **Rs. 7,081** (previous year Rs. Nil), provided for in previous years, have been written off during the current year, with a corresponding adjustment to the related provision.
2. Debts aggregating to are outstanding from companies under the same management, as defined under Section 370 (1B) of the Companies Act, 1956. For details refer note 25 of Schedule 23.

Schedules to the accounts for the year ended 31st March 2011

(Amount in Rs. thousand)

	As at 31 March 2011	As at 31 March 2010
--	------------------------	------------------------

Schedule – 11**CASH AND BANK BALANCES**

Cash in hand	74	186
Balances with scheduled banks		
- on current accounts	21,582	23,910
- on fixed deposits	20	-
- on unpaid dividend accounts*	442	667
- on margin money accounts*	118	118
	<u>22,236</u>	<u>24,881</u>

* accounts are not available for use by the Company

Schedule – 12**LOANS AND ADVANCES**

(Unsecured and considered good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received

- Considered good	10,471	16,811
- Considered doubtful	1,371	1,371
Less: Provision for doubtful advances	<u>1,371</u>	<u>1,371</u>
Balance with customs, excise, sales tax authorities etc.	2,318	2,117

Advance tax [(including Fringe benefit tax

Rs. 175 (previous year Rs. 175)]

1,285	110,840
-------	---------

<u>14,074</u>	<u>129,768</u>
---------------	----------------

Schedule – 13**OTHER CURRENT ASSETS**

Deposits	6,257	5,757
Other receivables	675	1,739
	<u>6,932</u>	<u>7,496</u>

Schedules to the accounts for the year ended 31st March 2011

(Amount in Rs. thousand)

Year ended **Year ended**
31 March 2011 **31 March 2010**

Schedule – 16

GROSS SALES

Gross sales	423,260	415,829
Processing charges	159	2,928
	<u>423,419</u>	<u>418,757</u>

Schedule – 17

OTHER INCOME

Interest on deposits and others - Gross (Tax deducted at source Rs. 1 , Previous Year Rs. Nil)	74	800
Dividend Income - long term non trade, unquoted	1	1
Liabilities no longer required written back	882	1,106
Government grant	63	63
Rent received	240	240
Gain on foreign exchange fluctuations	–	5,153
Miscellaneous income	349	477
	<u>1,609</u>	<u>7,840</u>

Schedule – 18

MATERIAL COSTS

Raw materials consumed	164,762	118,518
Stores and spare parts consumed *	10,326	13,996
	<u>175,088</u>	<u>132,514</u>

*stores and spares consumed included under the head of Repairs **Rs. 843** (previous year Rs. 1,917)

Schedule – 19

DECREASE IN INVENTORIES OF

FINISHED GOODS AND WORK IN PROGRESS

Opening stock :

Work in progress	23,025	17,350
Finished Goods - manufactured	15,143	38,270
- Trading Items	943	1,436
	<u>39,111</u>	<u>57,056</u>

Closing Stock :

Work in progress	20,015	23,025
Finished Goods: - manufactured	9,129	15,143
- Trading Items	1,015	943
	<u>30,159</u>	<u>39,111</u>
	<u>8,952</u>	<u>17,945</u>

Schedules to the accounts for the year ended 31st March 2011

(Amount in Rs. thousand)

Year ended
31 March 2011

Year ended
31 March 2010

Schedule – 20

PERSONNEL COSTS

Salaries, wages and bonus	80,885	95,000
Contribution to provident and other funds	19,377	9,339
Workmen and staff welfare expenses	10,419	13,550
	<u>110,681</u>	<u>117,889</u>

Schedule – 21

MANUFACTURING AND OTHER EXPENSES

Power and fuel	25,990	32,735
Fabrication costs	11,403	9,119
Repairs to:		
- building	480	745
- plant and machinery	2,036	3,918
- others	1,748	1,490
Insurance	2,683	1,806
Rent (Refer note 11 of schedule 23)	3,018	2,893
Commission on sales	2,591	3,019
Packing and freight	4,616	4,945
Travelling and conveyance	15,034	14,657
Bad Debts/Advance written off	7,081	
Less: Adjusted against provision	<u>7,081</u>	6,446
Provision for doubtful debts	4,393	14,746
Rates and taxes	587	518
Professional charges	7,448	4,436
Auditors' remuneration (refer note 22 of schedule 23)	1,459	1,073
Non executive directors' fees / remuneration [Refer Note 2(ii) on Schedule 23]	1,535	1,130
Loss on sale and write off of fixed assets	237	–
Loss on foreign exchange fluctuations	2,401	–
Excise duty on opening and closing stock of finished goods - charge/(credit)	(183)	(466)
Postage and telephone	2,107	2,333
Security contractors	1,689	1,521
Bank charges	1,043	2,676
Miscellaneous expenses	4,695	5,767
	<u>97,010</u>	<u>115,507</u>

Schedule – 22

INTEREST EXPENSE

Interest on:		
- on term loan	1,334	1,525
- on others	9,300	9,346
	<u>10,634</u>	<u>10,871</u>

Schedules to the accounts for the year ended 31st March 2011

(Amount in Rs. thousand)

	As at 31 March 2011	As at 31 March 2010
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Schedule – 23**NOTES TO THE ACCOUNTS****1 Capital commitments**

- (i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for

	-	-
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2 Contingent liability not provided for:

- (i) Sales tax matters under appeal
(ii) Bank guarantees

	304	89
	-	1,843

3 (i) Particulars of managerial remuneration: *#

	For the year ended 31 March 2011	For the year ended 31 March 2010
Salary and allowances	4,728	1,816
Contribution to provident fund and other funds	664	582
Other benefits	398	1,977
	<u>5,790</u>	<u>4,375</u>

* Approval of Central Government is obtained for payment of managerial remuneration to the Managing Director in excess of limits prescribed under the Companies Act, 1956.

* The above amounts do not include provision for contribution to employee retirements/post retirements benefits which are based on actuarial valuation carried out on an overall Company basis.

Appointment of Executive Director Mr. G.P Chawla with effect from 18 August 2010.

(ii) Particulars of managerial remuneration (paid to Non Executive Director)*

Remuneration	1,375 **	1,000
Sitting fees	160	130
	<u>1,535</u>	<u>1,130</u>

* Approval of Central Government is obtained for payment of remuneration aggregating to **Rs 250** per quarter to the Non Executive Director till 30 June 2010.

** Central government vide its letter dated 11 February 2011 has approved payment of remuneration to non executive director for a period of 5 years with effect from 30 September 2010 to 30 June 2015 to the extent of 1% of net profit as computed under section 198 of the Companies Act, 1956. (Refer note below)

Note: Computation of Directors' Remuneration for the year ended 31 March 2011 in accordance with Section 198 read with Section 349 of the Companies Act, 1956:

Schedules to the accounts for the year ended 31st March 2011 (

	(Amount in Rs. thousand)	
	For the year ended 31 March 2011	For the year ended 31 March 2010
Schedule – 23 (Contd.)		
(Loss) before Tax	(21,571)	(1,288)
Add: Depreciation as per profit and loss account	12,770	12,932
Directors' remuneration	7,325	5,505
Provision of doubtful debts and advances	4,393	14,746
Loss on sale of fixed asset	237	–
	3,153	31,895
Less: Depreciation under Section 350 of the Companies Act, 1956	12,770	12,932
Excess of expenditure over revenue as computed under section 349 for the previous year	14,232	33,195
	(23,862)	(14,232)
Directors' Remuneration thereon - 1% of net profit	<u>–</u>	<u>–</u>

* Remuneration paid aggregating **Rs. 1,125** paid to the non executive director is in excess of the limits prescribed under the Companies Act, 1956 and approved by Central Government of India.

- 4 The issue of payment of back wages during the period of strike / lock-out at the Company's Guwahati Unit for certain employees effective from 29 November 2007 to 24 July 2008 and for others from 29 November 2007 to 3 November 2008, has been referred to appropriate authorities for adjudication. However, the Company, on the principle of No Work No Pay, has neither ascertained nor made any provision for payment of such wages and other employee benefits for the period of strike and lock out for certain employees effective from 29 November 2007 to 24 July 2008 and for others from 29 November 2007 to 3 November 2008. Guwahati unit is again under lock out with effect from 7 December 2010 pending resolution of labour dispute. The Company on the principle of No work No Pay, has neither ascertained nor made any provision for payment of wages and other employee benefits for the period of strike and lock out for certain employees with effect from 7 December 2010 till date.
- 5 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income - Tax Act, 1961. Since the law requires the existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation of the International transactions entered into with the associated enterprises from 1 April 2010 to 31 March 2011 and expects such records to be in existence within the due date. The management is of the opinion that its international transaction are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.
- 6 Research and development expenses recognised in the profit and loss account aggregates to **Rs. 487** (previous year Rs. 601)

Schedules to the accounts for the year ended 31st March 2011 (

(Amount in Rs. thousand)

For the For the
year ended year ended

Schedule – 23 (Contd.)

31 March 2011 31 March 2010

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

	GBP	Equivalent Rs.	Euro	Equivalent Rs.	US Dollar	Equivalent Rs.
Creditors	1,299 [794]	94,389 [54,472]	117 [42]	7,465 [2,541]	14 [38]	629 [1,724]
Debtors	316 [173]	22,961 [11,867]	7 [7]	447 [456]	21 [18]	943 [821]
Unsecured loan	200 [200]	14,533 [13,722]	- [-]	- [-]	- [-]	- [-]
Buyer's Credit	- [60]	- [4,098]	- [-]	- [-]	- [-]	- [-]

(Previous year figures are in brackets)

8 Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 in respect of micro and small suppliers based on the information available with the Company:

	As at 31 March 2011	As at 31 March 2010
(i) Principal amount due at the end of accounting year	1,208	3,586
(ii) The interest due thereon remaining unpaid to supplier as at the end of accounting year	375	432
(iii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during the year		
Principal	1,340	7,110
Interest	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	109	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	1,100	725

Schedules to the accounts for the year ended 31st March 2011

(Amount in Rs. thousand)

Schedule – 23 (Contd.)	As at 31 March 2011	As at 31 March 2010
9 Deferred Tax		
Deferred tax assets		
Provision for doubtful debts and advances	12,684	11,569
Provision for employee benefits	9,544	8,817
Brought forward tax losses	22,625	–
Total	44,853	20,386
Deferred tax liabilities		
Difference between written down value of fixed assets as per books of accounts and for tax purposes	22,281	20,386
Total	22,281	20,386
Deferred tax asset / (liability) [net]	22,572	–
<p>Note: In view of absence of virtual certainty of realisation of deferred tax asset in the foreseeable future, deferred tax asset is not recognised in the financial statements.</p>		
10 Earning per share:		
(a) Weighted average number of equity shares outstanding during the year	2,755,600	2,755,600
(b) Net profit after tax attributable to equity shareholders (Rs. '000)	3,855	1,839
(c) Basic and diluted earnings per equity share of face value Rs. 10 (Rs.)	1.40	0.67
11 (a) Cancellable Operating Leases: The Company has taken various office and residential premises on operating lease arrangements. These agreements are for a period of 11 months to 3 years, cancellable during the life of the contract at the option of both the parties.		
(b) Non- Cancellable Operating Leases: The Company acquired a vehicle under non-cancellable operating lease agreement. Future minimum lease payments outstanding as on 31 March 2011 are given below :		
Not later than one year	284	284
Later than one year but not later than five years	617	901
	901	1,185
(c) Minimum lease payment (under both cancellable and non cancellable leases) charged during the year to the profit and loss account aggregated to Rs. 3,018 (Previous year Rs. 2,474).		

Schedules to the accounts for the year ended 31st March 2011

Schedule – 23 (Contd.)

12 Employee Benefits

Disclosures made in accordance with Accounting Standard 15 - Employee Benefits (AS 15) pertaining to defined benefit plans: (Rs. in '000)

	2010-11	2009-10	2008-09	2007-08
	Gratuity	Gratuity	Gratuity	Gratuity
	Funded	Funded	Funded	Funded
(i) Net Asset / (liability) recognised in Balance sheet as at the year end				
Present value of defined obligation at year end	42,609	33,262	34,719	34,011
Fair value of Plan Assets at year end	23,157	19,206	20,853	23,760
Net Asset / (liability) recognised in the balance sheet	(19,452)	(14,056)	(13,866)	(10,251)
(ii) Components of employer expense				
Current service costs	2,134	1,742	1,828	1,811
Interest costs	2,491	2,583	2,289	2,752
Expected return on plan assets	(1,537)	(1,668)	(1,901)	(1,515)
Past service cost	–	1,566	–	–
Actuarial (gain) / loss recognised in the year	8,664	(2,533)	3,185	(737)
Expense recognised in the statement of profit and loss account	11,752	1,690	5,401	2,311
The gratuity expenses have been recognised in "Contribution to provident and other fund" under Schedule 20.				
(iii) Change in defined benefit obligations :				
Obligation at beginning of the year	33,262	34,719	34,011	34,728
Service cost	2,134	1,742	1,828	1,811
Interest cost	2,491	2,583	2,289	2,752
Past service cost	–	1,566	–	–
Actuarial (gain) / loss	8,959	(2,475)	3,560	(578)
Benefits paid	(4,237)	(4,873)	(6,969)	(4,702)
Obligation at end of the year	42,609	33,262	34,719	34,011
(iv) Change in plan assets:				
Fair value of plan assets, beginning of the year	19,206	20,853	23,760	18,933
Expected return on plan assets	1,537	1,668	1,901	1,515
Employer's contribution	6,357	1,500	1,786	7,855
Benefit paid	(4,237)	(4,873)	(6,969)	(4,702)
Actuarial gain/(loss)	294	58	375	159
Fair value of plan assets at the end of the year	23,157	19,206	20,853	23,760
Deficit	(19,452)	(14,056)	(13,866)	(10,251)

Schedules to the accounts for the year ended 31st March 2011

Schedule – 23 (Contd.)

(Rs. in '000)				
	2010-11	2009-10	2008-09	2007-08
	Gratuity	Gratuity	Gratuity	Gratuity
	Funded	Funded	Funded	Funded
(v) Actual return on plan assets:	1,831	1,726	2,276	1,674
(vi) Category of assets as at year end:				
Invested in Life Insurance Corporation of India	23,157	19,206	20,853	23,760
(vii) Assumptions:				
Discount rate	8.00%	8.00%	7.50%	8.50%
Expected rate of salary increase	8.00%	8.00%	8.00%	8.00%
Expected return on plan assets	8.00%	8.00%	8.00%	8.00%
Inflation rate	8.00%	8.00%	8.00%	8.00%
The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors.				
(viii) Experience history				
Defined benefit obligation at the end of the period	42,609	33,262	34,719	34,011
Plan assets at the end of the period	23,157	19,206	20,853	23,760
Funded Status	(19,452)	(14,056)	(13,866)	(10,251)
Experience gain/(loss) adjustment on plan liabilities	295	58	375	159
Actuarial gain/(loss) due to change in assumption	(9,254)	2,417	(3,935)	419
Experience gain/(loss) adjustment on plan assets	294	58	375	159
(ix) Major category of Plan Assets as a % of the Total Plan assets as at the year end				
Invested in Life Insurance Corporation of India	100%	100%	100%	100%
(x) Basis used to determine the Expected Rate of return on Plan Assets				
The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.				

Schedules to the accounts for the year ended 31st March 2011

Schedule – 23 (Contd.)

13 Segment Reporting

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

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

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

(Rs. in '000)

Particulars	Export		Domestic		Total	
	Year ended 31-Mar-11	Year ended 31-Mar-10	Year ended 31-Mar-11	Year ended 31-Mar-10	Year ended 31-Mar-11	Year ended 31-Mar-10
Gross sales	49,625	37,061	373,794	381,696	423,419	418,757
Less: Excise duty (net)	–	–	27,830	17,200	27,830	17,200
Net Sales	49,625	37,061	345,964	364,496	395,589	401,557
Other income	–	–	1,534	7,039	1,534	7,039
Other income - unallocable	–	–	–	–	75	801
Segment revenue	49,625	37,061	347,498	371,535	397,198	409,397
Segment result	3,574	3,827	14,590	27,160	18,164	30,987
Unallocated expenses (net of income)	–	–	–	–	29,101	21,404
Interest	–	–	–	–	10,634	10,871
(Loss) before tax	–	–	–	–	(21,571)	(1,288)
Deferred tax release	–	–	–	–	–	(3,127)
Excess provision for tax for earlier years written back	–	–	–	–	(25,426)	–
Profit after tax	–	–	–	–	3,855	1,839
Other Information :						
Segment assets	24,382	16,033	114,070	99,576	138,452	115,609
Unallocated assets	–	–	–	–	283,030	403,658
Total assets	–	–	–	–	421,482	519,267
Segment liabilities	–	–	5,306	3,972	5,306	3,972

Schedules to the accounts for the year ended 31st March 2011

Schedule – 23 (Contd.)

(Rs. in '000)

Particulars	Export		Domestic		Total	
	Year ended 31-Mar-11	Year ended 31-Mar-10	Year ended 31-Mar-11	Year ended 31-Mar-10	Year ended 31-Mar-11	Year ended 31-Mar-10
Unallocated liabilities					303,524	406,498
Share Capital	–	–	–	–	27,556	27,556
Reserves and surplus	–	–	–	–	85,096	81,241
Total liabilities					421,482	519,267
Cost incurred to acquire fixed asset	–	–	–	–	–	–
Unallocable	–	–	–	–	3,287	9,197
Depreciation/amortisation	–	–	–	–	–	–
Unallocable	–	–	–	–	12,770	12,932
Significant non cash expenses	–	–	–	–	–	–

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

(a) Related parties (where control exists)

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

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

(Rs. in '000)

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

Schedules to the accounts for the year ended 31st March 2011

Schedule – 23 (Contd.)

(c) Related parties with whom there have been transactions during the previous year: (Rs. in '000)

Name of the party	Nature of relationship	Sales	Purchases	Loan outstanding	Remuneration paid	Professional fees	Receivable/(payable) at year end
Morgan Crucible Company Plc.	Holding company	–	–	13,722	–	–	(1,417)
Morgan AM&T (SEA) Pte Limited	Fellow subsidiary	–	1,828	–	–	–	(1,629)
Shanghai Morganite Electrical Carbon Co	Fellow subsidiary	–	2,110	–	–	–	–
Shanghai Morgan Carbon Co. Limited	Fellow subsidiary	–	–	–	–	–	496
Morgan Electrical Carbon Limited	Fellow subsidiary	27,142	38,092	–	–	2,928	(41,829)
Morgan Korea Company Limited	Fellow subsidiary	1,095	–	–	–	–	233
Morganite Special Carbons Limited	Fellow subsidiary	–	–	–	–	–	(109)
Mr. D Ray	Key management personnel	–	–	–	4,375	–	(396)
Total		28,237	42,030	13,722	4,375	2,928	

15 Capacity and production

Class of goods	Unit of quantity	31 March 2011			31 March 2010		
		Licensed capacity*	Installed capacity**	Actual production	Licensed capacity*	Installed capacity**	Actual production
EG, HC, NG and RB carbon blocks	Kgs	N.A	157,949	43,063	N.A	157,949	98,798
MG and SG carbon blocks	Kgs	N.A	119,697	16,717	N.A	119,697	29,993
Electrical carbon brushes	Nos	N.A	2,168,000	2,314,258	N.A	2,168,000	1,992,517
Mechanical and special carbon blocks and blanks	Kgs	N.A	61,289	21,921	N.A	61,289	37,744
Machined and special carbon components	Nos	N.A	10,628,400	1,185,689	N.A	10,628,400	1,142,433
ISO-Graphite components	Nos	N.A	204,648	1,167	N.A	204,648	9,005
Copper moulding and linking powder	Kgs	N.A	45,000	2,747	N.A	45,000	3,099
N H Coke	Kgs	N.A	174,060	21,598	N.A	174,060	65,078

* N.A represents not applicable in view of Government of India's notification No. S.D.477 (E) dated 25 July 1991

** Installed capacities are as certified by management and relied upon by the auditors, being a technical matter.

Schedules to the accounts for the year ended 31st March 2011

Schedule – 23 (Contd.)

16 Details of turnover (including excise duty)

a. Manufactured goods

(Rs. in '000)

Class of goods	Unit of quantity	For the year ended 31 March 2011		For the year ended 31 March 2010	
		Quantity	Amount	Quantity	Amount
EG, HC, NG and RB carbon blocks	Kgs	11,562 [33,245]	14,833	20,039 [77,004]	25,734
MG and SG carbon block	Kgs	4,585 [14,832]	5,262	8,863 [19,210]	8,572
Electrical carbon brushes	Nos	2,251,817 [130,665]	161,252	2,156,678 [7,184]	200,397
Mechanical and special carbon blocks and blanks	Kgs	240 [22,069]	194	4,398 [34,495]	1,404
Machined and special carbon components	Nos	1,188,605	230,869	1,117,388	155,474
ISO-Graphite components	Nos	1,245	3,019	8,924	18,230
Copper moulding and linking powder	Kgs	434 [2,363]	1,093	253 [2,796]	498
NH Coke	Kgs	– [21,598]	–	– [65,078]	–
Miscellaneous Sales		–	138	–	72
Total (A)			416,660		410,381

* Figures in brackets indicate captive consumptions

b. Traded goods

(Rs. in '000)

Class of goods	Unit of quantity	For the year ended 31 March 2011		For the year ended 31 March 2010	
		Quantity	Amount	Quantity	Amount
Carbon brushes	Nos	12,467	5,863	12,716	4,987
Commutator maintenance accessories	Nos	1,287	737	837	461
Total (B)			6,600		5,448
Total (A) + (B)			423,260		415,829

Schedules to the accounts for the year ended 31st March 2011

Schedule – 23 (Contd.)

17 Details of inventories of finished goods

(Rs. in '000)

Class of goods	Unit of quantity	As at 31 March 2011		As at 31 March 2010	
		Quantity	Amount	Quantity	Amount
EG, HC, NG and RB carbon blocks	Kgs	4,825	3,063	6,569	4,296
MG and SG carbon blocks	Kgs	2,320	1,535	5,020	3,036
Electrical carbon brushes	Nos	23,540	1,726	91,764	5,237
Mechanical and special carbon blocks and blanks	Kgs	3,701	1,504	4,089	1,461
Machined and special carbon components	Nos	6,824	1,078	9,740	1,012
ISO-Graphite components	Nos	1,080	223	1,158	57
Copper moulding and linking powder	Kgs	–	–	50	44
Total			9,129		15,143

18 Details of inventories of traded goods

(Rs. in '000)

Class of goods	Unit of quantity	As at 31 March 2011		As at 31 March 2010	
		Quantity	Amount	Quantity	Amount
Carbon brushes	Nos	5,172	47	5,533	39
Commutator maintenance accessories	Nos	859	968	636	904
Total			1,015		943

19 Details of raw materials consumed

(Rs. in '000)

Class of goods	Unit of quantity	For the year ended 31 March 2011		For the year ended 31 March 2010	
		Quantity	Amount	Quantity	Amount
Lamp black, carbon black, coke, natural and synthetic graphite, pitch, etc	Kgs	248,716	39,926	196,364	23,671
Non ferrous metals	Kgs	44,472	22,940	47,152	20,434
Copper sheet, brass sheet, flexible wires, tubes, rodes etc.	Kgs	23,461	13,951	142,352	14,631
Carbon brush components	Various**		14,320		15,096
ISO Graphite and carbon blocks, blanks etc	Kgs	84,532	70,459	31,392	39,448
Others*	Various**		3,166		5,238
Total			164,762		118,518

* Others do not include any individual items accounting for 10% or more in total value

** Includes various components having different unit of quantity measurement

Schedules to the accounts for the year ended 31st March 2011

Schedule – 23 (Contd.)

20 Details of purchase of traded goods (Rs. in '000)

Class of goods	Unit of quantity	For the year ended 31 March 2011		For the year ended 31 March 2010	
		Quantity	Amount	Quantity	Amount
Carbon brushes	Nos	12,106	3,428	12,292	2,728
Commutator maintenance accessories	Nos	1,510	206	959	299
Total			3,634		3,027

21 Details of imported and indigenous raw materials and stores and spare parts consumption

	For the year ended 31 March 2011		For the year ended 31 March 2010	
	Amount (Rs. in '000)	% of total consumption	Amount (Rs. in '000)	% of total consumption
Raw materials				
Imported	104,170	63	62,545	53
Indigenous	60,592	37	55,973	47
	164,762	100	118,518	100
Stores and spares				
Imported	1,037	9	2,355	15
Indigenous	10,132	91	13,558	85
	11,169	100	15,913	100
Total	175,931		134,431	

	For the year ended 31 March 2011	For the year ended 31 March 2010
	(Rs. in '000)	
22 Auditors' remuneration includes*:		
(a) Statutory audit fees	700	500
(b) Limited Reviews	550	445
(c) Reimbursement of out of pocket expenses for (a) and (b) above	80	28
(d) Service tax	129	100
	<u>1,459</u>	<u>1,073</u>

* Paid to the erstwhile auditors of the Company **Rs. 138** (previous year Rs. 1,073)

23 Value of imports on C.I.F. basis

Raw materials	104,640	56,744
Stores and spare parts	704	1,180
Capital goods	-	19
Trading items	280	-

Schedules to the accounts for the year ended 31st March 2011

Schedule – 23 (Contd.)

	For the year ended 31 March 2011	For the year ended 31 March 2010
	(Rs. in '000)	
24 Expenditure and earnings in foreign exchange		
(a) Expenditure in foreign currency (on accrual basis)		
Travelling	351	495
Professional fees	1,463	–
Interest	–	26
(b) Earnings in foreign currency (on accrual basis)		
Exports on F.O.B. basis	49,625	34,133
Reimbursement of expenses	548	–
Processing charges	–	2,928
25 Dues from bodies corporate under the same management		
	As at	As at
	31 March 2011	31 March 2010
Details of amounts dues from bodies corporate under the same management as defined in Section 370(1B) of the Companies Act 1956, as referred in note 2 of Schedule 10 are given below:		
Morganite Electrical Carbon Limited	18,713	11,605
Morgan Korea Company Limited	757	233
Shanghai Morgan Carbon Co Limited	552	496
	<u>20,022</u>	<u>12,334</u>
26 The financial statements of the previous year were audited by a firm of Chartered Accountants other than B S R & Co		

- 27** Certain amounts reported in the balance sheet as at 31 March 2010 and the profit and loss account for the year ended 31 March 2010, require regrouping to conform to the current year's classification. The following table shows the amounts reported in the financial statements for the year ended 31 March 2011 and how these amounts would have appeared in the financial statements for the year ended 31 March 2011 if the current period's grouping/classification were applied:

(Rs. in '000)

Schedules	31 March 2010 (As per grouping of 31 March 2011)	31 March 2010 (As per audited grouping of 31 March 2010)
Schedule 7 : Fixed Assets		
Gross block:		
Furniture and fittings	5,380	–
Office Equipment	20,439	–
Furniture, office and service equipment	–	25,819
Accumulated depreciation:		
Furniture and fittings	4,073	–
Office equipment	13,558	–
Furniture, office and service equipment	–	17,631

Schedules to the accounts for the year ended 31st March 2011

Schedule – 23 (Contd.)

(Rs. in '000)

Schedules	31 March 2010 (As per grouping of 31 March 2011)	31 March 2010 (As per audited grouping of 31 March 2010)
Schedule 13 : Loans and advances		
Advances recoverable in cash or in kind or for value to be received	16,811	18,928
Balance with customs, excise, sales tax authorities etc.	2,117	–
Schedule 14 : Current liabilities		
Total outstanding dues of creditors other than micro and small enterprise	129,283	77,409
Sundry creditors: others	–	66,596
Investor Education and protection fund	667	–
Schedule 15: Provisions		
Provisions for employee benefits	24,588	–
Provision for leave encashment	–	9,038
Provision for sick leave	–	1,495
Schedule 20 : Personnel expenses		
Contribution to provident and other funds	9,339	8,608
Workmen and staff welfare expenses	13,550	–
Contribution to Employees' State Insurance and re-imbursment of Medical expenses	–	4,781
Canteen and leave fare assistance	–	8,555
Uniforms	–	566
Other expenses	–	379
Schedule 21 : Administrative and other expenses		
Miscellaneous expenses	5,767	4,138
Advertisement and publicity	–	639
Printing and stationery	–	844
Registrar and share transfer agent's remuneration	–	124
Discount and rebate	–	22

As per our report of
even date attached

For BSR & Co

Chartered Accountants
Firm Registration No.: 101248W

JITEN CHOPRA

Partner
Membership No.: 092894

Place : Gurgaon
Date : 25th August 2011

For Assam Carbon Products Limited

R.HIMATSINGKA
Chairman

V.S.LOKRE
Managing Director

ANTHONY GALLAGHER
Director

G.P.CHAWLA
Executive Director (O)

A.HIMATSINGKA
Director

SAUGATA DE
Company Secretary

Place : Kolkata
Date : 19th August 2011

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code
 Balance Sheet Date

II. Capital Raised during the year (Amount in Rs. '000)

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. '000)

Total Liabilities	<input type="text" value="421, 482"/>	Total Assets	<input type="text" value="421,482"/>
Sources of Funds			
Paid-up Capital	<input type="text" value="27,556"/>	Reserves and Surplus	<input type="text" value="85,096"/>
Deferred tax liability	<input type="text" value="-"/>		
Application of Funds			
Net Fixed Assets (including capital work in progress)	<input type="text" value="156320"/>	Investment	<input type="text" value="5"/>
Net current assets	<input type="text" value="49,223"/>	Miscellaneous expenditure	<input type="text" value="Nil"/>
Accumulated losses	<input type="text" value="Nil"/>		

IV. Performance of Company (Amount in Rs. '000)

Turnover (including other income)	<input type="text" value="397,198"/>	Total Expenditure	<input type="text" value="418,769"/>
Profit/(Loss) before tax	<input type="text" value="(21,571)"/>	Profit/(Loss) after tax	<input type="text" value="3,855"/>
Earning per share in Rs.	<input type="text" value="1.40"/>	Dividend rate %	<input type="text" value="-"/>

V. Generic names of principal products of the company

Item code no. (ITC Code)	<input type="text" value="854520-02"/>
Product Description	Carbon Blocks
Item code no. (ITC Code)	<input type="text" value="854520-01"/>
Product description	Carbon brushes
Item code no. (ITC Code)	<input type="text" value="848590-00"/>
Product description	Mechanical and Special Carbon Blocks and Blanks

For and on behalf of the Board

R.HIMATSIKKA

Chairman

Kolkata

19th August 2011

V.S.LOKRE

Managing

Director

ANTHONY GALLAGHER

Director

G.P.CHAWLA

Executive

Director (O)

A.HIMATSIKKA

Director

SAUGATA DE

Company

Secretary

Form of Proxy



ASSAM CARBON PRODUCTS LTD

Registered Office : Birkuchi, Guwahati – 781 026

I/We _____
of _____ in the district of _____
being a member/members of the above named Company, hereby appoint
Mr./Mrs. _____ of _____ in the
district of _____ or failing him/her Mr./Mrs. _____
of _____ in the district of _____
as my/our proxy to vote for me/us and on my/our behalf at the 48th Annual General Meeting of the
Company to be held on Wednesday, 28th September, 2011 at 10.00 AM and at any adjournment
thereof.

Signed this _____ day of, _____ 2011

Signature _____

Affix
Revenue
Stamp

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



ASSAM CARBON PRODUCTS LTD

Attendance Slip

To be handed over at the entrance of the Meeting Hall

Full name of the
Member attending : _____

Full name of the
first joint-holder : _____

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

Name of Proxy : _____

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

I hereby record my presence at the 48th Annual General Meeting being held at 'The Cottages', Girish
Chandra Bardalai Path, Bardalai Colony, Bamunimaidan Hills, Guwahati – 781 021 on Wednesday,
28th September, 2011 at 10.00 AM.

DP Id: _____ Client ID _____

Registered Folio No. : _____

Member's/Proxy's Signature

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

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