

GUJARAT CARBON AND INDUSTRIES LIMITED



ANNUAL REPORT & ACCOUNTS
2013-14

**BOARD OF DIRECTORS**

Shri Ravi Prakash Ganti (DIN:01877314)	Member - Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee
Shri Sumit Jhunjhunwala (DIN: 00186684)	Chairman - Audit Committee and Nomination and Remuneration Committee
Shri K. Mukhopadhyay (DIN: 02465903)	
Shri Hasmukh A. Patel (DIN: 02437310)	Member - Audit Committee, Nomination and Remuneration Committee and Chairman Stakeholders' Relationship Committee
Shri M. C. Nalwaya (DIN: 01977633)	

AUDITORS

Ramanlal G. Shah & Co.

BANKERS

Bank of Baroda

REGISTERED OFFICE & FACTORY

Offtel Towers, 6th Floor, R. C.
Dutt Road, VADODARA - 390 007

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd., B-102, & 103,
Shangrila Complex, First Floor, opp.
HDFC Bank, Near Radhakrishna Char
Rasta, Akota, Vadodara- 390 020

CONTENTS	Page No.
Notice	1
Report of the Directors	8
Management Discussion & Analysis Report	10
Report on Corporate Governance	11
Report of the Auditors	20
Balance Sheet	23
Profit & Loss Account	24
Notes - 1 to 14	25
Cash Flow Statement	34



GUJARAT CARBON AND INDUSTRIES LIMITED
(CIN: L24231GJ1974PLC002615)
Regd. Office: Offtel Towers, 6th Floor, R. C. Dutt Road, VADODARA – 390007

NOTICE

NOTICE is hereby given that the 37th Annual General Meeting of the Members of Gujarat Carbon and Industries Limited will be held at the Conference Hall of Baroda Productivity Council, situated at Productivity House, Productivity Road, Alkapuri, Vadodara- 390 007 on Saturday, the 20th September, 2014 at 11.30 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statement of Profit & Loss Account for the financial year ended March 31, 2014 and the Balance Sheet as at that date, together with the Directors and Auditors' Report thereon.
2. To appoint a Director in place of Shri R. P. Ganti (DIN: 01877314), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in 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. Ramanlal G. Shah & Co, Chartered Accountants (Registration No. 108517W) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

4. To appoint Shri Sumit Jhunjunwala (DIN:00186684) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Sumit Jhunjunwala (DIN:00186684) , who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 42nd Annual General Meeting of the Company in the calendar year 2019."
5. To appoint Shri H. A. Patel (DIN:02437310) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri H. A. Patel (DIN:02437310), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 42nd Annual General Meeting of the Company in the calendar year 2019."
6. To consider and, if thought fit, to adopt, with or without modification, the following as a Special Resolution:



"RESOLVED THAT in supersession of all earlier resolutions in the matter, the consent of the Company be and is hereby accorded to the Board of Directors under Section 180, Sub-sections 1 (c) and 2 and other applicable provisions, if any, of the Companies' Act 2013 to borrow any sum or sums of monies from time to time notwithstanding that the money or monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserve not set apart for any specific purpose, provided however, the total so borrowed shall not exceed Rs 100 crores (Rupees One Hundred Crores Only).

RESOLVED FURTHER THAT the Board be and is hereby authorised and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed or have been borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things as the Board may deem necessary to give effect to the above resolution including, but not limited to, the appointment of any manager / consultant or any other intermediary in respect of the above and / or to execute all such documents, instruments and writings as may be required."

7. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board

R P Ganti – Director (DIN:01877314)

Place: Mumbai

Dated: 24th July, 2014

Registered Office:

Offtel Towers, 6th Floor,
R. C. Dutt Road,
VADODARA – 390 007

NOTES :

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.



3. Particulars of Directors seeking appointment / re-appointment, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are annexed herewith.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
7. The Company has notified closure of Register of Members and Share Transfer Books from Wednesday, 17th September 2014 to Saturday, 20th September 2014 (both days inclusive).
8. The Shareholders are requested to send all their correspondence in respect of shares, etc. to Link Intime India Pvt. Ltd., B-102, & 103, Shangrila Complex, First Floor, opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara- 390 020 ("Link Intime").
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address immediately to the Company / Link Intime.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Link Intime.
11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to LinkIntime, for consolidation into a single folio.
13. Non-Resident Indian Members are requested to inform LinkIntime immediately of change in their residential status on return to India for permanent settlement.
14. **Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**
15. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has engaged the services of CDSL to provide the facility of electronic voting ('e-voting') in respect of the Resolutions proposed at this AGM. The Board of Directors of the Company has appointed Mr. M. Buha, a Practising Company Secretary, (C.P. No - 10487) as the Scrutinizer for this purpose. E-voting details and procedure are given hereunder:

The e-voting facility will be available during the following voting period:

Commencement of e-voting: From 10.00 a.m. (IST) on September 12, 2014

End of e-voting: Up to 10.00 a.m. (IST) on September 15, 2014

The cut-off date (i.e. the record date) for the purpose of e-voting is – August 22, 2014

**E-VOTING INSTRUCTIONS****(A) In case of members receiving e-mail:**

- i) If you are holding shares in Demat form and had logged on to www.evotingindia.com and cast your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website www.evotingindia.com.
- iii) Click on "Shareholders" tab to cast your votes.
- iv) Now, select the 'COMPANY NAME' from the drop down menu and click on "SUBMIT"
- v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

Please enter any one of the details in order to login. In case you have not provided either of these, please enter number of shares held as on cut-off date in the 'Dividend Bank' field.

- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii) Click on the relevant EVSN on which you choose to vote.
- ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be



displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(B) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:

Please follow all steps from sl. no. (ii) to (xii) above, to cast vote.

(C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.

(D) **The voting period begins** on 12/9/2014 at 10.00 am and ends on 15/9/2014 at 10:00 am. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 22, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(E) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item Nos. 4 and 5

Shri Sumit Jhunjhunwala and Shri H. A. Patel are Independent Directors of the Company and have held the positions as such from 5th December 2008. The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement *inter alia* stipulating the conditions for the appointment of independent directors by a listed company. It is proposed to appoint Shri Sumit Jhunjhunwala and Shri H. A. Patel as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 42nd Annual General Meeting of the Company in the calendar year 2019. Shri Sumit Jhunjhunwala and Shri H. A. Patel are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Shri Sumit Jhunjhunwala and Shri H. A. Patel for the office of Directors of the Company. The Company has also received declarations from Shri Sumit Jhunjhunwala and Shri H. A. Patel that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. In the opinion of the Board, Shri Sumit Jhunjhunwala and Shri H. A. Patel fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Shri Sumit Jhunjhunwala and Shri H. A. Patel are independent of the management.

Copy of the draft letter (in generic form) for respective appointments of Shri Sumit Jhunjhunwala and Shri H. A. Patel as Independent Directors setting out the terms and conditions is available for inspection by members at the Registered Office of the Company. This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Shri Sumit Jhunjhunwala and Shri H. A. Patel are interested in the resolutions set out respectively at Item Nos. 4 and 5 of the Notice with regard to their respective appointments. The relatives of Shri Sumit Jhunjhunwala and Shri H. A. Patel may be deemed to be interested in the resolutions set out respectively at Item Nos. 4 and 5 of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or

otherwise, in these resolutions. The Board commends the Ordinary Resolutions set out at Item Nos. 4 and 5 of the Notice for approval by the shareholders.

Item Nos. 6

Section 180 (1) (c) of the Companies Act, 2013 which has replaced Section 293 (1) (d) of the Companies Act, 1956, provides that the Board of Directors cannot, except with the consent of the shareholders by means of a Special Resolution, borrow money in excess of the aggregate of the paid up capital and free reserves.

The resolution is proposed to replace the earlier resolution adopted as resolution no 6 passed at the Extraordinary General Meeting of the Company held on 3rd May 1993 under the 1956 Act and to confirm to the requirements of Section 180 of the Companies' Act 2013 and the rules made thereunder. No change has been proposed in the borrowing limit. None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in this resolution. The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

Item Nos. 7

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies' Act, 2013 ("Act"). The Act is now largely in force and hence it is considered expedient to wholly replace the existing AoA by a new set of Articles. The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. The proposed new draft AoA is being uploaded on the Company's website www.gujcarbon.co.in for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 7 of the Notice. The Board commends the Special Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

By order of the Board

R P Ganti – Director (DIN:01877314)

Place: Mumbai

Dated: 24th July, 2014

Registered Office:

Offtel Towers, 6th Floor,
R. C. Dutt Road,
VADODARA – 390 007

GUJARAT CARBON AND INDUSTRIES LIMITED


Particulars of Directors seeking appointment at the Annual General Meeting (pursuant to Clause 49 of the Listing Agreement)

Particulars	Mr. R. P. Ganti	Mr. Sumit Jhunjhunwala	Mr. H. A. Patel
Date of Birth	14.02.1957	7/2/1973	20/10/1943
Date of Appointment	31.10.2007	5.12.2008	5.12.2008
Qualifications	B. Tech., PGDBM	B.Com., MBA (Fin.)	B.Com.
Experience & Functional Expertise	More than 30 years in Marketing, Finance and General Management	13 Years in various professional and managerial capacities	More than 30 years in accounting functions
Directorships held in other public companies	Unimers India Ltd	ISG Traders Ltd Shubh Shanti Services Ltd	None
Chairmanship / Membership of Board Committees of other public companies as on 31.03.2014	Unimers India Ltd Chairman - Audit Committee; Stakeholders' Relationship Committee; Nomination and Remuneration Committee	Shubh Shanti Services Ltd and ISG Traders Ltd - Chairman - Audit Committee; Stakeholders' Relationship Committee; Member - Nomination and Remuneration Committee	None
Relationship between Directors' inter-se	None	None	None
Number of shares held	Nil	Nil	100


To the Members of the Company
DIRECTORS' REPORT - for the year ended 31st March 2014

Your Directors have pleasure in submitting the **Thirty Seventh** Annual Report of the Company along with the Audited Accounts of the Company for the year ended 31st March 2014.

This report and the accompanying financial statements have been prepared as per provisions of the Companies' Act, 1956 as the provisions of the Companies' Act, 2013 in this regard will be applicable from the financial year beginning April 1, 2014.

FINANCIAL RESULTS

The Financial Results of the Company are as under:

Rs in Lacs		
Particulars	FYE March 31, 2014	FYE March 31, 2013
Turnover/Income from Operations	0.77	15.11
Profit/ (Loss) from Operations before Interest and Depreciation	(11.27)	3.26
Interest	-	-
Depreciation	0.66	0.66
Profit / (Loss) after Provision for Tax	(11.75)	1.71
Loss Brought Forward	(2003.08)	(2004.78)
Balance Carried to Balance Sheet	(2014.83)	(2003.08)

DIVIDEND

In view of losses for the year as well as accumulated losses of the past years, your Directors do not recommend any dividend for the year under review.

OPERATIONS

During the year under review the company has not carried on any production activities.

FUTURE PROSPECTS

The management is in the process of working out possible business alternatives which may be profitably pursued by the company.

SAFETY, HEALTH AND ENVIRONMENT

As no production is being carried out, there is no generation of any effluent.

INSURANCE

Properties of the Company are adequately insured as required.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- The directors have selected such accounting policies as mentioned in Note No.13 of the Annual Accounts and applied them consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and loss of the Company for the financial year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the aforesaid Act for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities;

iv. The annual accounts have been prepared on a 'going concern' basis.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure that all mandatory provisions of 'Corporate Governance' as provided in the Listing Agreement with Stock Exchanges in which the Company's Shares are listed are duly complied with.

A separate report on Corporate Governance and Management Discussion & Analysis are annexed hereto along with Auditors' Certificate confirming compliance with clause – 49 of the Listing Agreement.

DIRECTORS

Shri R. P. Ganti retires by rotation and being eligible, offers himself for re-appointment. Shri Sumit Jhunjunwala and Shri H. A. Patel are being proposed to be re-appointed as Independent Directors in terms of the applicable provisions of the Companies' Act, 2013. The Board recommends their re-appointment.

AUDITOR'S REPORT

As regards to the remarks in the Auditor's Report in paragraph titled '*Basis for qualified opinion*' we invite your attention to the paragraphs on 'Operations' and 'Future Prospects' above.

In respect of the remarks on deferred taxation, as a matter of prudence, the management has decided not to recognize any deferred tax asset for the time being till there is virtual certainty of the same getting reversed (i.e. utilized).

In respect of the remarks on non-provision of interest, the management is in discussions with the lenders concerned for obtaining concession / waivers.

AUDITORS

Messrs. Ramanlal G. Shah & Company, Chartered Accountants, the Auditors of the Company, will retire at the ensuing Annual General Meeting. They have expressed their willingness to continue in office if re-appointed. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013 and that they are not disqualified for re-appointment. You are requested to appoint them and authorize your Directors to fix their remuneration

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

As the company has not carried on any production or related operational activities, the requirements of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. The company has also neither earned nor spent any amount of foreign exchange.

PARTICULARS OF EMPLOYEES

Statement showing particulars under Section 217 (2A) of the Companies Act, 1956 as amended, read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March, 2014 is not given as no employee has drawn remuneration in excess of the ceiling prescribed under the said Rules.

ACKNOWLEDGMENT

Your Directors wish to express their sincere thanks to Auditors, Government, Banks and other stakeholders for their continued co-operation.

For and on behalf of the Board

R. P. Ganti
Director

M. C. Nalwaya
Director

K. Mukhopadhyay
Director

H. A. Patel
Director

S. Jhunjunwala
Director

ANNEXURE**REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS****A. INDUSTRY STRUCTURE AND DEVELOPMENT :**

After a careful analysis of the MEK business scenario in India, the Company has already exited from this business

B. OPPORTUNITIES AND THREATS

After the exit from the MEK business the management is now exploring possible alternative businesses which the company could profitably pursue.

C. RISKS AND CONCERNS

The risks and concerns would be outlined after the management has finalized the future business strategy and plans.

D. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Considering the absence of production activity and stable revenue stream, the company has not appointed any outside firm for carrying out internal audit.

E. MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Industrial relations had been cordial till such time as production operations were continuing.

F. CAUTIONARY STATEMENT

This Report deals with the Company's objective, estimates, expectations and forecasting which may be forward looking within the meaning of applicable Security Laws and/or Regulations. The aforesaid statements are based on certain premises and expectations of future events as such the actual results may differ materially from those expressed or implied. Government Regulation, Tax structure, demand-supply conditions, cost of raw materials & their availability, finished goods prices and economic development within India and the countries with which the Company has business relationship will have an important bearing on the statements in the above report.

The foregoing discussions and analysis only sets out the management's perception of the Company's operational environment in the coming months, which by its very nature is uncertain and may undergo substantial changes in view of the events taking place later. Thus, the Company should not and need not be held responsible, if, which is not unlikely, the future turns to be something quite different, even materially. Subject to this management cautionary statement this discussion and analysis should be perused

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the following is a report on the Corporate Governance code as implemented by the Company.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

It has been the endeavor of the Company to achieve a high level of transparency, accountability, independent monitoring and full disclosure within the framework of legal provisions. It is committed to enhance the shareholder's value over a sustained period of time and be accountable to its stake holders, employees, the government, financial institutions, bankers and lenders. Corporate Governance strengthens the Company's quest for higher growth and profitability. The Company believes that its systems and actions must be directed to enhancing corporate performance and maximizing shareholder value in the long term.

2. BOARD OF DIRECTORS

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information is placed before the Board of Directors to enable it to discharge its responsibilities of supervision, control and direction of the Company as trustees of the shareholders. The Board, as part of its functioning, also periodically reviews its role.

The information placed before the Board includes, as applicable:

- Annual operating plans of Business, Capital budgets and any updates.
- Quarterly results of the Company and its operating division or business segments as applicable
- Minutes of Meeting of Audit Committee and other Committees of the Board as also resolutions passed by circulation.
- Appointment or resignation of Chief Financial Officer and Company Secretary.
- Show cause demand, prosecution and penalty notices which are materially significant
- Fatal or serious accident, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company including substantial non-payment for goods sold by the Company.
- Any issue which involves possible public or products liability claims of substantial nature, including any judgment or order which may have passed strictures on the conduct of the company or taken an adverse view, regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and proposed solutions; any significant development in Human Resources / Industrial Relations front like signing of wages agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature of investments, subsidiaries, assets which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulations, statutory or listing requirements and shareholders services such as non-payment of declared dividend, delay in share transfer etc.
- Quarterly summary of all long-term borrowings made, bank guarantees issued, loans and investments made.
- Internal Audit findings and External Audit Management Reports (through the Audit Committee) .
- Status of business risk exposures in management and related action plans.
- Making of loans and investment of surplus funds.
- Proposal for investment, mergers and acquisitions.

- General notices of interest of Directors.

Composition of Board as on March 31, 2014

The composition of the Board of Directors of the Company, including the number of independent and non-executive directors, is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Board currently has not designated any director as Chairman. All the directors are non-executive and non-promoter. Meetings of the Board are chaired by one of the directors. None of the directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all companies in which he is a director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2014 have been made by the directors.

Attendance at the Board Meetings and the last AGM (during their tenure), other Directorships and other Board Committee Memberships (as on March 31, 2014):

Name of Director	No. of other Directorships held	Membership / Chairmanship of Other Company Committees		Board Meetings held during the Year	Board Meetings attended during the Year	Attendance at last AGM
		Member	Chairman			
Shri R. P. Ganti	1	-	3	4	4	NO
Shri Sumit Jhunjhunwala	-	-	4	4	4	NO
Shri K. Mukhopadhyay	5	-	-	4	4	NO
Shri Hasmukh A Patel	-	-	-	4	4	YES
Shri M. C. Nalwaya	-	-	-	4	4	NO

** Other directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India. Chairmanship / membership of board committees include only Audit Committee and Shareholders / Investors Grievances Committee of other companies.

Details of Board Meetings held during the Financial Year

Date of Meeting	Board Strength	No of Directors Present
24 th May, 2013	5	5
13 th August, 2013	5	5
13 th November, 2013	5	5
11 th February, 2014	5	5

3. BOARD COMMITTEES as on March 31, 2014

Currently, the Board has three Committees – Audit Committee, Remuneration Committee and Shareholders/ Investors' Grievances Committee.

Audit Committee

Terms of reference

(a) **Primary objectives of the Audit Committee:**

The Audit Committee acts as a link between the Statutory Auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements and other management information and adequacy of provisions of liabilities. The primary objective of the Audit Committee (the "Committee") is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out in the financial reporting process by the management, including the independent auditor, and notes the process and safeguards employed by each.

(b) **Scope of the Audit Committee:**

1. Provide an open avenue of communication between the independent auditor and the Board of Directors

2. Recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve the payment for other services
3. Meet four times a year or more frequently as circumstances require. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.
4. Confirm and assure the independence of the external auditor.
5. Review with independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
6. Consider and review with the independent auditor the adequacy of internal controls including the computerized information system controls and security;
7. Reviewing with the management, the quarterly financial statements before submission to the Board for approval
8. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - (a) Any changes in the accounting policies and practices
 - (b) The going concern assumption
 - (c) Compliance with accounting standards
 - (d) Compliance with stock exchange and legal requirements concerning financial statements
 - (e) Significant adjustment arising out of audit
9. Consider and review with the management and the independent auditor;
 - (a) Significant findings during the year, including the status of previous audit recommendations,
 - (b) Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information.
10. Review of the following information:
 - (i) Management discussion and analysis of financial condition and results of operations;
 - (ii) Statement of significant related party transactions submitted by the management;
 - (iii) Management letters/letters of internal control weaknesses issued by the Statutory Auditors

(c) Composition of the Audit Committee as on March 31, 2014

The Audit Committee comprises of three Non-Executive Directors of which two are Independent Directors. Mr. Sumit Jhunjhunwala, a Non-Executive Independent Director acts as the Chairman of the Committee. The Audit Committee is constituted in accordance with the Corporate Governance Code of the Listing Agreement and the provisions of the Companies Act, 1956. The statutory auditors are invited to the Audit Committee Meetings whenever required. The quorum for the Audit Committee Meeting is two members.

The composition of the Audit Committee as on March 31, 2014 is as under:

1. Mr. Sumit Jhunjhunwala
2. Mr. Hasmukh A. Patel
3. Mr K. Mukhopadhyay

(d) Audit Committee Meetings and Attendance during the financial year ended March 31, 2014

During the year four Audit Committee Meetings were held on 24th May 2013, 13th August 2013, 13th November 2013 and 11th February 2014. The table hereunder gives the attendance record of the Audit Committee members.

Name of the Audit Committee Members	No. of meetings held	No. of meetings attended
Shri Sumit Jhunjhunwala	4	4
Shri Hasmukh A. Patel	4	4
Shri K. Mukhopadhyay	4	4

The Committee has recommended to the Board the appointment of M/s. Ramanlal G. Shah & Co., Chartered Accountants, as the statutory and independent auditors of the Company for the Financial Year ending March 31, 2015 and that necessary resolution for appointing them as auditors be placed before the shareholders.

The Audit Committee was reconstituted on May 29, 2014 as under:

- Shri Sumit Jhunjunwala – Chairman
- Shri H. A. Patel – Member
- Shri R. P. Ganti – Member

Remuneration Committee

The broad terms of reference of the Nomination and Remuneration Committee is to ensure that the remuneration practices of the Company in respect of the Senior Executives including the Executive Directors are competitive keeping in view prevalent compensation packages so as to recruit and retain suitable individual(s) in such capacity. Mr. Sumit Jhunjunwala, Mr. H. A. Patel and Mr. R. P. Ganti are the members of the Committee. Mr. Jhunjunwala acts as Chairman of the Committee.

The remuneration of the Directors is decided by the Board of Directors, keeping in view the provisions in the Articles of Association of the Company and the Companies Act, 2013. No Director of the company was paid any remuneration during the year. The Non Executive Independent Directors are paid sitting fees for attending Board and Committee meetings. No meeting of the Remuneration Committee was required to be held during the year.

The sitting fees paid for the year 2013-14 to the Directors for Board/Committee meetings are as under:

Rupees

Director	Board Meetings	Committee Meetings	Total
Mr. Sumit Jhunjunwala	8000.00	4000.00	12000.00
Mr. H. A. Patel	8000.00	8000.00	16000.00

4. Related parties' transaction:

Transactions with related parties are disclosed in detail in Note '14 j' - Notes to Accounts annexed to the financial statement for the year as well as given hereunder under the head DISCLOSURE. Investors are requested to refer the same.

5. SHAREHOLDERS' AND INVESTORS' GRIEVANCE COMMITTEE

The Shareholders and Investors' Grievance Committee had been formed as per the Corporate Governance Code prescribed in the Listing Agreement to review the status of investors grievances, provide a mechanism for redressing such grievances and recommend measures to improve the level of investor services.

The said committee also acts as the Share Transfer Committee to specifically look into various issues of the Shareholders, issues of Duplicate Share Certificate, etc. This Committee has been delegated authority by the Board to approve transfer/transmission/transposition of shares/debentures, issuance of share/debenture certificate etc. The Committee meets at such intervals as required to approve transfer/transmission/transposition of shares/debentures etc.

The composition of the Committee as on March 31, 2014 and number of the meetings held during the year are furnished hereunder:

Name of Director	Meetings held during tenure of the Director	No of Meetings attended
Shri R P Ganti	4	4
Shri H A Patel	4	4
Shri K. Mukhopadhyay	4	4

During the year, the Company has not received any complaints from the Stock Exchanges/ SEBI/Department of Company Affairs, which requires redress to the satisfaction of the shareholders. As required by the Stock Exchanges, the Company has designated Mr. N. D. Joshi, as the Compliance Officer. The Company had, during the year 2013-14

received 8 applications for transfer/transmission/transposition of shares and total number of pending requests for transfer as on 31st March, 2014 were Nil. No investor complaints were received during the year.

Effective May 29, 2014, the Committee has been renamed as Stakeholders' Relationship Committee and reconstituted as under:

- Shri H. A. Patel – Chairman
- Shri R. P. Ganti - Member

6. GENERAL BODY MEETINGS

The details as to the timing and date of the last three Annual General Meetings held at BPC Convention Centre, Productivity Road, Baroda are as under:

Year	Date of AGM	Time	No. of Special Resolutions passed through Postal Ballot
2010-11	29/9/2011	11:30 AM	NIL
2011-12	28/9/2012	11:30 AM	NIL
2012-13	27/9/2013	11:30 AM	NIL

Postal ballot – No special resolution requiring a postal ballot was proposed in the last Annual General Meeting. No special resolution requiring a postal ballot is being proposed in the ensuing Annual General Meeting

7. DISCLOSURES

(i) Related Party Transactions:

During the year, Company has not entered into any sale / purchase transactions with its Associate Companies. Remuneration to Directors disclosed in Clause 3 above.

(ii) Compliances by the Company:

There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets, during the last three years.

(iii) Access of personnel to the Audit Committee:

The Company's personnel have access to the Chairman of the Audit Committee in cases such as concerns about unethical behavior, frauds and other grievances. No personnel of the Company have been denied access to the Audit Committee.

(iv) Compliance with the Mandatory requirements and Implementation of the Non-mandatory requirements:

The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement. The Company has not implemented the non-mandatory requirements enlisted by way of annexure to Clause 49 of the listing agreement.

8. REPORT ON CORPORATE GOVERNANCE:

The Company has obtained a Certificate from the statutory auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 which is annexed herewith.

9. CEO DECLARATION:

As required by clause 49 of the Listing Agreement, Director's declaration on compliance of the Company's Code of Conduct is annexed herewith.

10. MEANS OF COMMUNICATION

The financial results and notices of Board Meeting and Annual General Meeting are published in the national and regional newspapers. Half yearly report to each household of shareholders is not sent.

GUJARAT CARBON AND INDUSTRIES LIMITED


(i)	Date, time and venue of Annual General Meeting of Shareholders	20 th September, 2014, 11:30 A.M. BPC Convention Centre, Productivity Road, Baroda-390007
(ii)	Financial Calendar 2014—2015 (tentative and subject to change)	Financial reporting for quarter ended June 30, 2014 : By August, 14, 2014 September 30, 2014 : By November 15, 2014 December 31, 2014 : By February 15, 2014 March 31, 2015 : Audited results within 60 days from end of quarter Annual General Meeting for year ended 31 st March 2015 – By September 30, 2015
(iii)	Dates of book closures	As mentioned in the notice of the AGM.
(iv)	Dividend Payment	The Company has not declared any dividend
(v)	Registered Office	6 th Floor, Offtel Towers, R. C. Dutt Road, Baroda –390 007 Tel Nos.: 0265-2336468 & Fax No: 0265-2336468
(vi)	Listing on Stock Exchange	BSE Limited; Vadodara Stock Exchange
(vii)	Stock Exchange Code	BSE – 506457; VSE – 0118
(viii)	Demat ISIN for NSDL / CDSL	INE 462C01010
(ix)	Share Transfer Agent	In view of Common Agency requirement by SEBI, Company has appointed Link Intime India Pvt. Ltd, B-102, & 103, Shangrila Complex, First Floor, opp. HDFC Bank , Near Radhakrishna Char Rasta , Akota, Vadodara- 390 020 as Share Transfer Agents

(x) Stock Market price data – BSE

Month	High	Low	No. of Shares	BSE Sensex	
				High	Low
Apr-13	1.06	0.88	4,319	19,622.68	18,144.22
May-13	1.1	0.78	6,116	20,443.62	19,451.26
Jun-13	1.26	1.1	3,628	19,860.19	18,467.16
Jul-13	1.38	1.21	4,918	20,351.06	19,126.82
Aug-13	1.35	1.35	1	19,569.20	17,448.71
Sep-13	1.33	1.16	1,152	20,739.69	18,166.17
Oct-13				21,205.44	19,264.72
Nov-13	1.11	0.96	3,359	21,321.53	20,137.67
Dec-13	0.94	0.77	3,390	21,483.74	20,568.70
Jan-14	0.89	0.75	7,219	21,409.66	20,343.78
Feb-14	0.98	0.86	11,721	21,140.51	19,963.12
Mar-14	1.07	0.94	3,968	22,467.21	20,920.98

- (xi) Share transfer system: Share transfer in physical form can be lodged with the RTA or the Registered Office of the Company. Share transfer requests received are normally processed within 15 days from the date of receipt, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmation thereof is conveyed by the Company's RTA to the depositories within 7 to 15 days from the date of receipt thereof.

11. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2014

Group of Shares Shareholders	No. of Shares held	No. of Total Shares	% to Total Shares
1 – 5000	4949	845074	6.83%
5001 – 10000	756	656336	5.30%
10001 – 20000	338	532270	4.30%
20001 – 30000	118	312742	2.53%
30001 – 40000	62	226314	1.83%
40001 – 50000	53	250703	2.02%
50001 – 100000	81	599527	4.84%
Above 100000	49	8957710	72.35%
Total	6406	12380676	100.00%

	<u>No. of shareholders</u>	<u>No. of shares</u>	<u>% of Shares</u>
No. of shareholders in Physical mode	2611	6150768	49.68
No. of shareholders in Electronic mode	3795	6229908	50.32

12. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2014

CATEGORY	NO OF SHARES	% OF SHAREHOLDING
Promoters	7284600	58.84
Financial Institutions & Banks	150	0.00
Bodies Corporate	362752	2.93
NRI	63164	0.51
Indian Public	4670010	37.72
Total	12380676	100.00

13. DEMATERIALIZATION OF SHARES

50.32 % of the shares have been dematerialized up to 31st March, 2014.

14. PLANT LOCATION

Plant has been disposed of in earlier year

15. ADDRESS FOR CORRESPONDENCE BY SHAREHOLDERS

Link Intime India Pvt. Ltd, B-102, & 103, Shangrila Complex, First Floor, Opp. HDFC Bank , Near Radhakrishna Char Rasta , Akota, Vadodara- 390 020

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to inform that the Company has adopted a Code of Conduct for the Board Members and Senior Management personnel.

We confirm that the Company has in respect of the Financial Year ended 31st March, 2013 received from the Members of the Board and the Senior Management Personnel of the Company a declaration of Compliance with the Code of Conduct as applicable to them.

R. P. Ganti
Director

M. C. Nalwaya
Director

K. Mukhopadhyay
Director

H. A. Patel
Director

S. Jhunjhunwala
Director



**AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE
AS OF MARCH 31, 2014**

To
Gujarat Carbon and Industries Ltd
6th Floor, Offitel Towers
R.C.Dutt Road
Baroda

We have examined the compliance of conditions of Corporate Governance by Gujarat Carbon and Industries Ltd for the year ended on 31st March, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

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

We state that in respect of investor grievance received during the year ended 31st March, 2014, no investor grievances are pending against the Company as per the records maintained and information given by the Company and presented to the Shareholders'/Investors' Grievance Committee.

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

For **Ramanlal G. Shah & Co.**
Chartered Accountants
Firm Registration No. 108517W
Vivek Shah
(Partner)
Membership No 112269

Place: Ahmedabad
Date: 29th May, 2014

CEO / CFO CERTIFICATE

To,
Board of Directors
Gujarat Carbon and Industries Limited
Baroda.

We do hereby certify that:

- a) We have reviewed the financial statements and the cash flow statement of the Company for the year 2013-14 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated wherever applicable to the auditors and the audit committee:-
 - (i) significant changes in internal control over financial reporting, if any during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system over financial reporting

R P Ganti
Director

M. C. Nalwaya
Director

K Mukhopadhyay
Director



AUDITORS' REPORT TO THE MEMBERS OF GUJARAT CARBON AND INDUSTRIES LIMITED

To the Members of
Gujarat Carbon and Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Gujarat Carbon and Industries Limited, which comprise the Balance Sheet as at 31st March, 2014, and the Profit and Loss Account and the 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 and financial performance 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 Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 of material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

Basis for qualified opinion

1. *We invite your attention to Note No. 14 a. of notes forming part of financial statements regarding the accounts being prepared on a going concern basis. However, there is no alternative proposal to promote any other activity.*
2. *Accounting Standard 9 – "Revenue Recognition", the details and effect of which have been disclosed in paragraph 7 below. Further the disclosure requirements of AS 22 'Accounting for Taxes on Income' have not been followed regarding composition and accounting of deferred tax assets/ liabilities as on Balance Sheet date.*
3. *Note No. 14 d. regarding non provision of interest on certain inter-corporate deposits, the impact of which is not determined.*

Opinion

Subject to above basis of qualification paragraph, 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Profit and Loss Account, of the profit for the year for the year ended on that date.;
- (c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 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. 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. 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. In our opinion, the Balance Sheet and Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- e. On the basis of written representations received from the directors, as on 31st March, 2014 and taken on record by the Board of Directors, none of the director is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Ramanlal G Shah & Co.
Chartered Accountants
Firm Registration No 108517W

(Vivek S. Shah)
Partner
Membership No. 112269.

Place : Ahmedabad
Date : 29th May, 2014

Annexure to Auditors' Report

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of subsection 4(A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books of accounts and records as we considered appropriate and the information and explanations given to us during the course of audit, we further state that:

- (i) The nature of Company's business / activities during the year have been such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's report) Order, 2003 are not applicable to the company.
- (ii) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets, which requires to be updated.
- (b) The Company has a program of physical verification of its fixed assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its business. In accordance with this programme, certain fixed assets are physically verified by the management during the year and according to the information and explanations given to us, no material discrepancies have been noticed on such verification.
- (iii) The Company does not have any inventories during the year.
- (iv) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (b) According to information and explanations given to us the company has not taken any loans, secured or unsecured from companies, firms, of other parties covered in the register maintained under section 301 of the Act during the year.
- (c) As the ICD is payable on demand, payment schedule has not been fixed. The company has provided interest up to 31.03.2002 amounting to Rs. 920.57 lacs which is pending for payment. No provision has been made for interest payable on such Inter Corporate Deposits since 31.03.2002, the amount of which is not determined.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (vi) (a) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956



- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements, and exceeding Rs. 5,00,000/- in respect of any party during the year.
- (vii) The company has not accepted deposits from the public.
- (viii) The company had no internal audit system during the year.
- (ix) Since there are no operations during the year, the Company has not maintained the books of account prescribed under the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- (x) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Income Tax, Sales Tax, Custom Duty, Excise duty, Cess and other material Statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, Investor Education Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess were in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable:
- (c) According to the information and explanations given to us, there are no dues of Customs Duty, Wealth Tax, Service Tax, and Cess, which has not been deposited on account of any dispute except as stated hereunder:

Name of the Statute	Nature of dues	Amount under dispute (Rs. In lacs)	Period to which it relates	Forum where the dispute is pending
Income tax Act, 1961	Income tax	19.79	A.Y. 2002-2003	Reverted to AO by ITAT for review
Income tax Act, 1961	Income tax penalty	24.98	A.Y. 2003-2004	ITAT

- (xi) In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. The Company has incurred cash losses during the financial year and also incurred cash loss during the year immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, company has not defaulted in repayment of its dues to a financial institution during the year.
- (xiii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities
- (xiv) 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.
- (xv) The Company has not obtained any term loan during the year.
- (xvi) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that fund raised on short-term basis including other short-term loans from companies have not been used for long term investment.
- (xvii) During the year the company has not made preferential allotment.
- (xviii) During the period covered by our audit report, the company has not issued debentures.
- (xix) The company has not raised monies through a public issue during the year.
- (xx) 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 audit.

For **Ramanlal G Shah & Co.**
Chartered Accountants
Firm Registration No 108517W

(Vivek S. Shah)

Partner

Membership No. 112269.

Place : Ahmedabad
Date : 29th May, 2014

GUJARAT CARBON AND INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

(Rs in lacs)

Particulars	Note No.	As at 31 March, 2014	As at 31 March, 2013
1 Shareholders' funds			
(a) Share capital	1	1,324.07	1,324.07
(b) Reserves and surplus	2	(2,014.83)	(2,003.08)
(c) Money received against share warrants			
2 Share application money pending allotment			
3 Non-current liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	-
4 Current liabilities			
(a) Short-term borrowings	3	999.79	999.79
(b) Trade payables		-	-
(c) Other current liabilities	4	135.43	134.89
(d) Short-term provisions		-	-
TOTAL		444.45	455.67
II. ASSETS			
Non-current assets			
1 (a) Fixed assets	5		
(i) Tangible assets		29.14	29.80
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax asset (Net)		-	-
(d) Long-term loans and advances	6	79.91	79.91
(e) Other non-current assets		-	-
2 Current assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables	7	84.86	84.86
(d) Cash and cash equivalents	8	7.24	18.00
(e) Short-term loans and advances	9	5.37	5.18
(f) Other current assets	10	237.92	237.92
TOTAL		444.45	455.67
Significant accounting policies and other notes	13 & 14		

Accompanying Notes form an integral part of financial statements

As per our attached Report of even date

On behalf of the Board of Directors

For and on behalf of

Ramanlal G. Shah & Co.
Chartered Accountants

R. P. Ganti
(Director)
M. C. Nalwaya
(Director)

VIVEK SHAH
Partner

K. Mukhopadhyay
(Director)
H. A. Patel
(Director)
Sumit Jhunjhunwala
(Director)

Date : May 29, 2014

Place : Mumbai

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

(Rs in lacs)

Particulars	Note No.	For the year ended 31st March, 2014	For the year ended 31 March, 2013
I. Revenue from operations		-	-
II. Other income	11	0.77	15.11
III. Total Revenue (I + II)		0.77	15.11
IV. Expenses:			
Cost of materials consumed		-	-
Purchase of stock-in-trade		-	-
Manufacturing & Operating Costs		-	-
Changes in inventories of finished goods		-	-
work-in-progress and Stock-in-Trade		-	-
Employee benefits expense		-	-
Finance costs		-	-
Depreciation and amortization expense	5	0.66	0.66
Other expenses	12	12.04	11.85
Total expenses		12.69	12.51
V. Profit/(loss) before exceptional and extraordinary items and tax (III-IV)		(11.93)	2.60
VI. Exceptional items - Prior period adjustments (others)		(0.17)	-
VII. Profit/(loss) before extraordinary items and tax (V - VI)		(11.75)	2.60
VIII. Extraordinary Items - Loss on Sale of asset		-	-
IX. Profit/(loss) before tax (VII- VIII)		(11.75)	2.60
Income Tax Expenses:			
Current tax		-	0.63
Deferred tax		-	-
Tax Provision of earlier year		-	0.26
XI Profit / (Loss) for the year from continuing operations (IX-X)		(11.75)	1.71
XII Profit / (Loss) for the year		(11.75)	1.71
XIII Earnings per equity share of the face value of Rs.10 each :			
Basic		(0.09)	0.01
Diluted		(0.09)	0.01
Significant accounting policies and other notes	13 & 14		

Accompanying Notes form an integral part of financial statements

As per our attached Report of even date

For and on behalf of
Ramanlal G. Shah & Co.
Chartered Accountants

VIVEK SHAH
Partner

Date : May 29, 2014
Place : Mumbai

On behalf of the Board of Directors

R. P. Ganti
(Director)
M. C. Nalwaya
(Director)
K. Mukhopadhyay
(Director)
H. A. Patel
(Director)
Sumit Jhunjunwala
(Director)

Notes forming part of the financial statements as at and for the year ended 31st March, 2014

Note 1 - Share Capital

a). Authorised, Issued, Subscribed and Paid Up (Rs in lacs)

Particulars	As at 31st March 2014		As at 31st March 2013	
	Number	Rs. Lacs	Number	Rs. Lacs
Authorised				
Equity Shares of Rs. 10 each	12,380,676	1,238.07	12,380,676	1,238.07
Preference Shares of Rs. 10 each	12,619,324	1,261.93	12,619,324	1,261.93
Issued, Subscribed & Paid up				
Equity Shares of Rs. 10 each	12,380,676	1,238.07	12,380,676	1,238.07
Cumulative Redeemable Preference Shares of Rs. 10 each	860,000	86.00	860,000	86.00
[Refer Note (b) below and Note 15 e]				
Total	13,240,676	1,324.07	13,240,676	1,324.07

b). Rights of Equity Shareholders and Preference Shareholders

The Company has only one class of Equity Shares having par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the company. Preference shares shown are outstanding as on date (original amount Rs 172 Lacs) and due for redemption in 10 installments starting from 1.4.2006.

c). Reconciliation of numbers of equity shares

Particulars	As at 31st March 2014		As at 31st March 2013	
	Number	Rs. Lacs	Number	Rs. Lacs
Shares outstanding at the beginning of the year	12,380,676	1,238.07	12,380,676	1,238.07
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	12,380,676	1,238.07	12,380,676	1,238.07

d). Details of members holding equity shares more than 5%.

Name of Shareholder	As at 31st March 2014		As at 31st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
K. V. Trading Co Ltd	2,700,000	21.81%	2,700,000	21.81%
Doon Valley Inv. Co. Ltd	2,700,000	21.81%	2,700,000	21.81%
ISG Traders Ltd	1,626,500	13.14%	1,626,500	13.14%
Bimla Gupta	626,194	5.06%	626,194	5.06%
Total	7,652,694	61.81%	7,652,694	61.81%



Notes forming part of the financial statements as at and for the year ended 31st March, 2014

Note 2 - Reserves & Surplus

(Rs in lacs)

Particulars	As at 31st March 2014	As at 31st March 2013
Opening balance	(2,003.08)	(2,004.78)
Add: Net Profit for the year as per annexed accounts	(11.75)	1.71
Closing Balance (Loss)	(2,014.83)	(2,003.08)

Note 3 - Short Term Borrowings

(Rs in lacs)

Particulars	As at 31st March 2014	As at 31st March 2013
Secured - from Banks or Fin. Institutions	-	-
Unsecured - from others - Inter-corporate Deposits (includes interest accrued and due Rs 920.57 lacs; previous year Rs 920.57 lacs)	999.79	999.79
Total	999.79	999.79

Note 4 - Other Current Liabilities

(Rs in lacs)

Particulars	As at 31st March 2014	As at 31st March 2013
(a) Trade Payables	23.74	23.36
(b) Other Liabilities	12.43	12.27
(c) Statutory Dues - Provision for Taxation	99.26	99.26
Total	135.43	134.89

Note 5 - Fixed Assets

(Rs in lacs)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 31st March 2013	Additions	Disposals	Balance as at 31st March 2014	Balance as at 31st March 2013	Depreciation charge for the year	On disposals	Balance as at 31st March 2014	Balance as at 31st March 2014	Balance as at 31st March 2013
Tangible Assets										
Land (Leasehold)										
Buildings	40.29	-	-	40.29	12.27	0.62	-	12.89	27.40	28.02
Plant and Equipment	-	-	-	-	-	-	-	-	-	-
Furniture and Fixtures	7.12	-	-	7.12	5.34	0.04	-	5.38	1.75	1.78
Office equipment	-	-	-	-	-	-	-	-	-	-
Computers	-	-	-	-	-	-	-	-	-	-
Total	47.41	-	-	47.41	17.61	0.66	-	18.27	29.14	29.80
Previous year	47.41	-	-	47.41	16.95	0.66	-	17.62	29.80	30.45

GUJARAT CARBON AND INDUSTRIES LIMITED


Notes forming part of the financial statements as at and for the year ended 31st March, 2014

Note 6 - Long Term Loans and Advances

(Rs in lacs)

Particulars	As at 31st March 2014	As at 31st March 2013
Loans and Advances :		
Advance tax	79.91	79.91
Total	79.91	79.91

Note 7 - Trade Receivables

(Rs in lacs)

Particulars	As at 31st March 2014	As at 31st March 2013
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	-	-
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	84.86	84.86
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	84.86	84.86
Total	84.86	84.86

Note 8 -Cash and Cash Equivalents

(Rs in lacs)

Particulars	As at 31st March 2014	As at 31st March 2013
Cash and Cash Equivalents		
a. Balances with banks	7.21	17.92
b. Cheques, drafts on hand	-	-
c. Cash on hand	0.03	0.08
Total	7.24	18.00

Note 9 - Short term loans and advances

(Rs in lacs)

Particulars	As at 31st March 2014	As at 31st March 2013
a) Balances with customs, excise etc	-	-
b) Advance Sales Tax / VAT	2.38	2.38
c) Security Deposits with Government bodies	1.36	1.36
d) InterCorporate Deposits	1.38	1.38
e) Others	0.25	0.06
Total	5.37	5.18



Notes forming part of the financial statements as at and for the year ended 31st March, 2014

Note 10 - Other Current Assets

(Rs in lacs)

Particulars	As at 31st March 2014	As at 31st March 2013
a. Interest receivable	227.84	227.83
b. Tax deducted at source (provision)	10.08	10.08
c. Others		
Total	237.92	237.92

Note 11 - Other Income

(Rs in lacs)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Interest Income	0.77	4.15
Other non-operating income (amount received on surrender of gratuity policy)	-	32.75
Excess provision of interest receivable written-back	-	(21.79)
Total	0.77	15.11

Note 12 - Other Expenses

(Rs in lacs)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Power & Fuel (non-mfg)	0.07	0.07
Travelling	1.00	1.18
Audit Fees	1.01	1.01
Certification	0.53	0.53
Audit Expenses (reimbursement)	0.15	0.10
Directors' Fees	0.28	0.26
Legal & Professional charges	4.61	3.34
Provision for Doubtful debts	-	-
Miscellaneous expenses (including prior period expenses and sundry balances written-off)	4.39	5.36
Total	12.04	11.85

Significant Accounting Policies and Notes forming part of the Financial Statements for the year ended 31st March, 2014
NOTE 13 – SIGNIFICANT ACCOUNTING POLICIES
a. ACCOUNTING METHODOLOGY

The accounts have been prepared on historical cost basis of accounting, on an accrual basis and comply with the Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956, to the extent applicable. All expenses and income to the extent considered payable and receivable with reasonable certainty are accounted for on accrual basis. Accounting policies not specifically referred to are consistent with generally accepted accounting practices.

b. USE OF ESTIMATES

The presentation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities, and the disclosures of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively.

c. REVENUE RECOGNITION

Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the customers. Sales are net of sales return and trade discounts.

d. FIXED ASSETS

- i. Fixed Assets are carried at cost/book value and include amounts added on revaluation. Depreciation is provided on revalued cost of assets (excluding land) on Straight Line Method, at rates prescribed under Schedule XIV of the Companies Act, 1956. Cost of leasehold land/land development is being amortised over the period of the lease. In respect of additions to fixed assets, depreciation is being calculated on pro-rata basis from the month of such addition.
- ii. Depreciation on Assets is provided as per Straight Line Method.
- iii. Financial Leases - Assets under hire purchase are capitalised and depreciated as per estimated useful life of the asset.

e. IMPAIRMENT OF ASSETS

In accordance with AS 28 on 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, the carrying amounts of the Company's assets related to cash generating units are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the profit and loss account when the carrying amount of such assets exceeds its recoverable amount. Impairment, if any, is recognized in the accounts in the year in which an asset is identified as impaired.

f. INVENTORIES

Inventories are valued at lower of cost and estimated net realisable value. Valuation of finished goods represents direct cost and an appropriate portion of factory overheads which are incurred in bringing them to their present location and condition and includes excise duty payable. Weighted Average Method is used for determination of cost.

g. TAXATION

- i. Income tax expense comprises current tax and fringe benefit 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 year).
- ii. 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.
- iii. Deferred tax is recognised, subject to the consideration of prudence on timing differences, being the difference between taxable incomes and accounting incomes that originate in one period and are capable

of reversal in one or more subsequent periods. Deferred tax asset including asset arising from unabsorbed depreciation and losses carried forward, is not recognised unless there is virtual certainty that sufficient future taxable income will be available against which deferred tax can be realised.

h. EMPLOYEE BENEFITS

i. Gratuity:

Liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation and is provided for on the basis of the actuarial valuation made at the end of each financial year.

ii. Provident Fund:

Retirement benefits in the form of Provident Fund / Pension Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

iii. Leave Entitlement:

Liability towards Leave Entitlement Benefit is provided for as at the Balance Sheet date as per the actuarial valuation taken at the end of the year. Actuarial gains/ losses are immediately taken to Profit and Loss Account and are not deferred.

i. TRANSACTION OF FOREIGN CURRENCY ITEMS

i. Foreign Currency transactions are recorded at the rate of exchange prevailing on the date of the transaction.

ii. Foreign Currency transactions remaining unsettled as on the last day of the financial year are translated at the exchange rate prevailing as on the date of Balance Sheet. The resultant difference, if any, is dealt with in the Profit and Loss Account. Premium in respect of forward exchange contracts is recognised over the life of the contracts.

j. BORROWING COSTS

Borrowing costs attributable to acquisition and construction of qualifying asset are capitalized as a part of cost upto the date when such asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Profit and Loss Account.

k. PROVISIONS AND CONTINGENT LIABILITIES

The Company recognises a provision 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. Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure is made.

NOTE 14 - NOTES FORMING PART OF THE FINANCIAL STATEMENTS

a. Although operations of the Company have totally ceased since March 2007 and entire plant and machinery and related electric installations disposed of, accounts have been prepared on a 'going concern' basis.

b. In view of the accumulated losses, no transfer has been made to the Capital Redemption Reserve in respect of Redeemable Preference Shares.

c. Revaluation

i. The Company had earlier revalued leasehold land, building, plant machinery and electrical installations of its erstwhile Carbon Black Unit (First Revaluation 30-9-1986) and also freehold land, building, plant and machinery and electrical installations of MEK Division at the estimated market value as on 30-9-1993 resulting in the net increase of Rs.2204.61 Lakhs which was transferred to revaluation Reserve.

Relying on legal opinion, the Company had set off debit balance of Profit and Loss Account of Rs. 2094.75 Lakhs as on 30.09.1993 against the balance of revalued assets of Carbon Black Division as on 30.09.1986 and updated on 30.09.1993 and MEK Division as on 30.09.1993.

- ii. The Company had further revalued buildings except a flat and above mentioned assets of MEK Division at estimated market value as on 31-3-1999. The net increase in the value of such assets amounted to Rs.2229.96 Lakhs which had been transferred to Revaluation Reserve Account.

Relying on legal opinion, the Company had set off Rs. 1140.00 Lakhs being accumulated debit balance of Profit and Loss Account up to 30-09-1997 against Revaluation Reserve of Rs. 2229.96 lakhs created on 31-3-1999 as stated above.

- d. No provision is made for interest payable on certain Inter-corporate Deposits. The quantum of such interest which may be payable is not determined at present as the Company is in negotiation with the lenders and the same shall be provided as and when finally crystallized.
- e. Preference shares due for redemption as on April 1, 2013 have not been redeemed and continue to be shown as preference share capital. Accumulated Dividend on Cumulative Preference Shares amounts to Rs. 104.92 lakhs (Previous Year Rs.96.32 lakhs).
- f. In respect of pending legal suits against book debts amounting to Rs.84.86 lakh provision has not been considered till final outcome of the legal suits.
- g. Contingent Liabilities have not been provided for in respect of:

		Year ended 31 st March, 2014 Rs. Lacs	Year ended 31 st March, 2013 Rs. Lacs
i.	Claims against the Company relating to (including interest or penalty upto the date of demand) - Income Tax	54.08	54.08
ii.	Liability for termination benefits payable to contract labour as per order of Labour Court	Amount not ascertainable (Company has gone in appeal against said order)	Amount not ascertainable (Company has gone in appeal against said order)
iii.	Further interest / liability / penalty if any as may arise in respect of matters referred to in Note 14(g)(i) above - amounts not ascertainable		

- h. i) In the opinion of the management, Current and Non-current Assets, Long Term and Short Term Loans and Advances are realizable at a value, in the ordinary course of business, which is atleast equal to the amount at which these are stated, and provisions for all known and determined liabilities are adequate and not in excess of the amounts stated.
- ii) The accounts of certain Trade Receivables, Trade Payables, Loans and Advances and Lenders are however subject to formal confirmations / reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / confirmation.
- i. Deferred Tax Asset/Liability - In absence of virtual certainty of sufficient future taxable income, as a matter of prudence, the Company has not accounted for cumulative net deferred tax assets for the year ended March. 31, 2014.
- j. Details of transactions with related parties as identified by the management in accordance with Accounting Standard -18 of the Companies Accounting Standard Rules, 2006 are as follows:
The following transactions were carried out with related parties (companies) in the ordinary course of business and at arm's length:

Rs. Lacs

Transaction	FYE Mar 31, 2014	FYE Mar 31, 2013
Income - Interest on Inter-corporate Deposits	-	-
Inter-corporate Deposits (incl. interest) – Closing Balances		
Receivable	1.38	1.38
Payable	999.79	999.79

GUJARAT CARBON AND INDUSTRIES LIMITED


k. Disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

Sr. No.	Particulars	Amount (Rs. Lacs)
i)	Principal amount remaining unpaid	NIL
ii)	Interest paid in terms of Section 16	NIL
iii)	Interest due and payable for the period of delay in payment	NIL
iv)	Interest accrued and remaining unpaid	NIL
v)	Interest due and payable even in succeeding years	NIL

The Company has compiled the above information based on verbal confirmations from suppliers. As at the year end, no supplier has intimated the Company about its status as a Micro or Small Enterprise or its registration under the Micro, Small and Medium Enterprises Development Act, 2006.

l. Physical verification of stocks of raw materials, finished goods and stores has not been carried out since no stocks are being carried.

Details of consumption (raw materials, stores and spares), capacity, stocks, imports and foreign exchange expenditure earnings not given as no production operations have been carried out in last four years.

m. No provision for Income Tax is required to be made for the year under Minimum Alternate Tax (Section 115JB of the Income Tax Act, 1961).

n. Earnings per Share:

Particulars	Year ended 31st March, 2014 Rs. Lacs	Year ended 31st March, 2013 Rs. Lacs
i. Numerator:		
(a) Profit/(Loss) after tax but before exceptional items	(11.75)	1.72
(b) Profit/(Loss) after tax and exceptional items	(11.75)	1.72
<u>Less:</u> Preference Shares Dividend for the year (including Dividend Distribution Tax)	-	-
	(11.75)	1.72
Numerator for Basic/Diluted EPS Calculation		
(a) Earning before exceptional items	(11.75)	1.72
(b) Earning after exceptional items	(11.75)	1.72
ii. Denominator:		
Weighted average number of shares outstanding during the year		
- Basic		
- Diluted	1,23,80,676	1,23,80,676
	1,23,80,676	1,23,80,676
iii. Earnings Per Share:		
Earnings per Share in Rs. before exceptional items		
- Basic	(0.09)	0.01
- Diluted	(0.09)	0.01
Earnings per Share in Rs. after exceptional items		
- Basic	(0.09)	0.01
- Diluted	(0.09)	0.01
iv. Nominal Value per Equity Share	10	10

GUJARAT CARBON AND INDUSTRIES LIMITED**o. Auditors' Remuneration**

	Year ended 31st March, 2014 Rs. Lacs	Year ended 31st March, 2013 Rs. Lacs
Audit Fees	1.01	1.01
Limited Review / Certification	0.53	0.53
Total	1.54	1.54

p. After the resignation of the Company Secretary w.e.f. November 27, 2006, the Company continues to make concerted efforts to appoint a Company Secretary as required under Section 383A of the Companies Act, 1956.

q. Previous year's figures have been reclassified / regrouped / rearranged wherever considered necessary.

By Order of the Board

For GUJARAT CARBON AND INDUSTRIES LIMITED

R. P. GANTI
Director

M. C. NALWAYA
Director

K. MUKHOPADHYAY
Director

H. A. PATEL
Director

SUMIT JHUNJHUNWALA
Director

Place : Mumbai

Dated : 29th May 2014


CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(Rs in lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
A. Cash Flow arising from Operating Activities:		
Net Profit/(Loss) before Tax as per Profit & Loss Account	(11.93)	1.71
Add/(Deduct) :		
a) Depreciation and Amortisation Charges	0.66	0.66
b) Finance Charges	-	-
c) Interest Income	(0.77)	(36.90)
d) Loss on sale of tangible asset		
e) Direct Taxes Paid		
f) Prior period adjustments (refer Note 'b' below)	0.17	
	0.06	(36.24)
Operating Cash Profit / (Loss) before Working Capital Changes	(11.86)	(34.53)
Add/(Deduct) :		
a) Increase/(Decrease) in Trade and Other Payables	0.54	(108.08)
b) Decrease/(Increase) in Trade and Other Receivables	(0.19)	123.52
c) Decrease/(Increase) in Inventories	-	-
	0.34	15.43
Net Cash inflow in the course of Operating Activities.	(11.52)	(19.10)
B. Cash Flow arising from Investing Activities :		
a) Proceeds from Sale of Fixed Assets	-	-
b) Net Income Tax (paid) / refunds	-	-
c) Interest Received	0.77	36.90
Net Cash Outflow in the course of Investing Activities	0.77	36.90
C. Cash Flow arising from Financing Activities :		
a) Redemption of preference share capital	-	-
e) Finance Charges	-	-
Net Cash Inflow in the course of Financing Activities	-	-
Net Increase/(Decrease) in Cash/Cash Equivalents (A+B+C)	(10.75)	17.80
Add: Balance at the beginning of the year	18.00	0.20
Cash/Cash Equivalents at the close of the year	7.24	18.00

Note :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
- Previous year figures have been regrouped / rearranged to conform to the current year's presentation. Adjustment of Rs 17415/- shown for correcting presentation error in previous year.

Accompanying Notes form an integral part of financial statements

As per our attached Report of even date

On behalf of the Board of Directors

For and on behalf of
Ramanlal G. Shah & Co.
Chartered Accountants

R. P. Ganti
(Director)
M. C. Nalwaya
(Director)
K. Mukhopadhyay
(Director)
H. A. Patel
(Director)
Sumit Jhunjunwala
(Director)

VIVEK SHAH
Partner

Date : May 29, 2014
Place : Mumbai

PROXY FORM

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

GUJARAT CARBON AND INDUSTRIES LIMITED

(CIN: L24231GJ1974PLC002615)

REGISTERED OFFICE : Offtel Towers, 6th Floor, R. C. Dutt Road, VADODARA - 390007

Name of the member(s):		E-mail Id:	
Registered address :		Folio No./ *Client Id: * DP Id:	

*Applicable for shareholders holding shares in electronic form

I/We, being the holder (s) of ----- shares of Gujarat Carbon and Industries Limited, hereby appoint:

- 1) _____ of _____ having e-mail id _____ or failing him
- 2) _____ of _____ having e-mail id _____ or failing him
- 3) _____ of _____ having e-mail id _____

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 37th Annual General Meeting of the Company, to be held on Saturday, 20th September 2014 at 11:30 a.m. at Conference Hall of Baroda Productivity Council, situated at Productivity House, Productivity Road, Alkapuri, Vadodara - 390007 and at any adjournment thereof in respect of such resolutions as are indicated below :

**I wish my above Proxy to vote in the manner as indicated below:

Resolutions	For	Against
1. Adoption of Audited Financial Statements, Report of the Board of Directors and Auditors		
2. Re-appointment of Mr. R. P. Ganti as Director		
3. Appointment of Auditors and fixing their remuneration		
4. Appointment of Mr. S. Jhunjhunwala as an Independent Director		
5. Appointment of Mr. H. A. Patel as an Independent Director		
6. Borrowing powers of Board of Directors		
7. Adoption of new Articles of Association of the Company		

Signed this _____ day of _____ 2014

Signature of shareholder

Revenue
Stamp
Re. 1/-

Signature of 1st proxy holder

Signature of 2nd proxy holder

Signature of 3rd proxy holder

Notes:

- (1) 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.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

ATTENDANCE SLIP

GUJARAT CARBON AND INDUSTRIES LIMITED

(CIN: L24231GJ1974PLC002615)

REGISTERED OFFICE : Offtel Towers, 6th Floor, R. C. Dutt Road, VADODARA - 390007

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I hereby record my presence at the **37th Annual General Meeting** of the Company to be held on Saturday, **20th September 2014 at 11:30 a.m.** at Conference Hall of Baroda Productivity Council, situated at Productivity House, Productivity Road, Alkapuri, Vadodara - 390007

DP Id*	Folio No.
Client Id*	No. of Shares

NAME AND ADDRESS OF THE SHAREHOLDER (S)

Signature of Shareholder


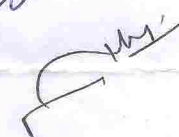
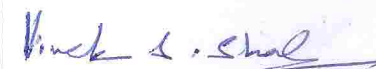

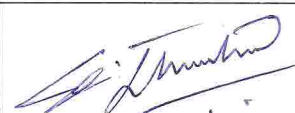
Signature of Proxy

*Applicable for shareholders holding shares in electronic form

FORM B

Clause 31(a) of the Listing Agreement

Annual Audit Report

1.	Name of the Company	Gujarat Carbon and Industries Limited
2.	Annual Financial Statements for the year ended	March 31, 2014
3.	Type of Audit qualification	"Qualified Opinion"
4.	Frequency of observation	1. "Going Concern" issue – from 2006-07 2. "Non-Provisioning of Interest on inter-corporate deposits" – from 2002-03
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Refer Note No 14 (paragraph nos. – a, c, d, e, f and h) in the financial Statement Refer paragraph with heading "AUDITORS' REPORT" in the Directors' Report
6.	Additional comments from the board/audit committee chair:	
7.	Signed by	
	• Director	• R. P. GANTI 
	• Director	• M. C. NALWAYA 
	• Auditors of the Company	For Ramanlal G. Shah & Co. Chartered Accountants Firm Registration No: 108517W  (Vivek Shah) Partner Membership No. 112269 
	• Audit Committee Chairman	 (SUMIT JHUNJHUNWALA) 