

ASSAM CARBON PRODUCTS LTD.



ANNUAL REPORT 2013-14

CHAIRMAN EMERITUS

Mr P C Goenka

BOARD OF DIRECTORS

Mr R Himatsingka, Chairman

Mr Prabhat C Goenka

Mr Neil P Hoyland

Mr Ralph Gomarsall

Mr Hitesh Saiwal

Mrs Anita Himatsingka

Mr Rajesh Prasad - Nominee of AIDC Ltd
(upto 5th June 2014)

Mr. A. Saikia - Nominee of AIDC Ltd
(with effect 5th June 2014)

Mr Vivekananda S Lokre
(upto 29th November 13)

Mr Ron Marno (upto 30th March 14)

COMPANY SECRETARY

Mr Saugata De

REGISTERED OFFICE

Birkuchi

Guwahati 781 026

Ph: 0361 -264074, Fax: 0361 – 2640368

E Mail: acplghy@ascarbon.com

CORPORATE OFFICE

2, I D A Phase-I

Patancheru – 502 319

Dist – Medak, Telengana

Email: acplpat@ascarbon.com

AUDITORS

BSR & Co

Godrej Waterside, Plot No-5, Block DP,

Unit No. 603 & 604, Sector-V

Salt Lake, Kolkata – 700 091

REGISTRARS & SHARE TRANSFER AGENTS

C B Management Services Ltd

P-22 Bondel Road, Kolkata – 700 019

BANKERS

HSBC

Axis Bank Ltd

State Bank of India

State Bank of Hyderabad

WORKS

Plant I:

Copper Powder Unit

NH Coke Unit, SIG

Contact Unit, Material - Birkuchi
(Block, Blanks, etc) & Guwahati – 781 026
Brush Finishing Plant Assam

Plant II:

Engineered Carbon - 2, I D A Phase-I

Finishing & Metalising Patancheru – 502 319

Plant Dist – Medak
Telengana

INDEX

	<u>Page No.</u>
1. Notice	2 - 5
2. Directors Report	6 - 9
3. Auditors Report	10 - 15
4. Balance Sheet	16
5. Profit & Loss Account	17
6. Cash flow Statement	18 - 19
7. Schedules & Notes on Accounts	20 - 42

NOTICE TO MEMBERS

NOTICE is hereby given that the 51st Annual General Meeting of the Members of Assam Carbon Products Limited will be held on Friday, the 19th day of September, 2014 at 10.30 A.M. at the registered office at Birkuchi, Guwahati – 781 026 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2014, 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 Hitesh Saiwal, 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 LLP, Chartered Accountants, be and is hereby appointed as the Auditor of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as fixed by the Board of Directors of the Company".

SPECIAL BUSINESS:

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

5. **Waiver of excess remuneration payable to Mr R Himatsingka, Non Whole time Director for the year ended 31st March, 2014:**

"RESOLVED THAT the company, pursuant to provisions of section 197 and such other applicable provisions, if any, of the Companies Act, 2013 and subject to approval of the Central Government do waive the recovery of the remuneration for the year ended 31st March, 2014 payable in excess of the limits prescribed in sections 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 to Mr. Rakesh Himatsingka, Non Whole Time Director of the Company."

6. **Payment to Mr Prabhat C Goenka, Director, as a Consultant:**

"RESOLVED THAT the company, pursuant to provisions of section 188(1)(f) and such other applicable provisions, if any, of the Companies Act, 2013 do hereby approve the payment of Rs. 3,66,160/- per month to Mr Prabhat C Goenka, Non Executive Director, effective 30th November 2013, by way of consultancy fees."

Place : Patancheru
Date : 28th May 2014

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 16th September, 2014 to 19th September 2014 both days inclusive.
3. Equity shares of the Company are listed with Calcutta and Guwahati Stock Exchanges. Listing fees for the current year have been paid.
4. The investors are requested to enroll their e mail ids with the company and can write to the Company Secretary at sde@ascarbon.com.
5. The Company may opt for the facility of E-voting as per the provisions of section 108 of the Companies Act 2013 for the business to be transacted as per the Notice.

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013**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 197 of the Companies Act, 2013.

The Shareholders at its meeting held on 29th September 2010 had also approved the aforesaid payment. However on an application made to the Central Government, the Central Government allowed payment to Mr Himatsingka to the tune of 1% of the net profits as computed under section 197 of the Companies Act 2013.

On computing the net profits under section 197 of the Companies Act, 2013, the remuneration for the year ended 31st March, 2014 payable to Mr R Himatsingka exceeded by Rs 17,00,000 the limits prescribed in sections prescribed in sections 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013.

The Remuneration Committee of the Board of Directors held on 31st March 2014 and also the Board of Directors at their meeting held on 28th May 2014, decided to waive recovery of the excess remuneration payable to Mr R Himatsingka, however, subject to approval of the Shareholders and the Central Government as required by provisions of section 197 of the Companies Act, 2013.

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

The Company's main business is manufacture and sale of Electrical and Engineered Carbon Materials and components, at its two factories at Guwahati, Assam and Patancheru, Andhra Pradesh for over three decades. The Promoters of the Company, M/s Morgan Advanced Materials Co, UK holds 28.77% of the Company's Equity Share capital. Its products are exported to Luxemburg, Hungry and Far Eastern countries.

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

	Year ended 31.3.12 (Rs 000s)	Year ended 31.3.13 (Rs 000s)	Year ended 31.3.14 (Rs 000s)
(i) Paid up Capital	27,556	27,556	27,556
(ii) Sales & Other Income	406,403	423,053	447,804
(iii) Profit before tax	(5,211)	(79,626)	1518
(iv) Dividend (%)	–	–	–

The Board noted that Mr Himatsingka (62) is B E (Hons) in Mechanical Engineering, from Birla Institute of Technology & Science, Pilani. Subsequent to completion of his Engineering, after working in India for two (2) years, Mr Himatsingka worked and was trained as 'Carbon Technologist' in Company's foreign collaborator's factory in Swansea, U K for over two (2) years. Mr Himatsingka was instrumental in the setting up of the Company's new factory in Birkuchi, Guwahati, Assam.

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

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

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

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

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

Re: Item 6

Due to the sudden departure of the erstwhile Managing Director of the Company, Mr V S Lokre on and from 30th November, 2013, from the services of the company, there was a vacuum in this

executive position in the company. The company was not in a position for the recruitment for the post of Managing Director immediately as it required time and effort to attract candidature of high caliber which was needed by the company.

However, in order to fill the gap and the crisis which the company was facing, the Board approached Mr Prabhat C Goenka, who was having expert knowledge in the field of carbon technology and requested to act as the executive position equivalent to the position of the Managing Director. However, since Mr Goenka was already running its own company, agreed to act as a Consultant to fill up the gap and will work with company, as per the terms and conditions set up by the company, till the post of the Managing Director could not be filled by the company.

Mr. Prabhat C. Goenka, aged about 57 years, a Commerce Graduate and a carbon technologist, have got immense experience and knowledge in carbon business and has got experience of about 35 years.

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

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

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

Place : Patancheru

Date : 28th May 2014

By Order of the Board

Saugata De

Company Secretary

DIRECTORS' REPORT TO THE MEMBERS

Your Directors presents the 51st Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2014.

1. FINANCIAL RESULTS

	(Rs.000's)	
	<u>2013-2014</u>	<u>2012-2013</u>
Sales & Other Income	447,804	423,053
Profit/(Loss) before tax	1518	(79,626)
Less: Provision for tax	Nil	Nil
Profit/(Loss) after Tax	1518	(79,626)
Add: Unappropriated Profit of last year	(17,266)	62,360
Balance carried forward	(15,748)	(17,266)

2. OPERATIONS

During the year under review, Gross Sales of the Company is Rs.3830.56 Lacs as compared to Rs. 3983.74 Lacs in the previous year. For the year, your company has made a Gross Profit of Rs.15.18 Lacs as against Gross Loss of Rs. 796.26 Lacs in the previous year. The Export Sales during the year has been very minimal as compared to the previous year.

During the year, your company incurred a forex loss of Rs. 195 lacs as compared to forex gain of Rs. 1.65 lacs with previous year.

During the year quality issues by the company has been resolved and appropriate controls have been implemented to stop the recurrence, these measures have reduced in house rejections from 6% to 1.25% and there has been no external complaints and also have improved on time delivery from 55% to 95%.

During the year there have been developments in the process, controls, and development of new products and manufacturing process which have opened the door for the new business and tap additional business opportunities which will help your company to improve the top line and bottom line. During the year lot of cost cutting drive has been implemented and also price increase has been taken especially in the business segments which has low gross margin which has improved the bottom line.

3. FUTURE OUTLOOK

Business environment is improving in the segments in which your company is in business and it is showing an upward trend. Major lost customers are being focused for the coming year. New business opportunities will be tapped and may lost customers and new customers will be identified and start business with them. Your company is developing new grades making the arduous working conditions in the field of automotive and fractional horse power motors, which will be a new business.

In addition to the cost cutting drive further improvement in gross margin business and reduction in raw material consumption will receive the attention of the management team. The company's efforts are to improve sales volumes and price levels by focusing on alternate growth areas and product-lines which were untapped so far. As mentioned earlier, a price improvement initiative is already underway, and the benefit of this are expected to be seen during the coming year of 2014-15.

4. DIVIDEND

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

5. PUBLIC DEPOSIT

The Company has not accepted / renewed any public deposit under section 73, 76 of the Companies Act, 2013, read with Companies (Acceptance of Deposits) Rules, 2014 during the year 2013-2014.

6. STATUTORY AUDITORS' AND THEIR REPORT

M/s B S R & Co LLP, 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. V S Lokre resigned as the Managing Director from the Board and the Company w.e.f. 30th November 2013, after a brief tenure of 28 months.

Mr. Ron Marno resigned as the Director from the Board and the Company w.e.f. 28th March 2014. The Board places on record its appreciation to the contribution made by him during the tenure of his Directorship.

Mr Ralph Gomarsall has been appointed as a Director of the company and the same has been passed by the Shareholders in the Extra Ordinary General Meeting held on 18th October 2013.

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

8. COMPANIES ACT 2013

The Companies Act 2013 has come into force effective 1st April 2014 which has sea changed the regulatory framework in which the companies work. Your Directors are pleased to inform that the company has started implementing the provisions of the new Act and is quite equipped to cater the needs of the changes.

9. INDUSTRIAL RELATIONS

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

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

Information on Conservation of Energy, Technological Absorption and Foreign Exchange earnings and outgo as per section 134 of the Companies Act, 2013, read with Companies Rules, 2014, is appended as Annexure "A" of this report.

11. 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 134 of the Companies Act, 2013, the limit has been enhanced to Rs. Sixty lakhs per annum or Rs. Five lakhs per month. Since no employee falls in that category no disclosure has been given in this report.

12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability;
4. the Directors have prepared the Accounts on a going concern basis.

13. A NOTE OF APPRECIATION

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

For and on behalf of the Board

28th May 2014
Patancheru

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 :

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

B. Technology Absorption

Research and Development (R&D)

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

A major R & D drive was initiated and has yielded results in indigenization of major raw material and grades of materials which were imported.

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

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

3. Future plan of action

- i) Indigenization of imported raw material.
- ii) Development of new impermeable grade.
- iii) Development of new materials for new business areas such as auto sector, power motors etc.
- iv) Improving existing grade to meet more demanding operational conditions.

4. Expenditure on R & D

(Rs. In lacs)

a. Capital	-
b. Recurring	13.72
c. Total	13.72
d. Total R & D expenditure as a percentage of total turnover	0.30

Technology absorption, adaptation and innovation

Several carbon materials has been innovated and implemented to get additional business.

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	385.60
Total Foreign Exchange earned	424.14

For and on behalf of the Board

Patancheru
28th May 2014

R Himatsingka
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSAM CARBON PRODUCTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Assam Carbon Products Limited, ('the Company'), which comprise the Balance Sheet as at 31 March 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, the financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified opinion

- a) *As more fully explained in Note 24 (ii), the Company has not established a provision for employee wages and benefits for the lock out period at the Company's Guwahati Factory during the years 2007-2008 and for the subsequent lock out period from 7 December 2010 to 8 March 2012 on the principle of 'No Work No Pay'. The labour matter is sub-judice and hence the impact, if any, in terms of provision of employee wages and employee benefits and its resultant impact on profit for the year ended 31 March 2014, reserves and surplus and current*

liabilities cannot currently be determined. Our report in the previous year was also modified with respect to the above matter.

- b) The Central Government has approved the payment of remuneration to the non-executive Director subject to 1 % of the net profit of the Company as computed under section 198 of the Companies Act, 1956 ('Act'). The Company, during the periods 1 April 2012 to 31 March 2013 and 1 April 2011 to 31 March 2012, has paid remuneration amounting to Rs. 1,650 thousands and Rs. 1,500 thousands respectively to the non-executive Director in excess of the Central Government approvals. The Company has filed an application with the Central Government for approval of the above remuneration paid/ payable to the non executive director. The Central Government approval in this regard is awaited.
- c) As more fully explained in Note 40, the Company has written back External Commercial Borrowings (ECB) aggregating to Rs 16,506 thousands and foreign currency trade payables aggregating to Rs 24,946 thousands. As per the Foreign Exchange Management Act, 1999 (FEMA) and related Master Circulars issued by the Reserve Bank of India (RBI), prior approval of RBI/Authorised Dealers (ADs) is required if the foreign currency payables are not repatriated as per the stipulated time. Accordingly, the write back of such foreign currency payables and the ECB will require prior approval of the RBI/ADs. The Company is planning to file a compounding application with the RBI with respect to the write back of the ECB and foreign currency trade payables.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion Paragraph above, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- ii. in the case of the Statement of Profit and Loss, 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.

Emphasis of Matter

We draw attention to Note 39, wherein it is mentioned that the Company's net worth is substantially eroded though the Company's operational result during the year 2013-2014 has improved as compared to financial year 2012-2013 mainly on account of financial support from the Morgan Group. Accordingly, in view of the continued operational and financial support from its parent, and the cost saving and operational efficiencies measures initiated, the management considers it appropriate to prepare its financial statements for the year ended 31 March 2014 on a going concern basis.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. As required by Section 227(3) of the Act, we report that :
- a) *Subject to our comments in paragraph (a) in the Basis for Qualified Opinion Paragraph above*, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) *Subject to our comments in paragraph (a) in the Basis for Qualified Opinion Paragraph above*, 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;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) *Subject to our comments in paragraph (a) in the Basis for Qualified Opinion Paragraph above*, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956; and
 - e) On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Jiten Chopra
Partner
Membership No.: 092894

Date : 28 May 2014
Place : Patancheru

Annexure referred to in our report of even date to the Members of Assam Carbon Products Limited on the financial statements for the year ended 31 March 2014

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of 2 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were identified on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except for goods in transit, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stock lying with third parties at the year-end written confirmations have been obtained.
- (b) According to the information and explanations given to us, the procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to sale of goods. The activities of the Company do not involve sale of services. We have not observed any major weakness in the internal control system during the course of the audit.
- (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) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of sale of goods are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (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, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Wealth Tax and Investor Education and Protection Fund.

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, Cess and other material statutory dues were in arrears as at 31 March 2014 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, Service Tax, Customs duty, Excise Duty and Cess which have not been deposited with the appropriate authorities on account of any dispute.
- (x) *Without considering the effect of paragraph (b) described in Basis for Qualified Opinion Paragraph of the auditor's report, the accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net-worth. Further, the Company has incurred cash losses during the current financial year and in the immediately preceding financial year.*
- (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) The Company did not have any terms loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, *we are of the opinion that the Company has used funds raised on short term basis amounting to Rs. 81,852 thousands for long term investments.*
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Jiten Chopra
Partner
Membership No.: 092894

Date : 28 May 2014
Place : Patancheru

BALANCE SHEET AS AT 31 MARCH, 2014

(Amount in Rupees thousand)

	Notes	As at 31 March 2014	As at 31 March 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	27,556	27,556
Reserves and surplus	3	1,777	259
		<u>29,333</u>	<u>27,815</u>
Non-current liabilities			
Other long-term Liabilities	4	–	–
Long-term provisions	5	19,683	15,565
		<u>19,683</u>	<u>15,565</u>
Current liabilities			
Short-term borrowing	6	98,000	99,506
Trade payables	7	192,363	190,226
Other current liabilities	8	34,266	37,083
Short-term provisions	5	22,226	27,054
		<u>346,855</u>	<u>353,869</u>
TOTAL		<u><u>395,871</u></u>	<u><u>397,249</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	9	114,955	125,442
Intangible fixed assets	9	3,717	2,554
Capital work-in-progress	9	5,401	4,144
Non-current investments	10	5	5
Long-term loans and advances	11	6,656	6,304
Other non-current assets	12	134	166
		<u>130,868</u>	<u>138,615</u>
Current assets			
Inventories	13	104,320	106,175
Trade receivables	14	140,951	129,985
Cash and bank balances	15	7,450	5,113
Short-term loans and advances	11	8,024	11,984
Other current assets	12	4,258	5,377
		<u>265,003</u>	<u>258,634</u>
TOTAL		<u><u>395,871</u></u>	<u><u>397,249</u></u>
Significant accounting policies	1		

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

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W

JITEN CHOPRA
Partner
Membership No.: 092894

Place : Patancheru
Date : 28 May 2014

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

R.HIMATSINGKA
Chairman

SAUGATA DE
Company Secretary

Place : Patancheru
Date : 28 May 2014

PRABHAT C GOENKA
Director

ANITA HIMATSINGKA
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

		(Amount in Rupees thousand)	
	Note	31st March 2014	31st March 2013
Revenue			
Revenue from operations	16	383,056	398,374
Less: Excise duty		<u>29,366</u>	<u>32,586</u>
[Net of excise duty refund Rs. 6,238 (previous year Rs.4,370)]		353,690	365,788
Other income	17	<u>64,748</u>	<u>24,679</u>
Total revenue		418,438	390,467
Expenses			
Cost of materials consumed	18	123,701	168,743
Purchase of stock in trade	19	3,119	4,046
Changes in inventories of finished goods, work in progress and stock in trade	20	(17,603)	(5,413)
Employee benefits	21	120,364	117,660
Depreciation and amortisation	9	12,847	12,928
Other expenses	22	163,288	164,004
Finance cost	23	<u>11,204</u>	<u>8,125</u>
Total		416,920	470,093
Profit / (Loss) for the year		<u><u>1,518</u></u>	<u><u>(79,626)</u></u>
Earnings per share	29		
[nominal value of share Rs 10 (previous year Rs 10)]			
Basic		0.55	(28.90)
Diluted		0.55	(28.90)
Significant accounting policies	1		

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

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W

JITEN CHOPRA
Partner
Membership No.: 092894

Place : Patancheru
Date : 28 May 2014

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

R.HIMATSINGKA
Chairman

SAUGATA DE
Company Secretary

Place : Patancheru
Date : 28 May 2014

PRABHAT C GOENKA
Director

ANITA HIMATSINGKA
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(Amount in Rupees thousand)

31 March 2014 31 March 2013

A. Cash flow from operating activities

Profit/ (Loss) before tax	1,518	(79,626)
<u>Adjusted for :</u>		
Depreciation and amortisation	12,847	12,928
Provision for doubtful receivables	6,303	12,051
Advances written off	296	–
Provision for warranty	–	10,724
Finance cost	11,204	8,125
Interest received	(21)	(50)
Government grant	–	(80)
Provisions and Liabilities no longer required written back	(35,156)	(24,227)
Borrowings written back	(16,506)	–
Unrealised foreign exchange loss / (gain) (net)	14,578	(5,044)
Loss/ (profit) on sale of fixed asset	(12,796)	1,086
	<u>(19,251)</u>	<u>15,513</u>
Operating profit before working capital changes	(17,733)	(64,113)
<u>Changes in :</u>		
Trade receivables, loans and advances and other current assets	(11,495)	(28,208)
Inventories	1,855	(760)
Trade payable, provisions and other liabilities	16,445	48,645
Net Cash utilised in operating activities	<u>(10,928)</u>	<u>19,677</u>
		(44,436)

B. Cash flow from investing activities

Purchase of fixed assets		
(including net movement in capital WIP)	(6,191)	(1,048)
Proceeds from maturity of fixed deposits	20	–
Interest received	53	74
Proceeds from disposal of fixed assets	15,661	725
Net cash (used in) investing activities	<u>9,543</u>	<u>(249)</u>

(Amount in Rupees thousand)

	31 March 2014	31 March 2013
C. <u>Cash flow from financing activities</u>		
Proceeds from borrowings	15,000	39,123
Finance Cost paid	<u>(11,258)</u>	<u>(7,881)</u>
Net cash provided from financing activities	3,742	31,242
Net (decrease) / increase in cash and cash equivalents (A+B+C)	<u><u>2,357</u></u>	<u><u>(13,443)</u></u>
Cash and cash equivalents - opening balance	5,093	18,536
Cash and cash equivalents - closing balance	<u>7,450</u>	<u>5,093</u>
	<u><u>2,357</u></u>	<u><u>(13,443)</u></u>

	31 March 2014	31 March 2013
--	---------------	---------------

Cash and cash equivalents as at the year end comprises of :

Cash in hand	178	169
Balances with scheduled banks		
- on current accounts	<u>7,272</u>	<u>4,924</u>
	<u><u>7,450</u></u>	<u><u>5,093</u></u>

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W

JITEN CHOPRA
Partner
Membership No.: 092894

Place : Patancheru
Date : 28 May 2014

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

R.HIMATSINGKA
Chairman

SAUGATA DE
Company Secretary

Place : Patancheru
Date : 28 May 2014

PRABHAT C GOENKA
Director

ANITA HIMATSINGKA
Director

Notes to financial statements for the year ended 31 March 2014

Background

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

1. SIGNIFICANT ACCOUNTING POLICIES

i. Basis of preparation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act, 1956 and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest thousands.

ii. Use of estimates

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

iii. Current – non current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of operations, the Company has ascertained its operating cycle for the purpose of current – non current classification of assets and liabilities as 12 months.

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other liabilities are classified as non-current.

iv. Fixed assets

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

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

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

v. Depreciation / Amortisation

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.

vi. Impairment

The carrying amounts of fixed assets and capital work in progress are reviewed at each balance sheet date in accordance with Accounting Standard 28 on 'Impairment of Assets', prescribed by the Companies (Accounting Standards) Rules, 2006, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of assets are estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit of which it is a part, exceeds the corresponding recoverable amount. Impairment losses are recognised in the statement of profit and loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the

carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

vii. Investments

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

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

viii. Inventories

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

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

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

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

ix. Revenue

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

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

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

x. Income from Government Grant

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

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

xi. Foreign exchange transactions

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

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

xii. Employee benefits

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

Short term benefits

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

Post employment benefits

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

Other long term benefits

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

Termination benefits

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

xiii. Taxation

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

tax effects of timing differences between accounting income and taxable income for the period).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

xiv. Provisions and contingent liabilities

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

xv. Operating leases

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

xvi. Earnings per share

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

Notes to financial statements for the year ended 31 March 2014

	(Amount in Rupees thousand)	
	31 March 2014	31 March 2013
2 Share capital		
Authorised shares		
Equity shares of Rs. 10 each	98,000,000	98,000,000
Cumulative convertible preference shares of Rs. 100 each fully paid up	2,000	2,000
	<u>98,002,000</u>	<u>98,002,000</u>
Issued, subscribed and fully paid up equity shares of Rs.10 each	2,755,600	2,755,600
Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		
Equity shares of Rs. 10 each fully paid up		
At the commencement and at the end of the year	2,755,600	2,755,600

Terms attached to equity shares

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

Terms attached to preference shares

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

Shares held by holding / ultimate holding company and/or their subsidiaries

	31 March 2014	31 March 2013
	Number of shares	Number of shares
Equity shares of Rs. 10 each fully paid up held by:		
Morgan Advanced Materials Plc, ultimate holding Company (earlier known as Morgan Crucible Co Plc.)	792,927	850,000
Morganite Carbon Limited - Subsidiary of Ultimate Holding Company	-	600,000

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

	31 March 2014	31 March 2013
	Number of shares	Number of shares
	% of holding	% of holding
Equity shares of Rs. 10 each fully paid up held by		
Morgan Advanced Materials Plc	792,927	850,000
(earlier known as Morgan Crucible Co Plc. - Ultimate Holding Company in last year)	29%	31%
Mr. Prabhath C Goenka*	662,375	5,302
Mrs. Anita Himatsingka	275,025	87,200
Morganite Carbon Limited - Subsidiary of ultimate holding company	-	600,000
		22%

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

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

	As at 31 March 2014	As at 31 March 2013
3 RESERVES AND SURPLUS		
Capital reserve		
At the commencement and at the end of the year	<u>3,606</u>	<u>3,606</u>
Capital redemption reserve		
At the commencement and at the end of the year	<u>2,244</u>	<u>2,244</u>
General reserve		
At the commencement and at the end of the year	<u>11,675</u>	<u>11,675</u>
Surplus/(Deficit) [profit and loss balance]		
At the beginning of the year	(17,266)	62,360
Add/ (Less) : Profit/ (Loss) transferred from Statement of Profit and Loss	<u>1,518</u>	(79,626)
At the end of the year	<u>(15,748)</u>	<u>(17,266)</u>
Total	<u><u>1,777</u></u>	<u><u>259</u></u>
4 Other Long-term Liabilities		
Deferred government grants		
At the beginning of the year	-	80
Less : Transferred to statement of Profit and Loss as "Other Income"	-	80
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
5 Provisions		
	Long-term	Short-term
	As at	As at
	31 March 2014	31 March 2013
	As at	As at
	31 March 2014	31 March 2013
Provision for employee benefits		
Gratuity	11,412	8,175
Compensated absences	8,271	7,390
Provision for contingencies	-	-
Provision for warranties	-	-
	<u>19,683</u>	<u>15,565</u>
	<u><u>19,683</u></u>	<u><u>15,565</u></u>
	5,668	5,498
	1,238	832
	10,000	10,000
	5,320	10,724
	<u>22,226</u>	<u>27,054</u>
	<u><u>22,226</u></u>	<u><u>27,054</u></u>

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

Movement of provisions	Provision for contingencies	Provision for warranties
Balance as at 1 April 2013	10,000	10,724
	(26,223)	(-)
Add: Provision during the year	-	-
	(-)	(10,724)
Less: Utilised during the year	-	2,815
	(-)	(-)
Less: Reversed during the year	-	2,589
	(16,223)	(-)
Balance as at 31 March 2014	10,000	5,320
	(10,000)	(10,724)

(previous year figures are in bracket)

a) Provision for contingencies

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

b) Provision for warranties

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

	Secured/ Unsecured	As at 31 March 2014	As at 31 March 2013
6 Short-term borrowings			
Loans repayable on demand			
From banks			
Working capital demand loan	Secured (a)	98,000	83,000
From related parties			
Morgan Advanced Materials Plc ,			
Ultimate holding company	Un-secured	-	16,506
		<u>98,000</u>	<u>99,506</u>

a) Secured by first pari passu charge by way of hypothecation of stocks, book debts of the Company both present and future and corporate guarantee from Morgan Advanced Materials Plc , Ultimate holding company.

b) The Working capital demand loan is repayable on demand and carries interest at the rate 11% to 13% per annum.

c) There is no continuing default in repayment of principal loan and interest amount.

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

	As at 31 March 2014	As at 31 March 2013
7 Trade payables		
Total outstanding dues to micro and small enterprises	651	5,384
Total outstanding dues of trade payable other than micro and small enterprises	191,712	184,842
	<u>192,363</u>	<u>190,226</u>

Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006 (MSMED):

Particulars

The amounts remaining unpaid to micro and small suppliers as at the end of the year

– Principal	–	634
– Interest	–	136

The amount of interest paid by the buyer as per the MSMED

–	–
---	---

The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year

–	2,277
---	-------

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED

–	25
---	----

The amount of interest accrued and remaining unpaid at the end of each accounting year

–	–
---	---

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED

393	1,503
-----	-------

	As at 31 March 2014	As at 31 March 2013
8 Other current liabilities		
Interest accrued but not due on borrowings	235	289
Creditor for capital goods	5,152	6,228
Advance from customer	2,790	3,792
Income-tax and other taxes payable	7,026	8,165
Employee liabilities	19,063	18,609
	<u>34,266</u>	<u>37,083</u>

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

9. Tangible Fixed Assets

	Freehold Land	Buildings	Plant and Machineries	Furniture & Fittings	Office Equipments	Vehicles	Total
Gross Block							
Balance as at 1 April 2012	1,853	37,048	236,676	5,500	22,087	6,953	310,117
Additions	-	50	1,367	218	10	-	1,645
Disposals	-	426	1,840	-	220	2,075	4,561
Reclassification to asset held for Sale	-	2,641	-	705	2,369	-	5,715
Balance as at 31 March 2013	1,853	34,031	236,203	5,013	19,508	4,878	301,486
Balance as at 1 April 2013	1,853	34,031	236,203	5,013	19,508	4,878	301,486
Additions	-	221	726	138	674	-	1,759
Disposals	-	-	3,812	236	4,030	371	8,449
Balance as at 31 March 2014	1,853	34,252	233,117	4,915	16,152	4,507	294,796
Depreciation							
Balance as at 1 April 2012	-	16,423	129,331	4,444	15,839	3,693	169,730
Depreciation for the Year	-	988	9,585	232	909	534	12,248
Accumulated depreciation on Disposals	-	404	626	-	163	1,556	2,749
Reclassification to asset held for Sale	-	444	-	556	2,185	-	3,185
Balance as at 31 March 2013	-	16,563	138,290	4,120	14,400	2,671	176,044
Balance as at 1 April 2013	-	16,563	138,290	4,120	14,400	2,671	176,044
Depreciation for the Year	-	967	9,271	174	1,101	398	11,911
Accumulated depreciation on Disposals	-	-	3,651	221	3,933	309	8,114
Balance as at 31 March 2014	-	17,530	143,910	4,073	11,568	2,760	179,841
Net Block							
As at 31 March 2013	1,853	17,468	97,913	893	5,108	2,207	125,442
As at 31 March 2014	1,853	16,722	89,207	842	4,584	1,747	114,955

9. Intangible Fixed Assets

	Computer Software
Gross Block	
Balance as at 1 April 2012	4,198
Additions	-
Balance as at 31 March 2013	4,198
Balance as at 1 April 2013	4,198
Additions	2,099
Balance as at 31 March 2014	6,297
Amortisation	
Balance as at 1 April 2012	964
Amortisation for the Year	680
Balance as at 31 March 2013	1,644
Balance as at 1 April 2013	1,644
amortisation for the Year	936
Balance as at 31 March 2014	2,580
Net Block	
As at 31 March 2013	2,554
As at 31 March 2014	3,717

Notes to financial statements for the year ended 31 March 2014

Capital work-in-progress

Computer
Software

(Amount in Rupees thousand)

Balance as at 1 April 2012	2,869
Addition	1,275
Balance as at 31 March 2013	4,144
Balance as at 1 April 2013	4,144
Addition	1,257
Balance as at 31 March 2014	5,401

As at
31 March 2014 As at
31 March 2013

10 Non-current investment

(valued at cost unless otherwise stated)

Non-trade investment

Un-Quoted equity shares

500 (previous year 500) equity shares

of Rs.10 each fully paid up in Assam

Petrochemicals Limited

5 5

11 Loans and advances

Long-term Short-term
31 March 2014 31 March 2013 31 March 2014 31 March 2013

To parties other than related parties

Security deposits

Unsecured, considered good	<u>5,369</u>	<u>4,997</u>	<u>1,867</u>	<u>1,870</u>
	5,369	4,997	1,867	1,870

Other loans and advances

*Unsecured considered good,
unless otherwise stated*Advances to employees **1,543** 1,748Balance with excise and
sale tax authorities **1,464** 1,296Prepaid expenses **2,338** 3,473Advance income-tax **1,287** 1,287 **—** —Advances recoverable in cash
or in kind or for value to be
received- Considered good **812** 3,597- Considered doubtful **1,371** 1,371

1,287 1,307 7,528 11,485

Less: Provision for
doubtful advances

— — 1,371 1,371

1,287 1,307 **6,157** 10,114

6,656 6,304 **8,024** 11,984

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

12 Other assets

	Non-current		Current	
	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
Unsecured considered good, unless otherwise stated				
Interest accrued on margin money	16	48	-	-
Fixed asset reclassified as held for sale (refer note 9)	-	-	-	2,530
Others receivable	-	-	4,258	2,847
Other bank balances				
Balance in banks for margin money	118	118	-	-
	<u>134</u>	<u>166</u>	<u>4,258</u>	<u>5,377</u>

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

	31 March 2014	31 March 2013
Raw materials [including in transit Rs. 5,277 (previous year Rs. 17,069)]	34,528	53,365
Stores and spares parts	5,248	5,869
Work-in-progress	53,315	35,031
Finished goods		
- Manufactured	10,597	10,654
- Traded	632	1,256
	<u>104,320</u>	<u>106,175</u>

14 Trade receivables

Receivables outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	28,131	8,437
Unsecured, considered doubtful	55,856	49,553
	<u>83,987</u>	<u>57,990</u>
Less: Provision for doubtful receivables	55,856	49,553
	<u>28,131</u>	<u>8,437</u>
Other receivables		
Unsecured, considered good	112,820	121,548
	<u>112,820</u>	<u>121,548</u>
	<u>140,951</u>	<u>129,985</u>

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

	31 March 2014	31 March 2013
15 Cash and bank balances		
Cash and cash equivalents		
Balance with banks:		
Current accounts	7,272	4,924
Cash on hand	178	169
Other bank balance	–	20
	<u>7,450</u>	<u>5,113</u>
Details of deposits		
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	–	20
	31 March 2014	31 March 2013
16 Revenue from operations		
Sale of products (gross)*		
Own manufactured	373,265	389,699
Traded	6,287	7,445
Other operating income		
Scrap sales	3,504	1,230
Total	<u>383,056</u>	<u>398,374</u>
(*) Sale of products		
Manufactured		
EG, HC, NG and RB carbon blocks	46,147	27,881
MG and SG carbon blocks	10,953	13,746
Electrical carbon brushes	152,499	158,059
Mechanical and Special Carbon components	147,961	175,013
ISO Graphite components	15,084	14,416
Others	621	584
	<u>373,265</u>	<u>389,699</u>
Traded		
Carbon Brushes	5,918	7,153
Commutator Maintenance Accessories	369	292
	<u>6,287</u>	<u>7,445</u>
17 Other income		
Interest on deposits	21	50
Provision and liabilities no longer required written back	10,210	24,227
Government grant	–	80
Profit on sale / discard of fixed assets	12,796	–
Payables to related parties written back (Refer Note 40)	24,946	–
Borrowings from related parties written back (Refer Note 40)	16,506	–
Gain on foreign exchange fluctuations (net)	–	165
Miscellaneous income	269	157
	<u>64,748</u>	<u>24,679</u>

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

	31 March 2014	31 March 2013
18 Cost of materials consumed		
Opening Stock	53,365	59,177
Add : Purchases	104,864	162,931
	<u>158,229</u>	<u>222,108</u>
Less : Closing Stock	34,528	53,365
	<u>123,701</u>	<u>168,743</u>
Break up of cost of material consumed		
Lamp black, carbon black, coke, natural & synthetic graphite, pitch etc	44,178	57,650
Non ferous metals, copper sheets, brass sheets, flexible wires, tubes etc	20,441	32,397
Copper sheets, brass sheets, flexible wires, tubes, rodes etc	13,783	14,795
Carbon brush components	7,715	11,824
ISO graphite & carbon blocks, blanks etc	30,536	44,432
Others	7,048	7,645
	<u>123,701</u>	<u>168,743</u>
Breakup of inventory - materials		
Lamp black, carbon black, coke, natural & synthetic graphite, pitch etc	7,744	22,898
Non ferous metals, copper sheets, brass sheets, flexible wires, tubes etc	1,616	2,293
Copper sheets, brass sheets, flexible wires, tubes, rodes etc	4,723	5,530
Carbon brush components	2,117	1,630
ISO graphite & carbon blocks, blanks etc	15,876	19,682
Others	2,452	1,332
	<u>34,528</u>	<u>53,365</u>
19 Purchases of stock in trade		
Carbon brushes	2,261	3,918
Commutator Maintenance Accessories	858	128
	<u>3,119</u>	<u>4,046</u>
20 Changes in inventories of finished goods, work in progress and stock-in-trade		
Opening inventory		
Work-in-progress	35,031	28,509
Finished goods		
- Own manufactured	10,654	11,659
- Traded	1,256	1,360
	<u>46,941</u>	<u>41,528</u>
Less :		
Closing inventory		
Work-in-progress	53,537	35,031
Finished goods		
- Own manufactured	10,375	10,654
- Traded	632	1,256
Net increase	<u>(17,603)</u>	<u>(5,413)</u>

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

	31 March 2014	31 March 2013
21 Employee benefit expense		
Salaries, wages and bonus	94,946	88,932
Provident fund and employee benefit	13,004	15,200
Workmen and staff welfare expense	12,414	13,528
	<u>120,364</u>	<u>117,660</u>
22 Other expenses		
Stores and spares parts consumed	20,888	18,924
Power and fuel	49,687	42,520
Fabrication costs	8,986	12,535
Repairs to:		
- building	694	918
- plant and machinery	4,610	2,918
- others	1,780	1,816
Insurance	2,021	3,220
Rent (Refer note 30)	2,171	3,507
Provision for warranty	-	10,724
Commission - others	1,952	848
Packing and freight	6,073	6,262
Travelling and conveyance	11,763	14,985
Provision for doubtful receivables	6,303	12,051
Advances written off	296	-
Rates and taxes	1,860	616
Professional fee	11,693	15,426
Auditors' remuneration (refer note 37)	1,970	1,755
Non executive directors' fees	150	1,795
Loss on sale / discard of fixed assets	-	1,086
Loss on foreign exchange fluctuations	19,547	-
Excise duty - opening and closing stock of finished goods	625	92
Postage and telephone	2,009	1,931
Security charges	2,457	2,592
Bank charges	701	841
Miscellaneous expenses	5,052	6,642
	<u>163,288</u>	<u>164,004</u>
23 Finance cost		
Interest on		
- Others	11,204	8,125
	<u>11,204</u>	<u>8,125</u>

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

31 March 2014 31 March 2013

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

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

31 March 2014 31 March 2013

25 Contingent liability not provided for:

- (i) Sales tax matters under appeal - 304

26 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income - Tax Act, 1961. Since the law requires the existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation of the International transactions entered into with the associated enterprises from 1 April 2013 to 31 March 2014 and expects such records to be in existence within the due date. The management is of the opinion that its international transaction are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

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

	GBP	Equivalent Rs.	Euro	Equivalent Rs.	US Dollar	Equivalent Rs.
Trade Payables	1,229 [1634]	122,122 [138,272]	129 [76]	10,763 [5,327]	240 [178]	14,319 [9,527]
Trade Receivables	266 [255]	26,433 [20,819]	- [1]	- [69]	11 [26]	654 [1,803]
Borrowings from related party	- [200]	- [16,505]	- [-]	- [-]	- [-]	- [-]
Other Receivable	2 [3]	232 [253]	- [3]	- [167]	- [-]	- [-]

(Previous year figures are in brackets)

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

	As at 31 March 2014	As at 31 March 2013
28 Deferred Tax		
Deferred tax assets		
Provision for doubtful receivables and advances	17,683	15,735
Provision for employee benefits	8,215	6,765
Provision for warranties	1,644	3,314
Carried forward tax losses	36,333	37,196
Total	<u>63,875</u>	<u>63,010</u>
Deferred tax liabilities		
Difference between written down value of fixed assets as per books of accounts and for tax purposes	22,053	20,652
Total	<u>22,053</u>	<u>20,652</u>
Deferred tax asset / (liability) [net]	<u>41,822</u>	<u>42,358</u>

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.

	31 March 2014	31 March 2013
29 Earning/Loss per share:		
(a) Weighted average number of equity shares outstanding during the year	2,755,600	2,755,600
(b) Net profit / (loss) after tax attributable to equity shareholders (Rs. '000)	1,518	(79,626)
(c) Basic and diluted profit / (loss) per equity share of face value Rs. 10 (Rs.)	0.55	(28.90)
30 (a) Cancellable Operating Leases: The Company has taken various office and residential premises on operating lease arrangements. These agreements are for a period of 11 months to 3 years, cancellable during the life of the contract at the option of both the parties.		
(b) Non-Cancellable Operating Leases: The Company acquired three vehicle under non-cancellable operating lease agreement. Future minimum lease payments outstanding as on 31 March 2014 are given below :		
	31 March 2014	31 March 2013
Not later than one year	672	961
Later than one year but not later than five years	564	763
	<u>1,236</u>	<u>1,724</u>
(c) Minimum lease payment (under both cancellable and non cancellable leases) charged during the year to the statement of profit and loss aggregated to Rs. 2,171 (Previous year Rs. 3,507).		

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

31 Employee Benefits

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

SI No.	Particulars	31 March 2014	31 March 2013
		Gratuity	Gratuity
		Funded	Funded
(i)	Net Asset / (liability) recognised in Balance sheet as at the year end		
	Present value of defined obligation at year end	45,780	46,349
	Fair value of plan assets at year end	28,700	32,676
	Net Asset / (liability) recognised in the balance sheet	(17,080)	(13,673)
(ii)	Components of employer expense		
	Current service costs	2,399	2,383
	Interest costs	3,621	3,464
	Expected return on plan assets	(3,022)	(3,170)
	Actuarial loss recognised	1,492	3,504
	Expense recognised in the statement of profit and loss	4,490	6,181
	The gratuity expenses have been recognised in 'Provident fund and employee benefit expenses' under note 21		
(iii)	Change in defined benefit obligations :		
	Obligation at beginning of the year	46,349	49,206
	Service cost	2,399	2,383
	Interest cost	3,621	3,464
	Actuarial loss recognised	899	3,100
	Benefits paid	(7,488)	(11,804)
	Defined benefit obligation at end of the year	45,780	46,349
(iv)	Change in plan assets:		
	Fair value of plan assets at the beginning of the year	32,676	39,632
	Expected return on plan assets	3,022	3,170
	Employer's contribution	1,082	2,082
	Benefit paid	(7,488)	(11,804)
	Actuarial gain / (loss) recognised	(592)	(404)
	Fair value of plan assets at the end of the year	28,700	32,676
(v)	Deficit	(17,080)	(13,673)
(vi)	Actual return on plan assets:	2,430	2,766
(vii)	Category of assets as at year end:		
	Invested in Life Insurance Corporation of India	28,700	32,676
(viii)	Assumptions:		
	Discount rate	8.50%	8.00%
	Expected return on plan assets	8.00%	8.00%
	Inflation rate	8.00%	8.00%

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

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

SI No.	PARTICULARS	2013-14	2012-13	2011-12	2010-11	2009-10
		Gratuity	Gratuity	Gratuity	Gratuity	Gratuity
		Funded	Funded	Funded	Funded	Funded
(viii)	Experience history					
	Defined benefit obligation at the end of the year	45,780	46,349	49,206	42,609	33,262
	Plan assets at the end of the year	28,700	32,676	39,632	23,157	19,206
	Funded Status	(17,080)	(13,673)	(9,574)	(19,452)	(14,056)
	Experience gain/(loss) adjustment on plan liabilities	799	(3,125)	(10,346)	295	58
	Actuarial gain/(loss) due to change in assumption	(1,290)	(1,167)	7,480	(9,253)	2,417
	Experience gain/(loss) adjustment on plan assets	(1,001)	788	504	294	58

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

Invested in Life Insurance Corporation of India

100% 100% 100% 100% 100%

(x) **Basis used to determine the Expected Rate of return on Plan Assets**

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

32 Segment Reporting

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

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

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

Particulars	Export		Domestic		Total	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Revenue from Operation	42,175	51,027	340,881	347,347	383,056	398,374
Less: Excise duty	—	—	29,366	32,586	29,366	32,586
Revenue from Operation (Net)	42,175	51,027	311,515	314,761	353,690	365,788
Other income	3,863	—	31,293	237	35,156	237
Other income - unallocable	—	—	—	—	29,592	24,442
Segment revenue	46,038	51,027	342,808	314,998	418,438	390,467
Segment result	2,127	(6,498)	7,583	(57,235)	9,710	(63,733)
Unallocated expenses (net of income)	—	—	—	—	(3,012)	7,768
Finance cost	—	—	—	—	11,204	8,125
Profit/ (Loss) for the year	—	—	—	—	1,518	(79,626)
Other Information :						
Segment assets	27,148	27,919	112,404	98,274	139,552	126,193
Unallocated assets					256,319	271,056
Total assets					395,871	397,249
Segment liabilities	23,105	26,543	173,108	167,475	196,213	194,018
Unallocated liabilities					170,325	175,416
Share Capital	—	—	—	—	27,556	27,556
Reserves and surplus	—	—	—	—	1,777	259
Total liabilities					395,871	397,249
Cost incurred to acquire fixed asset	—	—	—	—	—	—
Unallocable	—	—	—	—	5,115	2,920
Depreciation/amortisation	—	—	—	—	—	—
Unallocable	—	—	—	—	12,847	12,928
Significant non cash expenses	—	—	—	—	—	—

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

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

(a) Related parties (where control exists)

Bodies corporate having control over the Company

None

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

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

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

Name of the party	Nature of relationship	Sales	Purchases	Loan outstanding	Purchase of Fixed Asset	Remuneration paid	Professional fees	Receivable/ (payable) at year end
Morgan Crucible Company Plc	Holding company	-	-	16,506	-	-	1,131	(5,170)
Morgan AM&T (SEA) Pte Limited	Fellow subsidiary	-	6,571	-	-	-	-	(4,637)
Shanghai Morgan Carbon Co. Limited	Fellow subsidiary	5,934	1,629	-	-	-	-	(3,547)
Morgan Electrical Carbon Limited	Fellow subsidiary	23,513	56,816	-	1,187	-	-	(114,913)
Morgan Hungary KFT	Fellow subsidiary	19,289	1,197	-	-	-	-	2,094
Morgan Korea Company Limited	Fellow subsidiary	787	-	-	-	-	-	1,208
Morganite Luxembourg Limited	Fellow subsidiary	1,123	-	-	-	-	-	68
Morgan Cabon Italia	Fellow subsidiary	-	-	-	-	-	-	(3,913)
Mr. V S Lokre	Key management personnel	-	-	-	-	3,933	-	-
Mr. G. P. Chawla	Key management personnel	-	-	-	-	1,210	-	-
Total		50,646	66,213	16,506	1,187	5,143	1,131	-

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

34 Details of inventories of finished goods

Class of goods	31 March 2014 Amount	31 March 2013 Amount
EG, HC, NG and RB carbon blocks	1,585	26
MG and SG carbon blocks	162	2
Electrical carbon brushes	5,295	7,658
Mechanical and special carbon blocks and blanks	105	–
Machined and special carbon components	3,969	2,644
Copper Moulding and Linking Powder	6	–
ISO-Graphite components	315	324
Total	11,437	10,654

35 Details of inventories of traded goods

Class of goods	31 March 2014 Amount	31 March 2013 Amount
Trading Brush	181	339
Commutator maintenance accessories	451	917
Total	632	1,256

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

	31 March 2014		31 March 2013	
	Amount	% of total consumption	Amount	% of total consumption
Raw materials				
Imported	57,336	46	106,628	63
Indigenous	66,365	54	62,115	37
	123,701	100	168,743	100
Stores and spares				
Imported	–	–	–	–
Indigenous	20,888	100	18,924	100
	20,888	100	18,924	100
Total	144,589		187,667	

Notes to financial statements for the year ended 31 March 2014

(Amount in Rupees thousand)

	31 March 2014	31 March 2012
37 Auditors' remuneration includes :		
(a) Statutory audit fees	790	790
(b) Limited Reviews	550	550
(c) Certification and Other assignments	235	146
(d) Reimbursement of out of pocket expenses for (a), (b) and (c) above	200	109
(e) Service tax	195	160
	<u>1,970</u>	<u>1,755</u>
38 Value of imports on C.I.F. basis		
Raw materials	38,361	70,112
Capital goods	-	1,187
Trading items	199	116
39	During the financial year 2013-2014, the Company's operational result has improved as compared to financial year 2012-2013 mainly on account of financial support from Morgan. The Morgan group will continue its operational and financial support to the Company. Further also ,with other robust cost saving and operational efficiencies measures initiated by the management, the Company will continue as a going concern for the year 2014-15.	
40	The Company has written back External Commercial Borrowings (ECB) aggregating to Rs 16,506 and foreign currency trade payables aggregating to Rs 24,946 which were payable to the Morgan group without the prior approval of the Reserve Bank of India/Authorised dealers (ADs). The Company is planning to file a compounding application with the RBI with respect to the write back of the ECB and foreign currency trade payables.	
41 Expenditure and earnings in foreign exchange		
(a) Expenditure in foreign currency		
Travelling	-	308
Professional fees	-	1,181
(b) Earnings in foreign currency		
Exports on F.O.B. basis	41,548	50,740
Reimbursement of expenses	866	725
42	The Central Government has approved the payment of remuneration to the non-executive Director subject to 1 % of the net profit of the Company as computed under section 198 of the Companies Act, 1956 ('Act'). In view of inadequate profits, the Company during the year 1 April 2013 to 31 March 2014 has not made a provision for managerial remuneration aggregating to Rs.1,700 thousands payable to the non-executive Director. The Company is planning to file an application with the Central Government for approval of aforesaid remuneration. The same will be accrued and paid to the non-executive Director on receipt of approval from the Central Government.	

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W

JITEN CHOPRA
Partner
Membership No.: 092894
Place : Patancheru
Date : 28 May 2014

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

R.HIMATSINGKA
Chairman

SAUGATA DE
Company Secretary

Place : Patancheru
Date : 28 May 2014

PRABHAT C GOENKA
Director

ANITA HIMATSINGKA
Director

Proxy form

[Pursuant to section 105(6) & rule 7.17]

ASCARBON

Morgan

ASSAM CARBON PRODUCTS LTD

Registered Office : Birkuchi, Guwahati – 781 026

CIN : L23101AS1963PLC001206

Name of the company : Assam Carbon Products Ltd.

Registered office : Birkuchi, Guwahati – 781 026

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID :

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

1. Name :

Address :

E-mail Id :

Signature :, or failing him/her

2. Name :

Address :

E-mail Id :

Signature :, or failing him/her

3. Name :

Address :

E-mail Id :

Signature :, or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 51st Annual General Meeting of the company to be held on Friday, the 19th day of Sepember, 2014 at 10.30 a.m. at Birkuchi, Guwahati - 781026 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

1. Adoption of P & L and B & S for FY 13-14

4. Re-appointment of Statutory Auditors

2. Re-appointment of Director Mr. R. Himatsingka

5. Waiver of excess remn. to Non-Executive Director

3. Re-appointment of Director Mr. Hitesh Saiwal

6. Consultancy Fees payable to Non-Executive Director

Signed thisday of..... 2014

Signature of shareholder

Signature of Proxy holder(s)

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

Book-Post

ANNUAL REPORT 2013-14

If undelivered, please return to :

ASSAM CARBON PRODUCTS LTD.

Birkuchi, Guwahati

Assam - 781 026