

**ORIENTAL CARBON & CHEMICALS LIMITED**



31st  
ANNUAL REPORT  
*2010-2011*

**ORIENTAL CARBON & CHEMICALS LIMITED**

**DIRECTORS**

Mr. J.P. Goenka

*Chairman*

Mr. A. Goenka

*Managing Director*

Mr. S.J. Khaitan

Mr. H.C. Taneja

*Whole Time Director*

*(Retired on 15.11.2010)*

Mr. O.P. Dubey

Mr. B.B. Tandon

Mr. S.K. Roy

*(Nominee of Life Insurance Corporation of India)*

Mr. K. Raghuraman

**COMPANY SECRETARY**

Mr. R.K. Ghosh

**STATUTORY AUDITORS**

Singhi & Co.

**SOLICITORS**

Khaitan & Co.

Khaitan & Partners

**BANKERS**

State Bank of India

Export Import Bank of India

**REGISTERED OFFICE**

31, Netaji Subhas Road,

Kolkata - 700 001

**PLANT**

Plot 3 & 4, Dharuhera Industrial Estate,

P.O. Dharuhera,

Distt. Rewari - 122 106

Haryana

**WEBSITE**

<http://www.occlindia.com>

## ORIENTAL CARBON & CHEMICALS LIMITED

### Financial Summary for Last 5 Years

(Rs. Lakhs)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Production (Mt)</b>					
Insoluble Sulphur	14,421	11,712	10,703	9,391	8,875
Sulphuric Acid	32,492	28,899	24,932	32,785	30,747
Gross Sales	16,419	12,944	12,898	9,667	6,912
Net Sales	15,824	12,571	12,183	8,964	6,446
PBIDT	5,180	4,138	1,653	1,016	1,196
Interest	315	242	393	328	274
PBDT	4,865	3,896	1,260	688	922
Profit Before Tax	4,363	3,427	813	249	484
Profit After Tax	3,738	2,946	763	160	412
Dividend %*	40	40	15	5	10
FOB Value of Export	9,515	7,657	6,430	4,616	3,554
Gross Fixed Assets ( Including Capital Work in Progress)	17,515	12,172	10,105	9,485	9,277
Net Fixed Assets	12,187	7,326	5,721	5,453	5,630
Net Current Assets	6,097	4,453	3,960	3,821	3,467
Share Capital	1,031	1,031	1,031	1,007	918
Reserves & Surplus**	11,360	8,101	5,637	4,927	4,707
Net Worth	12,391	9,132	6,668	5,934	5,625
Deferred Tax Provision	652	689	639	698	701
PBIDT Margin % (Over net Sales)	32.74	32.92	13.57	11.33	18.55
PBT Margin % (Over Net Sales)	27.57	27.26	6.67	2.78	7.51
Debt Equity Ratio	0.45	0.20	0.33	0.42	0.46
Earning Per Share for the year (Rs./Share)	36.30	28.61	7.67	1.76	4.50
Book Value of Shares (Rs./ Share)	111.66	80.09	66.26	61.96	63.13

\* Includes Proposed Final Dividend 20% for the Financial Year 2010-11

\*\* Excluding Revaluation Reserve

## ORIENTAL CARBON & CHEMICALS LIMITED

### NOTICE

**NOTICE** is hereby given that the Thirty-first Annual General Meeting of the Shareholders of the Company will be held at Williamson Magor Hall (1st Floor), The Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Kolkata-700 001 on Tuesday, the 26th July 2011 at 11.0 A.M. to transact the following business :

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2011, the Balance Sheet as at that date, the Auditors' Report thereon and the Directors' Report.
2. To confirm the payments of Interim Dividend on Equity Shares for the year 2010-11.
3. To declare Final Dividend on Equity Shares.
4. To appoint a Director in place of Mr S J Khaitan who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr S K Roy who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and to authorise the Board to fix their remuneration.

#### SPECIAL BUSINESS

To consider and if thought fit to pass, with or without modifications, the following resolutions :

##### 7. (AS AN ORDINARY RESOLUTION)

“**RESOLVED** that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to mortgage and/or charge any or all immovable and movable assets of the Company, wherever situate, present and future in favour of State Bank of India, Overseas Branch, Jawahar Vyapar Bhawan, 1, Tolstoy Marg, New Delhi - 110 001 as security for fund based and non-fund based working capital facilities amounting to Rs.5700.00 Lakhs (Total of all advance limits) and continuation of the existing Term Loans of Rs.250.00 Lakhs(Present Outstanding Rs153.00 Lakhs) and Term Loan of Rs. 4300.00 Lakhs as detailed below:

	<b>Amount (Rs in lacs)</b>
<b><u>Fund Based Limit</u></b>	
Cash credit (Stocks)*	35,00.00
*(including sub-limit for EPC & FBP/FBD of Rs.2,500.00 lacs)	
<b><u>Non Fund Based Limit</u></b>	
Letter of Credit	10,00.00
Bank Guarantee	4,00.00
<b>Total Fund Based &amp; Non Fund Based</b>	<b>49,00.00</b>
Stand by Line of Credit (SLC)	8,00.00
<b>Total</b>	<b>57,00.00</b>

on terms and conditions as set out in their Sanction Letter with liberty to the Directors of the Company to create in future any further or other charge on the said assets.

**RESOLVED FURTHER** that the mortgage/charges created and /or all agreements/ documents executed and acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified.”

Registered Office :  
31, Netaji Subhas Road,  
Kolkata - 700 001  
Dated : 27<sup>th</sup> May, 2011

By Order of the Board

R K GHOSH  
Company Secretary

## **ORIENTAL CARBON & CHEMICALS LIMITED**

### **NOTES :**

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and, on poll, to vote instead of himself. A proxy need not be a member of the Company.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 21st July, 2011 to 26th July, 2011 (both days inclusive).
3. The Final Dividend, if sanctioned at the meeting, will be paid on and from 9th August 2011 to those members whose names appear on the Company's register of members on 26.07.2011. In respect of the shares in electronic form, the dividend will be payable on the basis of ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Ltd. for this purpose.
4. Messrs S J Khaitan and S K Roy are not holding any shares of the Company.
5. Dividend for the financial year ended 31st March, 2004, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government (IEPF) later this year, pursuant to the provisions of Section 205A of the Companies Act, 1956. Members who have not encashed their dividend warrants for the financial year ended 31st March, 2004 are requested to lodge their claims with the Company.  
  
Members are advised that in terms of the provisions of Section 205C of the Companies Act, 1956, once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business is annexed to this Notice.

### **ANNEXURE TO THE NOTICE**

Explanatory Statement pursuant to Section 173(2) and an Abstract of the Terms and Memorandum of Interest under Section 302 of the Companies Act, 1956.

### **ITEM 7**

Fund based and non-fund based working capital limits from State Bank of India, Overseas Branch, Jawahar Vyapar Bhawan, 1 Tolstoy Marg, New Delhi - 110 001(S B I) have been increased to Rs.5700.00 Lakhs from Rs.4600.00 Lakhs to fund the Company's enhanced working capital requirements due to increase in operation of the Company and the new Insoluble Sulphur Plant at SEZ Mundra.

As per the Bank's terms of sanction, such credit facilities are to be secured, inter alia, by way of creation of mortgage and/or charge on the Company's movable and immovable assets, both present and future.

Since mortgaging and/or charging of its assets by the Company in favour of the Bank may be considered as disposal of its undertaking, it is desirable to obtain necessary consent of the shareholders of the Company pursuant to Section 293(1)(a) of the Companies Act, 1956, at the ensuing Annual General Meeting. The resolution set out at item 7 of the annexed Notice is intended for this purpose. Your Directors recommend that the resolution be passed.

None of the Directors of the Company is concerned with or interested in the resolution.

The documents mentioned in the resolution will be available for inspection of members at the Registered Office of the Company on any working day during the hours of 10.00 A. M. and 12 Noon and will also be available at the meeting.

## ORIENTAL CARBON & CHEMICALS LIMITED

### DIRECTORS' REPORT

#### TO THE MEMBERS

Your Directors hereby present their thirty-first Report together with the Audited Accounts of the Company for the accounting year ended March 31, 2011.

#### 1. FINANCIAL RESULTS

	<b>For the Year ended 31.3.2011</b>	<b>(Rs. Lakhs) For the Year ended 31.3.2010</b>
Profit/(Loss) Before Taxation	<b>43,62.74</b>	34,27.21
Provision for Taxation for Current year*	<b>(6,22.99)</b>	(4,81.52)
Profit/(Loss) after Taxation for Current year	<b>37,39.75</b>	29,45.69
Tax Adjustment for earlier years	<b>1.82</b>	0.00
Profit/(Loss) after Taxation for earlier years	<b>37,37.93</b>	29,45.69
Add: Surplus Brought Forward	<b>36,59.99</b>	14,94.93
Transfer from Capital Reserve Account	<b>0.60</b>	0.60
Amount Available for Appropriation	<b>73,98.52</b>	44,41.22
Appropriation:		
Interim/Proposed Dividend on Equity Shares	<b>4,11.84</b>	4,11.84
Tax on Dividend	<b>67.61</b>	69.39
Transferred to General Reserve	<b>4,00.00</b>	3,00.00
Balance Carried to Balance Sheet	<b>65,19.07</b>	36,59.99

\* Including Rs. (36.83) Lakhs Deferred Tax (Previous year Rs. 49.65 Lakhs.)

#### 2. DIVIDENDS

Your Directors are pleased to recommend Final Dividend of 20% on 10296062 Equity Shares (Rs.2 per share of Rs.10 each). The Dividend will absorb Rs.2,39.33 Lakhs (Inclusive of Dividend Tax of Rs. 33.41 Lakhs).

#### 3. OPERATIONS

##### Insoluble Sulphur

During the year your Company achieved 17% growth in production to 13621 MT as compared to 11696 MT last year. 10% growth was also registered in sales volumes on the back of global demand to 13796 MT against last year sales of 12506 MT. This was due to robust Global Demand and the fact that many major global tyre companies have identified the Company as a strategic supplier. The Sales were constrained by production capacities which augers well for the upcoming project. During the year, Raw Material prices witnessed gradual increase over the year.

##### Sulphuric Acid & Oleums

Production of Sulphuric Acid (Eqvt.) was at 38402 MT which is 8% higher than the last year production of 35638 MT. However, Oleum Production was 10% lower than the last year production. During this year sales of Sulphuric Acid was higher by 11% at 32312 MT and Oleum was at 5625 MT which is 16% lower than the last year sales. Price of Sulphuric Acid remained remunerative during the year on back of stable demand.

#### 4. FUTURE PROSPECTS

##### Insoluble Sulphur

The demand of Insoluble Sulphur has picked up in international as well as the domestic market and the trend is expected to continue.

## **ORIENTAL CARBON & CHEMICALS LIMITED**

The work on a new plant for Insoluble Sulphur at SEZ Mundra to increase the capacity by 11000 Mtpa in two phases is on track. The first phase for 5500 MT is expected to be commissioned in June-2011. Production from this phase is already sold out subject to technical approvals. Accordingly, the second phase of 5500 Mtpa has been brought forward and orders for major machinery have been placed. The second phase is now targeted to be commissioned in the fourth quarter of 2011-12.

### **Sulphuric Acid & Oleums**

Sale of Sulphuric Acid in 2011-12 is being affected by low off take in the first quarter, which is traditionally a good period for it. Therefore, margins are expected to be under pressure in 2011-12. Off take of Oleum has decreased due to addition of capacities in the region without increase in demand.

### **5. RESEARCH & DEVELOPMENT**

A fully in-house Research & Development team works on continuous basis to improve the quality of product and its properties. New Grades are also being developed to meet customers' varied requirements. Your Company is currently working on development of pre-dispersed Insoluble Sulphur which will be a value added form of Insoluble Sulphur. Help of accredited independent laboratories is also taken as and when required for studying and evolving critical parameters. Research & Development is fundamental to the Company's efforts to maintain the technical and quality edge for the product.

### **6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

As required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed to this Report.

### **7. POLLUTION CONTROL**

Your Company's Plant has all the requisite Pollution Control Equipments and meets all the desired and statutory norms in this regard. The Insoluble Sulphur Units of the Company enjoys ISO 14001-2004 Certification.

### **8. COST AUDIT**

Department of Company Affairs has approved the appointment of M/s. J K Kabra and Co., Cost Auditors, for conducting Audit in respect of Sulphuric Acid Unit for the year ending 31st March 2012.

### **9. PUBLIC DEPOSITS**

Fixed deposits from public, outstanding with your Company at the end of the financial year, stood at Rs.19221000/-. Of the above, deposit amounting to Rs. 10000/- which had fallen due for payment on 7th May, 2003 has since been claimed by the depositors on 5th May, 2010 but the same could not be paid as the depositor has not been able to produce the Original Deposit Certificate in this respect. Deposits aggregating Rs.1789000/- due for repayment on or before 31st March, 2011 were not claimed by the depositors. Out of these, deposits totaling Rs.120000/- have since been claimed and settled. Besides this, deposits amounting to Rs.1295000/- though fallen due for payment, could not be settled as there is a dispute between the concerned joint depositors and the matter is sub-judice.

### **10. DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors, based on representation received from operating Management, state that:

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures in the financial statement;
- ii) the accounting policies have been selected and applied consistently and judgments and estimates have been reasonably and prudently made when required so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

## **ORIENTAL CARBON & CHEMICALS LIMITED**

- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) Annual accounts for the financial year have been prepared on a going concern basis.

### **11. AUDIT & INVESTORS/SHAREHOLDERS GRIEVANCE COMMITTEE**

Your Company has a well structured Internal Audit System commensurate with its size and operations. An Audit Committee consisting of three independent non-executive Directors is in place with terms of reference as per the provisions of the Companies Act, 1956 and Listing Agreement with the Stock Exchanges.

The Company also has a Committee of Directors for reviewing shareholders/investors complaints.

### **12. DIRECTORS**

Mr. S.J Khaitan and Mr S.K Roy retire by rotation and, being eligible, offer themselves for re-election.

Mr. H.C Taneja retired as Whole time Director of the Company on 15th Nov 2010 upon attaining the age of superannuation. The Board has placed on record its deep appreciation for the invaluable services rendered by Mr. Taneja throughout his tenure of directorship in the Company.

### **13. AUDITORS AND AUDIT REPORT**

Messrs Singhi & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment. As regards the comments in the Auditors' Report, the relevant notes in the Accounts are self explanatory and may be treated as information/ explanation submitted by the Board as contemplated under Section 217(3) of the Companies Act, 1956.

### **14. CORPORATE GOVERNANCE**

- a) As per the amended Listing Agreement with the Stock Exchanges, a Management Discussion & Analysis, a Report on Corporate Governance together with the Auditors' certificate regarding the Compliance of conditions of Corporate Governance forms part of the Annual Report.
- b) The Board of Directors of the Company has laid down a comprehensive Code of Conduct for all its Board members and senior management personnel which have also been posted on the website of the Company. A certificate by the Managing Director regarding compliance of the code of conduct of the Company is also included in the Annual report.

### **15. PARTICULARS OF EMPLOYEES**

In compliance with the Provision of Section 217(2) (A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, a statement giving the required information relating to the employee is annexed to this report.

### **16. ACKNOWLEDGMENTS**

The Board places on record its appreciation of the support and assistance of various Banks, Government Agencies, Suppliers, valued Customers and the shareholders in particular and looks forward to their continued support. Relations between your Company and its employees remain cordial and the Directors wish to express their appreciation for the co-operation and dedication of all employees of the Company.

By Order of the Board

Place : New Delhi  
Date : 27<sup>th</sup> May, 2011

J.P. Goenka  
*Chairman*



## ORIENTAL CARBON & CHEMICALS LIMITED

### ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (1) (e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011

#### I. CONSERVATION OF ENERGY

- (a) Energy Conservation Measures taken:
- Utilisation of excess steam generated in Sulphuric Acid Plant by installing High Pressure Waste Heat Boiler and Turbo Blower in place of 390HP Motor.
  - Recycling of condensate for steam generation implemented.
  - Replacement of existing motors with lower rating as per actual requirement and also with high efficiency ones.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
- Replacement of old pumps with improved technology & high efficiency Pump.
  - Improvements in power factor.
- (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
- The above measures have helped in the conservation of energy for reducing the cost of production.
  - Surplus steam available for utilisation in Insoluble Sulphur Plants.
- (d) Total energy consumption and energy consumption per unit of production:

#### FORM-A

Form for disclosure of particulars with respect to conservation of energy.

#### A. POWER AND FUEL CONSUMPTION

		Current year	Previous year
<b>1. Electricity</b>			
(a) Purchased Units	(KWH)	<b>1,18,86,106</b>	94,51,030
Total Amount	(Rs. in Lakhs)	<b>5,78.69</b>	4,20.97
Rate/ Unit	(Rs.)	<b>4.87</b>	4.45
(b) Own generation			
(i) Through Diesel/Furnace Oil Generator			
Units	(KWH)	<b>48,51,825</b>	60,47,244
Units/Ltr. of Diesel/Furnace Oil	(KWH)	<b>3.47</b>	3.36
Cost/Unit	(Rs.)	<b>9.80</b>	8.33
<b>2. Coal (specify quantity and where used)</b>			
Quantity	(Tonnes)	–	–
Total cost	(Rs.)	–	–
Average Rate	(Rs.)	–	–
<b>3. Furnace Oil /LDO/HSD</b>			
Quantity	(Ltrs)	<b>19,20,256</b>	16,93,960
Total cost	(Rs. in Lakhs)	<b>576.92</b>	462.24
Average Rate	(Rs.)	<b>30.04</b>	27.29
<b>4. Other / Internal Generation</b>			
(Process Steam)			
Quantity	(MT)	<b>40,357</b>	38,037
Total Cost of fuel utilised	(Rs. in Lakhs)	<b>2,76.28</b>	2,31.53
Rate/ Unit	(Rs.)	<b>6,84.59</b>	6,08.69

#### B. CONSUMPTION PER UNIT OF PRODUCTION (MT)

Products		Standards if any		
<b>(a) Sulphuric Acid</b>				
Electricity	(in Units)	N.A.	<b>29</b>	29
<b>(b) Oleum</b>				
Electricity	(in Units)	N.A.	<b>70</b>	70
<b>(c) Insoluble Sulphur</b>				
(i) Electricity	(in Units)	N.A.	<b>1127</b>	1214
(ii) Furnace Oil / HSD	(in Ltrs)	N.A.	<b>66</b>	68
(iii) Others-Process Steam	(in MT)	N.A.	<b>3</b>	3

## ORIENTAL CARBON & CHEMICALS LIMITED

### II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form-B of the Annexure to the Rules.

#### 1. Research & Development

- (i) Specific area in which R&D carried out by the Company : Properties of Insoluble Sulphur such as purity and dispersion have been further improved during the year. Work is continued for maintaining the quality edge.
- (ii) Benefits derived as a result of the above R&D : Loyalty of existing customers coupled with enlistment of new quality-conscious customers, value addition in products, edge over competitors, and better control over qualitative deviations.
- (iii) Future plan of action : Development of New Grades specific to customer requirements and pre-dispersed Insoluble Sulphur. Further improvement in all key parameters of the product.
- (iv) Expenditure on R&D (Rs. in Lakhs)
- (a) Capital : —
- (b) Recurring : 19.30
- (c) Total : 19.30
- (d) Total R&D expenditure as a percentage of total turnover. : 0.12%

2. Technology absorption, adaptation and innovation: : Production optimisation through debottlenecking with consequent savings in consumption ratios.

### III. FOREIGN EXCHANGE EARNING AND OUTGO

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans : The Company registered a growth of 25% by value in exports. Exports Constituted 71% of total Insoluble Sulphur sales during the year by value.
- (b) Total foreign exchange used and earned (Rs. in lakhs)
- (i) Earned : 9515.30
- (ii) Used : 293.70

By Order of the Board

Place : New Delhi

J.P. Goenka

Date : 27<sup>th</sup> May, 2011

Chairman

### ANNEXURE TO DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011

Sl. No.	Name	Designation & Nature of Duties	Remuneration (Rs.)	Qualification & Total Service Experience (Years)	Age (Years)	Date of Commencement of Employment	Last employment held before joining the Company	
							Company	Designation
<b>(A) EMPLOYED THROUGHOUT THE YEAR</b>								
1.	Goenka Arvind	Managing Director	8,07,99,18	B.Com (26)	49	01.10.2009	Duncan International India Ltd.	Vice President
<b>(B) EMPLOYED FOR PART OF THE YEAR</b>								
1.	Taneja H.C.	Whole Time Director	5,70,59,91	B.Sc., Tech Engg (Chemical) (42)	65	04.02.1991	Ram Ganga Fertilizer Ltd.	Vice President

#### NOTES :

- Remuneration has been calculated on the basis of Section 198 of the Companies Act, 1956 and includes expenditure incurred by the Company on salary and for provision of benefits to the employees, excluding actuarial valuation of Retirement Benefits.
- The nature of employment in all cases is contractual.
- None of above employee is a relative of any Director of the Company, except Mr. Arvind Goenka who is related to Mr. J.P. Goenka Chairman of the Board

By Order of the Board

Place : New Delhi

J.P. Goenka

Date : 27<sup>th</sup> May, 2011

Chairman

**ORIENTAL CARBON & CHEMICALS LIMITED**

**CERTIFICATE OF MANAGING DIRECTOR ON CODE OF CONDUCT**

**To,  
The Members of Oriental Carbon & Chemicals Ltd.,**

It is hereby certified that :-

- (a) The Board of Directors of the Company has laid down a comprehensive Code of Conduct for its members and senior management personnel.
- (b) The code of conduct of the Company has been posted on the website of the Company.
- (c) The affirmation of compliance of code of conduct for the year 2010-2011 has been received from all the Board members and senior management personnel.

For Oriental Carbon & Chemicals Limited,

Place : New Delhi  
Date : 27<sup>th</sup> May, 2011

(A. Goenka)  
*Managing Director*

## **ORIENTAL CARBON & CHEMICALS LIMITED**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

The core business of your Company is manufacturing and sales of Insoluble Sulphur, a vulcanizing agent used in the rubber industry. Insoluble Sulphur produced by your Company is sold globally. The Company also manufactures Sulphuric Acid and Oleums.

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

#### **Insoluble Sulphur**

Insoluble Sulphur is mainly used in tyre industry. Since your Company competes globally and major part of the production of your Company is exported (69% in quantity terms for the year 2010-11) it is important to discuss the structure of and developments in the industry at global level.

The international demand for Insoluble Sulphur is growing at a rate of about 4% per annum. Your Company registered an increase of 14% in Exports sales to 9559 MT this year. The increase was due to robust Global Demand and the fact that some major Tyre Companies accepted your Company as strategic supplier. The sale was, however, restricted due to capacity constraints.

The Indian Market for Insoluble Sulphur continues to grow more than the growth rate for the tyre industry due to increasing share of radial tyres in commercial vehicles which consume more Insoluble Sulphur. However due to capacity constraint domestic sale was at same level as the previous year at 4236 MT. However, on commissioning of the Mundra Plant your Company's share in the growing domestic market should be restored.

The prices of raw materials were generally stable with a steady increasing trend during the current year. The Selling Prices were also adjusted to meet the fluctuations in raw material cost. Margin levels were maintained during the year.

Phase -1 of the project at SEZ Mundra for Production of 5500 Mtpa of Insoluble Sulphur is expected to be commissioned in June 2011. Production from this phase is already sold out subject to technical approvals. Accordingly, the second phase of 5500 Mtpa has been brought forward and order for major machinery have been placed. The second phase is now targeted to be commissioned in the fourth quarter of 2011-12.

#### **Sulphuric Acid and Oleums**

Sulphuric Acid is used as sulphonating agent in manufacture of Detergents and in other inorganic chemicals. During the year, Sulphuric Acid sales increased by 11% to 32312 MT over last year. Due to recovery in demand and normalisation of raw material cost the performance of Sulphuric acid has improved during the year. Demand for Oleums, which is 100% Sulphuric acid containing free SO<sub>3</sub>, remains restricted with few detergent and sulphonation units buying the same in the delivery area of your Company. During the year, production of Sulphuric Acid (Eqvt.) was 8% Higher than last year. The steam generated in Sulphuric Acid production is also being used in Insoluble Sulphur Plant. Sale of Sulphuric Acid in 2011-12 is being affected by low off take in the first quarter, which is traditionally considered a good period for it. Therefore, margins are expected to be under pressure in 2011-12. Off take of Oleum has decreased due to addition of capacities in the region without increase in demand.

### **OPPORTUNITIES, THREATS, RISKS, CONCERNS AND OUTLOOK**

#### **Insoluble Sulphur**

The domestic demand for Insoluble Sulphur is growing at a robust pace and this trend is expected to continue in the coming year as new tyre capacities are being added in India. International tyre companies such as Michelin and Yokohama are also setting up plants in India. The consumption of Insoluble Sulphur in China is nearly five times that of India. This also indicates that there is an ample scope of demand increase in India.

Further, commercial production of radial tyres is increasing. With the increased domestic demand and increase in international customer / plants base, your Company does not see any difficulty in selling the new capacities coming up at its Mundra Plant.

Through continuous Research and Development efforts, your Company has developed new value added grades many of which are now approved by international tyre companies. Your Company is currently working on development of pre-dispersed Insoluble Sulphur which will be a value added form of Insoluble Sulphur. The trend of shift in demand to value added Insoluble Sulphur grades such as AS, HD grades continues. This is happening as these value added grades offer ease of handling and more production flexibility to the consumer. This gives an edge to your Company against competitors from China in the international market besides helping to sustain realisation levels. In order to remain competitive, it is imperative to continuously develop the product to meet ever increasing quality demands and maintain the quality edge.

Threats from Chinese producers still continue as some of them have started focusing on quality production. As substantial portion of revenue of your Company comes in Foreign Currencies, the risk of adverse exchange fluctuations cannot be ruled out.

Though the Company is exposed to normal risks associated with any project involving substantial capital outlay, in the case of Mundra SEZ Project, some of the risks have been mitigated as most of the machinery ordering and building for Phase-II has been completed.

The land acquired at Mundra SEZ is sufficient for putting up another plant of 11000 Mtpa capacity.

With the increased emphasis on environment and safety, your Company gains advantage as a preferred supplier to international tyre companies because of its good track record in these areas. Exports to Europe will be hitherto restricted to companies which are registered under the REACH program of the European Union. Your Company has also taken the required steps for the same.

#### **Sulphuric Acid and Oleums**

During the last year the demand of Sulphuric acid has been satisfactory and prices stable. The situation in the current year appears to be difficult as the demand for Sulphuric Acid has slackened in the first quarter.

## ORIENTAL CARBON & CHEMICALS LIMITED

### PERFORMANCE OF THE COMPANY

During the year, your Company achieved a Profit before tax of Rs. 4362.74 lakhs and of Rs. 5180.16 lakhs before provision of Depreciation and Interest. Production of Insoluble Sulphur increased 17% to 13621 MT from 11627 MT last year. The Sales of the Company (net of excise) increased 26% to Rs. 15823.79 lakhs.

### HUMAN RESOURCES

The Company has, under its employment, 321 officers and workmen (including Mundra SEZ Project) as on 31st March, 2011. Increase in value of Human Capital through development of individual and collective skills and knowledge is essential to any Company for its continuous growth. This is more so in industry like Insoluble Sulphur where continuous research and development is required in order to stay abreast of market expectations. Your Company implements in house programs for skill development and updation of competency of its employees on a continuous basis. Programmes for sharing and internalisation of knowledge within the Company are also carried out. Employees are also sent to suitable outside programs to keep them abreast of the latest developments in the industry and economy.

Your Company lays great emphasis on building a motivated work force, which can participate constructively in the growth of the Company.

Innovative ideas are regularly received from the officers and staff of the Company, many of which were implemented for improvement in areas of quality, cost savings and increased productivity.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an effective system of accounting and administrative controls supported by qualified outside Internal Auditors with a proper and adequate system of internal checks and controls to ensure safety and proper recording of all assets of the Company and their proper and authorised utilisation.

The Internal Control systems are designed to ensure the reliability of financial and other records for preparation of financial statements and maintaining accountability of assets. The Statutory Auditors have evaluated the system of internal controls of the Company and have reported that the same are adequate and commensurate with the size of the Company and nature of its business.

The finding of the internal Audit are reviewed by the top Management and by the Audit Committee of the Board and proper follow up action is ensured wherever required.

### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

#### Financial Information

- i. Fixed Assets: The Gross Capital Assets stood at Rs 1,75,15 lakhs as at 31st March 2011 against Rs. 1,21,72 lakhs as at 31st March 2010. Increase includes Rs 4578 due to Capital Work in Progress.
- ii. Inventory: The inventory at the end of the current year stood at Rs.1893 lakhs against Rs 1339 lakhs at the end of previous year. The increase in stock value is mainly on account of Consignment Stock.
- iii. Sundry Debtors: Sundry debtors at the end of the year stood at Rs.2894 lakhs against Rs.1915 lakhs at the end of previous year. This is due to the sales being more in the last quarter.

#### Results of Operations

	2010-2011	(Rupees, Lakhs) 2009-2010
Income from Operations (Net of Excise)	15823.79	12570.64
Other Income	430.44	339.92
Total Income	16254.23	12910.56
Profit before Interest, Depreciation and Tax	5180.16	4137.99
Profit before Tax	4362.74	3427.21
Profit after Tax for the current year	3737.93	2945.69

The Profit before tax registered a growth as compared to last year mainly due to rationalization of sales mix thus optimizing margins and better capacity utilisation. Your Company continues to take steps to optimise costs of production which contributed to the profitability of the Company. The cost saving exercise is an ongoing one with emphasis on savings in energy consumption and reduction of wastes.

### CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

## ORIENTAL CARBON & CHEMICALS LIMITED

### CORPORATE GOVERNANCE

#### 1. Company's Philosophy on Corporate Governance

The salient features of the philosophy on Company's Corporate Governance hinges upon transparency and ethical practices in professional working environment conducive to optimal performance with focus on achieving shareholder's long term value growth through constant innovation, commitment to quality and customer satisfaction whilst exploring new avenues of growth.

#### 2. Board of Directors

The Board of Directors consists of seven Directors out of which six are non-executive Directors. All the Directors are eminent professionals with experience in Business, Industry, Finance & Law of which five are independent including one Nominee Director. The term of contract of Mr H C Taneja as Whole-time Director of the Company expired on 15<sup>th</sup> November, 2010.

The Company has a non-executive Chairman.

Name of Directors	No. of Board Meetings attended during 2010-11	Whether attended last AGM	Number of other Directorships of Public Ltd. Cos.	Number of other Committee memberships	Number of other Committee Chairmanships
Mr. J P Goenka @ Chairman	2	NO	2	-	2
Mr. Arvind Goenka+ Managing Director	4	YES	3	2	-
Mr. S J Khaitan #	3	NO	5	5	3
Mr B B Tandon#	4	YES	14	13	4
Mr O P Dubey#	4	YES	-	-	-
Mr K Raghuraman#	3	NO	7	3	1
Mr. H C Taneja \$ Whole time Director	3	YES	-	-	-
Mr. S K Roy # (LIC Nominee)	3	YES	-	-	-

@ Non-executive Promoter Director

# Non-executive Independent Directors

+ Executive Promoter Director

\$ Executive Director –retired on 15.11.2010

During the financial year ended March 31, 2011, four Board Meetings were held on May 28, 2010, July 23, 2010, October 28, 2010 and January 31, 2011.

#### 3. Audit Committee

The Company has a qualified and independent Audit Committee comprising of three Non-executive Independent Directors. The Whole time Director (till the time of retirement), the Statutory Auditors, Cost Auditors and Internal Auditors are permanent invitees to the Committee meetings. The Terms of Reference of the Committee are in consonance with provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

There were four meetings of the Committee during the year ended March 31, 2011 on May 28, 2010, July 23, 2010, October 28, 2010 and January 31, 2011.

The names of members of Committee and their attendance are as follows:

Name of Members	Chairman/Member	No. of Meetings Attended
Mr. O P Dubey	Chairman	4
Mr B B Tandon	Member	4
Mr S J Khaitan	Member	3

#### 4. Investors/Shareholders Grievance Committee

The Company has a three member Investors'/Shareholders' Grievance Committee of the Board of Directors under the Chairmanship of a Non-Executive Director to specifically look into the redressal of grievances of the investors namely shareholders and Fixed deposit holders. The Committee deals with grievances relating to transfer of shares, non receipt of Balance Sheet or dividend, dematerialisation of shares, complaint letters received from Stock Exchanges, SEBI etc. The Board of Directors has delegated power of approving transfer/transmission of shares to a Share Transfer Committee. During the year, the Committee met six times on 16<sup>th</sup> April, 2010, 28<sup>th</sup> May, 2010, 23<sup>rd</sup> August, 2010, 28<sup>th</sup> October, 2010, 12<sup>th</sup> January, 2011 and 17<sup>th</sup> February, 2011.

## ORIENTAL CARBON & CHEMICALS LIMITED

The Details of the Members and their attendance is as below:

Name of Directors	Chairman / Member	No. of Meetings Attended
Mr. J. P. Goenka	Chairman	1
Mr. A. Goenka	Member	6
Mr. S. J. Khaitan	Member	6

Mr. R K Ghosh, Company Secretary, is the Compliance officer of the Company.

During the year under review, a total number of 3 (Three) Grievances were received and replied to the satisfaction of the shareholders. No Share Transfer/Transmissions/issue of Duplicate share certificates was pending as on 31st of March, 2011.

### 5. Remuneration Committee

A Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/Whole time Directors. The Committee comprises of three Non-Executive Independent Directors. During the year one meeting of the Committee was held on 28<sup>th</sup> May, 2010. The details of the Members and their attendance is as follows :

Name of Directors	Chairman / Member	No. of Meetings Attended
Mr. O. P. Dubey	Chairman	1
Mr. S. J. Khaitan	Member	1
Mr B B Tandon	Member	1

The Remuneration Policy of the Company is :

- For Managing/Whole time Directors, the total remuneration consists of Salary, perquisites, performance bonus based on performance criteria and/or commission within the limits prescribed under Schedule XIII of the Companies Act, 1956 or such limits as approved by the Central Government and as approved by the shareholders. There is no separate provision of severance fee under the resolution governing the appointment of Executive Directors. The Statutory provision will, however, apply. A six months notice on either side is provided for the termination of contract.
- Non-Executive Directors are entitled to receive, in case of adequacy of profits, commission not exceeding 1% in aggregate of the net profits of the relevant year computed in accordance with the provisions of the Companies Act, 1956. Other than this, they do not draw any remuneration from the Company except the sitting fees, as permitted under the Companies Act 1956, for attending meetings of the Board or Committee thereof.

The aggregate value of salary, perquisites, commission, and performance bonus paid to the Whole time Director and Managing Director is:-

Whole time Director: Salary: Rs. 18.00 Lakhs, Perquisites : Rs. 18.00 Lakhs, Retirement benefits including PF etc. : Rs. 4.86 Lakhs, Performance Bonus :Rs.16.20 Lakhs, Total : Rs.57.06 Lakhs.

Managing Director : Salary: Rs.25.50 Lakhs, Perquisites : Rs.25.46 Lakhs, Retirement benefits including PF etc. : Rs. 6.89 Lakhs, Performance Bonus : Rs.22.95 Lakhs, Total : Rs.80.80 Lakhs.

Sitting fees paid to Non-Executive Directors for the year 2010-2011 are as follows:

Mr. J P Goenka, Chairman,- Rs. 45,000/-, Mr. S J Khaitan- Rs.1,55,000/- Mr B B Tandon-Rs. 1,65,000/-, Mr. O P Dubey -Rs. 1, 65,000/-, Mr K Raghuraman- Rs. 60,000/- and Mr S K Roy -Rs. 60,000/-(paid to LIC).

The Commission paid to Non-executive Directors for the year 2010-2011, which is within the limit prescribed in the Companies Act, 1956, is as below:

Mr. J P Goenka, Chairman,- Rs. 90,000/-, Mr. S J Khaitan- Rs.3,10,000/- Mr B B Tandon-Rs. 3,30,000/-, Mr. O P Dubey -Rs. 3,30,000/-, Mr K Raghuraman- Rs. 1,20,000/- and Mr S K Roy -Rs. 1,20,000/-(paid to LIC).

Number of shares held by Non-executive Directors: No non-executive Directors hold any shares of the Company.

Number of shares held by Executive Director(s): Mr. Arvind Goenka, Managing Director of the Company, is holding 116100 shares of the Company.

### 6. Directors

Mr. S.J. Khaitan and Mr. S.K.Roy both Directors of the Company, are retiring at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

The brief resume of Mr. S. J. Khaitan and Mr. S. K. Roy is given below:

- Mr. S. J. Khaitan aged 52 years is an eminent Lawyer practising at New Delhi with 27 years experience in Litigation, Arbitration, Corporate matters, Intellectual matters, Infrastructure, Capital Market and Finance, Taxation etc. Mr. Khaitan is a Member of Executive Committee of ICC India, International Centre for Alternative Dispute Resolution and Society of Indian Law Firms. He has also served as Office Bearer in Supreme Court Advocates on Record Association.

## ORIENTAL CARBON & CHEMICALS LIMITED

List of the Companies where Directorship & Committee positions held as on 31-3-2011:-

Name of the Company	Name of Committee	Member/Chairman
Hindusthan Vidyut Products Ltd.	Remuneration Committee Investors/ Shareholders Grievance Committee	Member Member
JSL Ltd.	Audit Committee Shareholders'/Investors' Grievance Committee Remuneration Committee Share Transfer Committee	Chairman Chairman Chairman Member
KPL International Limited	Share Transfer Committee Remuneration Committee Donation Committee	Member Member Member
Lumax Industries Ltd.	Remuneration Committee	Member

With effect from 24-1-2011 Mr. Suman Jyoti Khaitan has been appointed as a Director of Monnet Power Company Ltd. Other Directorship: The Associated Chamber of Commerce and Industries of India, PHD Chamber of Commerce and Industry, Suman Khaitan Advisory Services Pvt. Ltd. and Gopi Nursery Pvt. Ltd.

- Mr. S.K.Roy aged about 53 years is a Zonal Manager, LIC of India, Eastern Zone, Kolkata. His educational qualification are M.A (English), LL.M and Ph.D. His career in LIC started in 1981 when he joined as a Direct Recruit Officer and has since worked in various assignments in different verticals and across geographies. He has worked as an Area Manager of the LIC Housing Finance Ltd. Jamshedpur. As Secretary (Legal), Central Office and Chief (SBU-Estate), Central Office, he has brought professional dimension and profitable proposition to the legal Deptt. and in Estate Management respectively. He was also Zonal Manager in charge of North Central Zone, Kanpur. He is not a Director in any other company.

### 7. General Body Meetings

Location, Dates & Time and Venue of last three Annual General Meetings held :

Year	Date & Time	Venue
2009-2010	23/07/2010 10.30 A.M.	Williamson Magor Hall (1 <sup>st</sup> Floor) The Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Kolkata-700 001
2008-2009	24/07/2009 11.00 A. M.	'Kala Kunj', 48, Shakespeare Sarani, Kolkata - 700 017
2007-2008	30/07/2008 10.30 A. M.	'Kala Kunj', 48, Shakespeare Sarani, Kolkata - 700 017

One Special Resolution passed at AGM on 30<sup>th</sup> July, 2008 (Authority of payment of Commission to non-executive Directors) and Special Resolution passed at AGM on 24<sup>th</sup> July, 2009 ( Re-appointment of Mr H C Taneja as Wholetime Director of the Company) and One Special Resolution passed on 23<sup>rd</sup> July, 2010 ( Appointment of Mr Akshat Goenka-a relative of Mr J P Goenka, Chairman and Mr Arvind Goenka, Managing Director of the Company) were passed by the shareholders of the Company.

### 8. Code of Conduct

- The Board of Directors of the Company has laid down a comprehensive Code of Conduct for its all board members and senior management personnel.
- The code of conduct of the Company has been posted on the website of the Company.
- The affirmation of compliance of code of conduct for the year 2010-11 has been received from all the board members and senior management personnel.

### 9. Disclosures

During the year under review, besides the transactions mentioned elsewhere in the Annual Report, there were no other related party transactions by the Company with its promoter, directors, or the Management, their subsidiaries or relatives etc. that had a potential conflict with the interest of the Company at large.

There were no Non- Compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter relating to Capital Markets, during the last three years.

The Company has complied with all the Mandatory Requirements.

### 10. Means of Communication

Quarterly Results are published in prominent daily newspapers viz., Business Standard (National) and Arthik Lipi (Vernacular). The above financial results and shareholding pattern are also given on company's website.



## ORIENTAL CARBON & CHEMICALS LIMITED

### Management Discussion & Analysis Report forms part of the Annual Report.

#### SHAREHOLDER INFORMATION

**a. Annual General Meeting :**

Date and Time : 26<sup>th</sup> July 2011 at 11.0 AM  
 Venue : Williamson Magor Hall (1<sup>st</sup> Floor) The Bengal Chamber of Commerce & Industry,  
 6, Netaji Subhas Road, Kolkata-700 001

**b. Financial Calendar (tentative and subject to change)**

Financial Results for the Quarter ending 30 June, 2011	End of July 2011
Financial Results for the Quarter ending 30 September, 2011	End of October 2011
Financial Result for the Quarter ending 31 December, 2011	End of January 2012
Financial Results for the Year ending 31 March, 2012	End of May 2012
Annual General Meeting for the year ending 31 March, 2012	End of July 2012

**c. Date of Book Closure :** 21st July, 2011 to 26th July, 2011 (both days inclusive)

**d. Dividend will be paid on and from 9<sup>th</sup> August 2011.**

**e. List of Stock Exchanges where shares are listed :**

Bombay Stock Exchange Limited , Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023  
 The Calcutta Stock Exchange Ltd., 7 Lyons Range, Kolkata 700 001  
 Listing fee in respect of all the above Stock Exchanges have been paid for the year 2011-2012

**f. Stock Code**

The Calcutta Stock Exchange Limited	25065
Bombay Stock Exchange Limited	506579

**g. Market Price Data**

Monthly High and Low of Company's Equity Shares (Rs. 10/- per Share) for the year ended 31st March, 2011 at the Bombay Stock Exchange Limited, Mumbai ;

Month	Company's Share		B S E	Sensex
	High (Rs.)	Low (Rs.)	High	Low
April, 2010	122.00	90.05	18,047.86	17,276.80
May, 2010	126.40	88.50	17,536.86	15,960.15
June, 2010	144.50	114.00	17,919.62	16,318.39
July, 2010	161.00	130.55	18,237.56	17,395.58
August, 2010	154.35	132.00	18,475.27	17,819.99
September, 2010	153.45	137.00	20,267.98	18,027.12
October, 2010	144.80	130.00	20,854.55	19,768.96
November, 2010	158.00	120.00	21,108.64	18,954.82
December, 2010	136.40	110.70	20,552.03	19,074.57
January, 2011	133.90	105.65	20,664.80	18,038.48
February, 2011	125.00	100.05	18,690.97	17,295.62
March, 2011	115.40	100.05	19,575.16	17,792.17

**h. Address for Correspondence for Share transfer and related matters :**

All application for Transfer of Shares, Dematerialisation of shares and other related matters may be sent to M/S LINK INTIME INDIA PRIVATE LIMITED (with effect from 06.01.2009 name has been changed from Intime Specturm Registry Limited), Registrar & Share Transfer Agent of the Company for both physical shares and electronic connectivity, at the following address :

Link Intime India Private Limited  
 (Formerly Intime Specturm Registry Limited)  
 59 C Chowringhee Road, 3rd Floor, Kolkata - 700 020  
 Phone - 033-2289 0540  
 Telefax- 033-2289 0539  
 E - mail : kolkata @ linkintime.co.in

**i. Share Transfer System**

All physical shares lodged with the Company or the Registrar and Share Transfer Agent of the Company, M/S Link Intime India Private Limited for transfer together with valid transfer deed were processed and returned to the shareholders within the stipulated period. In case of bad deliveries, relevant documents were returned immediately.

**j. Dematerialisation of shares**

89.61% of total Equity Shares is held in dematerialised form with NSDL and CDSL as at 31st March, 2011.

## ORIENTAL CARBON & CHEMICALS LIMITED

Members can hold shares in electronic forms and trade the same in Depository system. However, they may hold the same in physical form also.

International Securities Identification Number NSDL & CDSL : INE 321D01016

### k. Shareholding pattern (as on 31st March, 2011)

Category	No. of Shares held	% of Shareholding
Promoters (persons acting in concert)	5779046*	56.13
Mutual Funds & UTI	6204	0.06
Banks, Financial Institutions & Insurance Companies	1152467	11.19
Private Bodies Corporate	726428	7.06
Indian Public	2545048	24.72
NRIs/OCBs	86869	0.84
<b>Total</b>	<b>10296062</b>	<b>100.00</b>

\* includes 254514(2.47%) pledged shares

### l. Distribution of shareholding (as on 31st March, 2011)

Shareholding of nominal value of Rs.	No. of Holders	%	No. of Shares	%
Upto 5,000	12889	95.16	1187019	11.53
5,001 to 10,000	331	2.44	259318	2.52
10,001 to 20,000	157	1.16	235527	2.29
20,001 to 30,000	46	0.34	117854	1.14
30,001 to 40,000	24	0.18	87606	0.85
40,001 to 50,000	24	0.18	115470	1.12
50,001 to 1,00,000	27	0.20	212462	2.06
1,00,001 and above	47	0.35	8080806	78.48
<b>Total</b>	<b>13545</b>	<b>100.00</b>	<b>10296062</b>	<b>100.00</b>

### m. Plant Location

Plot 3 & 4, Dharuhera Industrial Estate  
P.O. Dharuhera, Distt. Rewari - 122 106 Haryana

### n. Address for Correspondence

Oriental Carbon & Chemicals Ltd  
Duncan House, 31, Netaji Subhas Road, Kolkata - 700 001  
Phone No 033-22306831  
Fax No 033-22434772  
E-mail-fin@occlindia.com  
rkghosh@occlindia.com

### o. E-mail of Compliance Officer of the Company which is designated exclusively for the purpose of registering complaints by investors

<http://www.occlindia.com>

### p. Website

## AUDITORS' CERTIFICATE

### To The Members of Oriental Carbon & Chemicals Ltd.

We have examined the compliance of conditions of Corporate Governance by ORIENTAL CARBON & CHEMICALS LTD. for the year ended on 31st March'2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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 SINGHI & CO.  
Chartered Accountants  
Firm Reg. No. 302049E  
B.K. SIPANI  
Partner  
Membership No.88926

Place: Delhi

Dated: 27th May '2011

## ORIENTAL CARBON & CHEMICALS LIMITED

### AUDITORS' REPORT TO THE MEMBERS OF ORIENTAL CARBON & CHEMICALS LTD.

We have audited the attached Balance Sheet of ORIENTAL CARBON & CHEMICALS LIMITED, as at 31<sup>st</sup> March, 2011 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating, the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of those books.
- iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2011, from being appointed as directors in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2011.
  - b) In the case of the Profit and Loss account, of the profit of the company for the year ended on that date and
  - c) In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For SINGHI & CO.  
Chartered Accountants  
Firm Reg. No.302049E

B.K.Sipani  
Partner  
Membership No. 88926

Place : New Delhi  
Dated : 27<sup>th</sup> May'2011

### Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date

- (i)
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. Fixed Assets of the Company have been physically verified by the Management & in our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
  - c. There was no substantial disposal of fixed assets during the year.
- (ii)
  - a. As explained to us inventories (except stock lying in-transit) were physically verified during the year by the management at reasonable intervals.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, during the year the Company has not granted or taken any loan secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

## ORIENTAL CARBON & CHEMICALS LIMITED

- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in internal control system.
- (v) In our opinion and according to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act' 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under with regard to the deposits accepted from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained for the company's product Sulphuric Acid pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that , prima facie, the prescribed accounts and records have been made and maintained.
- (ix) a According to the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, service tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities except delay in payment of advance Income Tax. There is no undisputed outstanding statutory dues as at the year-end for a period of more than six months from the date they became payable.
- b. According to the records of the Company, there are no dues outstanding of sales tax, income tax, service tax, custom tax, wealth tax, excise duty and cess on account of any dispute, other than the following:

Name of Statute	Nature of Dues	Period to which Amount relates	Amount * (Rs in Lacs )	Forum where Dispute is pending
(A) The Central Excise Act, 1944	Demand for Excise Duty	1992-93 to 1995-96	20.00	Allahabad High Court

\*Net of amount paid

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. We have been informed that the Company has not issued any debenture during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has granted loans in earlier year on the basis of security by way of pledge of shares, which has been transferred in the company's name and adequate documents and records are being maintained.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
- (xiv) The Company does not deal or trade in shares, securities, debentures and other securities except that it has investments of long-term/current in nature in shares/bonds and these are held in the name of the Company.
- (xv) According to the information and explanations given to us, the Company has not given corporate guarantees in favour of financial institution/bank for loans taken by others.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, on overall basis term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanation given to us, on an overall basis, funds raised on short term basis have not been used during the year for long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company did not have outstanding debentures during the year. Hence, question of creation of security or charge does not arise.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud on or by the Company, noticed or reported during the year.

For SINGHI & CO.  
Chartered Accountants  
Firm Reg. No.302049E

Place : New Delhi  
Dated : 27<sup>th</sup> May'2011

B.K.Sipani  
Partner  
Membership No. 88926

**ORIENTAL CARBON & CHEMICALS LIMITED**

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule	As at 31.03.2011	(Rs. Lakhs) As at 31.03.2010
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	<b>10,31.13</b>	10,31.13
(b) Reserves and Surplus	2	<b>1,14,96.91</b>	82,46.98
		<b>1,25,28.04</b>	92,78.11
<b>2. LOAN FUNDS</b>			
(a) Secured Loans	3	<b>54,80.23</b>	17,16.62
(b) Unsecured Loans	4	<b>1,74.22</b>	1,47.22
		<b>56,54.45</b>	18,63.74
<b>3. DEFERRED TAX LIABILITY (NET)</b>			
(Refer Note No.6 of Schedule 17 )		<b>6,52.13</b>	6,88.96
<b>TOTAL</b>		<b>1,88,34.62</b>	<b>1,18,30.81</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
(a) Gross Block	5	<b>1,21,11.06</b>	1,13,46.25
(b) Less: Depreciation		<b>53,28.11</b>	48,45.93
(c) Net Block		<b>67,82.95</b>	65,00.32
(d) Capital Work-in-Progress		<b>54,04.22</b>	8,26.02
<b>2. INVESTMENTS</b>			
	6	<b>5,50.84</b>	51.05
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Inventories	7	<b>18,92.52</b>	13,39.29
(b) Sundry Debtors	8	<b>28,93.98</b>	19,15.06
(c) Cash & Bank Balances	9	<b>14,26.78</b>	10,84.41
(d) Loans & Advances	10	<b>19,52.90</b>	14,73.36
		<b>81,66.18</b>	58,12.12
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
(a) Liabilities	11	<b>16,82.15</b>	10,90.14
(b) Provisions		<b>3,87.42</b>	2,68.56
		<b>20,69.57</b>	13,58.70
<b>TOTAL</b>		<b>60,96.61</b>	44,53.42
		<b>1,88,34.62</b>	<b>1,18,30.81</b>
<b>Contingent Liabilities, Accounting Policies &amp; Notes forming part of the Accounts</b>			
	17		

The Schedules referred to above form part of the Balance Sheet

As per our report of even date annexed  
For SINGHI & CO.  
Chartered Accountants  
Firm Regn. No. 302049E

For and on behalf of the Board  
J.P. GOENKA  
Chairman

Place : New Delhi  
Date : 27th May, 2011

B.K. SIPANI  
Partner  
Membership No. 88926

R.K. GHOSH  
Company Secretary

A. GOENKA  
Managing Director

**ORIENTAL CARBON & CHEMICALS LIMITED**

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

(Rs. Lakhs)

	Schedule	Current Year		Previous Year
<b>INCOME</b>				
Sales (Gross)		<b>1,64,19.19</b>	1,29,44.27	
Less : Excise duty recovered on sales		<b>5,95.40</b>	<u>3,73.63</u>	
Sales (Net)		<b>1,58,23.79</b>		1,25,70.64
Other Income	12	<b>4,30.44</b>		3,39.92
Increase/(Decrease) in Stocks	13	<b>4,80.48</b>		<u>(5,38.79)</u>
			<b>1,67,34.71</b>	1,23,71.77
<b>EXPENDITURE</b>				
Raw Material Consumed	14	<b>46,56.25</b>		29,36.56
Purchase of traded goods		<b>6,65.95</b>		11.12
Manufacturing & Other Expenses	15	<b>62,32.35</b>		52,86.10
Interest & Financial Charges	16	<b>3,15.28</b>		2,41.79
Depreciation		<b>5,10.69</b>	<b>4,77.54</b>	
Less : Transferred from Revaluation Reserve Account		<b>8.55</b>	<u>8.55</u>	<u>4,68.99</u>
			<b>1,23,71.97</b>	89,44.56
<b>PROFIT BEFORE TAXATION</b>			<b>43,62.74</b>	34,27.21
Provision for Taxation		<b>870.00</b>		581.06
Mat Credit Entitlement		<b>(211.76)</b>		(150.60)
Wealth Tax		<b>1.58</b>		1.41
Deferred Tax (Net)		<b>(36.83)</b>		49.65
Taxation Adjustments in respect of earlier years (Net)		<b>1.82</b>		-
<b>PROFIT AFTER TAXATION</b>			<b>3737.93</b>	2945.69
Add: Surplus from Previous Year brought forward		<b>3659.99</b>		1494.93
Add: Transfer from Capital Reserve Account		<b>0.60</b>		<u>0.60</u>
Balance available for Appropriation		<b>7398.52</b>		4441.22
<b>APPROPRIATIONS</b>				
Interim Dividends		<b>205.92</b>		257.40
Tax on Interim Dividends		<b>34.20</b>		43.74
Proposed Final Dividend		<b>205.92</b>		154.44
Tax on Proposed Final Dividend		<b>33.41</b>		25.65
General Reserve		<b>400.00</b>		300.00
<b>SURPLUS CARRIED TO BALANCE SHEET</b>			<b>6519.07</b>	<u>3659.99</u>
<b>Earnings per share (Rs) - Basic &amp; diluted (Face Value of Rs. 10/- each)</b>			<b>36.30</b>	28.61

**Accounting Policies & Notes forming part of the Accounts**

17

The Schedules referred to above form part of the Profit & Loss Account

As per our report of even date annexed  
For SINGHI & CO.  
*Chartered Accountants*  
Firm Regn. No. 302049E

For and on behalf of the Board  
J.P. GOENKA  
*Chairman*

Place : New Delhi  
Date : 27th May, 2011

B.K. SIPANI  
*Partner*  
Membership No. 88926

R.K. GHOSH  
*Company Secretary*

A. GOENKA  
*Managing Director*

# ORIENTAL CARBON & CHEMICALS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Current Year	Previous Year	(Rs. Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before tax and Extra ordinary items	4,362.74	3,427.21	
<b>Adjustments for:</b>			
Depreciation	502.14	468.99	
Loss on Sale / Discard of Fixed Assets (Net)	43.04	11.85	
Interest & Financial Charges	315.28	241.79	
Interest Income	(81.78)	(66.61)	
Loans & Advances & Bad debts written off	16.16	198.82	
Exchange rate difference(net)-unrealised	-	42.95	
Provision for loss on Foreign Currency Forward Contracts	-	(31.14)	
Diminution in value of current investments	0.63	(14.69)	
<b>Operating Profit before Working Capital Changes</b>	<b>5,158.21</b>	<b>4,279.17</b>	
<b>Adjustments for :</b>			
Trade and Other Receivables	(1,570.49)	(730.53)	
Inventories	(553.23)	421.14	
Trade and Other Payables	241.69	61.15	
<b>Cash generated from Operations</b>	<b>3,276.18</b>	<b>4,030.93</b>	
Direct Tax (paid)/Refund received	(601.17)	(398.35)	
Payment of Wealth Tax	(1.41)	(1.33)	
<b>Net cash from Operating Activities</b>	<b>2,673.60</b>	<b>3,631.25</b>	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets/Expenditure on New Project	(4,991.87)	(2,108.93)	
Loans to Bodies Corporate/ Others (Net)	42.63	68.99	
Investments Purchased	(500.42)	-	
Fixed deposits with Banks	(605.61)	0.03	
Sale of Fixed Assets	4.01	1.82	
Interest Received	57.03	41.84	
Net Cash used in investing activities	<b>(5,994.23)</b>	<b>(1,996.25)</b>	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend Paid / Transfer to Bank account	(360.36)	(411.84)	
Tax on Dividend	(59.85)	(69.99)	
Long Term Borrowings	3,208.62	182.89	
Working Capital From Banks	551.86	(562.54)	
Interest and Financial Charges paid	(317.43)	(254.41)	
Net Cash From Financing Activities	<b>3,022.84</b>	<b>(1,115.89)</b>	
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(297.79)</b>	<b>519.11</b>	
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>754.30</b>	<b>235.19</b>	
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>456.51</b>	<b>754.30</b>	
<b>CASH &amp; CASH EQUIVALENTS COMPRISE</b>			
CASH / CHEQUES IN HAND	5.44	6.13	
BALANCE WITH SCHEDULED BANKS IN CURRENT ACCOUNTS	451.07	748.17	
	<b>456.51</b>	<b>754.30</b>	

Note: (i) Figures in bracket represent outflows.

(ii) Previous year's figures have been regrouped/rearranged wherever necessary, to conform to this year's classification.

(iii) Cash & cash equivalents excludes Rs. 25.60 ( Previous Year Rs. 20.45) lying in designated account with scheduled banks on account of unclaimed dividend and Rs. 870.47 (Previous Year Rs.264.86) in fixed deposits with banks maturing beyond three months are shown under investing activities.

As per our report of even date annexed  
For SINGHI & CO.  
Chartered Accountants  
Firm Regn. No. 302049E

For and on behalf of the Board  
J.P. GOENKA  
Chairman

Place : New Delhi  
Date : 27th May, 2011

B.K. SIPANI  
Partner  
Membership No. 88926

R.K. GHOSH  
Company Secretary

A. GOENKA  
Managing Director

# ORIENTAL CARBON & CHEMICALS LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

		As at 31.03.2011	As at 31.03.2010
(Rs. Lakhs)			
<b>1. SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
1,49,90,000	Equity Shares of Rs.10/- each	<b>14,99.00</b>	14,99.00
1,000	11% Redeemable cumulative Preference Shares of Rs.100 each	<b>1.00</b>	1.00
		<b>15,00.00</b>	15,00.00
<b>ISSUED</b>			
103,29,814	Equity Shares of Rs. 10/- each	<b>10,32.98</b>	10,32.98
<b>SUBSCRIBED &amp; PAID UP</b>			
*102,96,062	Equity shares of Rs.10/- each fully Paid up	<b>10,29.61</b>	10,29.61
	Add : Forefited equity shares **	<b>1.52</b>	1.52
		<b>10,31.13</b>	10,31.13

\* Includes :

(i) 23,53,400 Equity Shares of Rs.10/- each fully paid up and allotted to the Shareholders of erstwhile Oriental Carbon Limited on amalgamation without payment being received in cash.

(ii) 8,04,988 fully paid up Bonus Equity shares issued by capitalisation of General Reserve

\*\* Amount paid up on 33752 equity shares.

### 2. RESERVES & SURPLUS

Description	As at		As at	
	01.04.2010	Additions	Deductions	31.03.2011
A. 1. Capital Reserve	17,34.52	-	0.60 *	<b>17,33.92</b>
2. Revaluation Reserve	1,45.73	-	8.55	<b>1,37.18</b>
3. Share Premium Account	17,92.62	-	-	<b>17,92.62</b>
4. Capital Redemption Reserve	0.25	-	-	<b>0.25</b>
B. 1. General Reserve	9,13.87	4,00.00	-	<b>13,13.87</b>
2. Surplus in Profit & Loss Account	36,59.99	65,19.07	36,59.99	<b>65,19.07</b>
	<b>82,46.98</b>	<b>69,19.07</b>	<b>36,69.14</b>	<b>1,14,96.91</b>

\* Transfer for Subsidy on D.G. Set.

		As at 31.03.2011	As at 31.03.2010
<b>3. SECURED LOANS</b>			
<b>Term Loans</b>			
From Banks	<b>35,68.41</b>	2,75.09	
Interest accrued & due	<b>32.00</b>	3.62	
		<b>36,00.41</b>	2,78.71
<b>Cash/Packing Credit from banks</b>		<b>11,98.26</b>	6,46.40
<b>Other Loans</b>		<b>6,81.56</b>	7,91.51
		<b>54,80.23</b>	17,16.62

#### Notes :

1. Term Loans includes :

(a) Rs.112.28 ( Previous year Rs. 197.19) secured against first charge on the Fixed Assets of the Company including equitable mortgage of factory land and building at Dharuhera, Haryana (Except Assets having specific charge) and second charge over current assets of the company. ( Repayable within one year Rs. 84.00/-; Previous Year 84.00)

(b) Rs. Nil (Previous Year Rs. 81.52 ) secured by first charge on the entire current assets of the company including receivables both present and future and first charge on the residual value fixed assets of the company (except assets having specific charge) (Repayable within one year Rs.Nil ; previous year Rs. 80.00).

(c) Rs. 3488.13/- (Previous Year Rs. Nil ) secured by first charge on the project fixed assets of the company at SEZ, Mundra, Gujarat including equitable mortgage of factory land & building on paripassu basis and second charge over current assets of the company ( Repayable during the year Rs.Nil; previous year Rs. Nil).

2. Cash and Packing Credit facilities is secured by first charge on the entire current assets of the Company including receivables both present and future on paripassu basis and second charge over the fixed assets of the company ( Except Assets having specific charge).

3. Other Loans includes :

(a) Loans from H.D.F.C. Limited ( i ) Rs.575.31/- ( Previous year Rs. 682.77) secured by way of first Mortgage of ground floor of the property purchased with collateral security of rest of the said property owned by the other borrower. (Repayable within one year Rs.107.75; Previous year Rs. 110.89 ). (ii) Rs.47.81/- (Previous year Rs. 57.75) secured by way of first Equitable Mortgage of 3 residential flats at Bhiwadi, Rajasthan. (Repayable within one year Rs.10.08; Previous year Rs.10.22). (iii) Rs.20.61 (previous year Rs. Nil ) to be secured by way of first equitable mortgage of 2 residential flats at Gurgaon, Haryana (Repayable within one year Rs.Nil; previous year Rs. Nil)

(b) From banks Rs.37.83 ; (Previous year Rs. 50.99) secured by way of absolute charge on specific assets purchased under the scheme (Repayable within one year Rs. 23.20; Previous year Rs.31.81).

		As at 31.03.2011	As at 31.03.2010
<b>4. UNSECURED LOANS</b>			
Fixed Deposits (Repayable within one year Rs. 78.20 ; Previous year Rs. 89.77)		<b>1,74.22</b>	1,47.12
		<b>1,74.22</b>	1,47.12



## ORIENTAL CARBON & CHEMICALS LIMITED

### 5. FIXED ASSETS

(Rs. Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.04.2010	Additions	Deductions/ Adjustments	Cost as at 31.03.2011	As at 01.04.2010	For the year	Deductions/ Adjustments	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Lease Hold Land	-	6,42.75	-	6,42.75	-	14.85@	-	14.85	6,27.90	-
Land	83.41	-	-	83.41*	-	-	-	-	83.41	83.41
Building	30,05.63	23.87	0.07	30,29.43*	3,46.83	75.40	0.05	4,22.18	26,07.25	26,58.80
Plant & Machinery	70,20.07	1,27.27	29.21	71,18.13*	40,00.36	3,58.60	6.63	43,52.33	27,65.80	30,19.71
Electrical Installation	8,02.02	3.00	25.48	7,79.54*	3,40.44	36.08	14.38	3,62.14	4,17.40	4,61.58
Vehicles	2,26.78	25.80	30.59	2,21.99	76.77	23.82	20.55	80.04	1,41.95	1,50.01
Furniture & Fixtures & Other Equipments	2,08.34	34.12	6.65	2,35.81	81.53	18.38@	3.34	96.57	1,39.24	1,26.81
<b>TOTAL</b>	<b>1,13,46.25</b>	<b>8,56.81</b>	<b>92.00</b>	<b>1,21,11.06</b>	<b>48,45.93</b>	<b>5,27.13@</b>	<b>44.95</b>	<b>53,28.11</b>	<b>67,82.95</b>	<b>65,00.32</b>
Previous Year	96,41.45	17,34.67	29.87	1,13,46.25	43,84.59	4,77.54	16.20	48,45.93		
									54,04.22	8,26.02
									1,21,87.17	73,26.34

Capital Work-in-Progress (Includes Expenditure on New Project. Refer Note no.7of schedule 17)

\* Includes amount added on revaluation Rs. 272.45 during 1992-93.

@ Includes Rs. 16.44/-; (Previous year Rs. Nil) considered in Expenditure on New project.

Note : Gross Block includes Rs. 105.70; Previous year Rs.136.91 purchased under Car Finance Scheme.

### 6. INVESTMENTS

As at  
31.03.2011

(Rs. Lakhs)  
As at  
31.03.2010

#### (OTHER THAN TRADE)

#### LONG TERM

#### Quoted :

Duncan International (India) Ltd.

8351 Equity shares of Rs.100/- each fully paid up

\*(Market value Rs. 14.61 ; Previous year Rs. 14.61)

15.42

15.42

New India Investment Corporation Ltd.

3353 Equity shares of Rs. 75/- each fully paid up

\*(Market value Rs. 1.44 ; Previous year Rs. 1.44)

1.46

1.46

\* Based on last traded price.

16.88

16.88

Less : Provision for Diminution in Value of Investments

0.83

0.83

**16.05**

16.05

#### CURRENT INVESTMENTS

#### Unquoted:

1,00,000 Units of SBI Infrastructure fund -I Dividend Plan

(Repurchase value Rs 9.37 ; Previous year 10.34)

9.37

10.00

2,44,498.78 Units of AIG India Equity Fund Regular Dividend Plan

(Repurchase value Rs 29.40 ; Previous year Rs. 29.46)

25.00

25.00

45,81,433.529 Units of SBI Magnum Income fund FR savings plus Bond plan

(Repurchase value Rs 501.20 ; Previous Year Rs. Nil)

5,00.42

5,34.79

-

35.00

5,50.84

51.05

### 7. INVENTORIES

#### (As taken, valued and certified by the Management)

Raw Materials

7,04.62

6,43.65

Fuel Stock

30.52

32.11

Stores and Spare Parts(includes Capital Goods and Tools in Hand)

3,10.18

2,96.81

Finished Goods

8,05.00

2,99.74

Work-in-Progress

42.20

66.98

18,92.52

13,39.29

### 8. SUNDRY DEBTORS

#### (Unsecured, Considered Good Unless Otherwise Stated)

Outstanding for more than six months

-

16.46

Other Debts

28,93.98

18,98.60

28,93.98

19,15.06

**ORIENTAL CARBON & CHEMICALS LIMITED**

	<b>As at 31.03.2011</b>	<b>(Rs. Lakhs) As at 31.03.2010</b>
<b>9. CASH AND BANK BALANCES</b>		
Cash/Cheques in Hand (as certified)	5.44	6.13
Balance with Scheduled Banks		
In Current Accounts*	4,76.67	7,68.62
In Fixed/Short Term Deposits	9,44.67	3,09.66
(Includes FDR for Rs.50.58 pledged with Govt. Authority; Previous year 50.58 and as required by Rule 3A of Companies (Acceptance of Deposits) Amendment Rule 1978 Rs. 13.50; Previous year Rs. 9.00) (Interest accrued Rs. 74.20 ; Previous year Rs. 44.80)		
	<u>14,26.78</u>	<u>10,84.41</u>
* Includes Rs. 25.60 ; Previous year Rs.20.45 against unclaimed dividend		
<b>10. LOANS AND ADVANCES</b>		
<b>SECURED</b>		
Loan / Deposit with a Body Corporate (Secured by pledge of shares; Market value Rs. 535.57; Previous year Rs.642.08) (Includes interest Accrued and due Rs. 64.83; Previous year 69.48)	1,00.78	1,05.43
<b>UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED</b>		
Loans / Deposits with Bodies Corporate / Others	4,58.27	5,00.90
(Includes interest accrued & due Rs.36.27; Previous year Rs. 36.27)		
Advances recoverable in Cash or in kind for value to be received (includes Capital Goods)	8,38.64	4,95.74
Claim Receivable	1.75	-
Mat credit Entitlement	3,62.36	1,50.60
Balance with central excise	54.99	1,18.16
Security and Other Deposits(Includes with Government Departments)	1,36.11	1,02.53
	<u>19,52.90</u>	<u>14,73.36</u>
<b>11. CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors ( Refer Note No.11 of Schedule 17)	15,23.06	9,18.87
Other Liabilities	56.27	50.68
Advances received from Customers	-	37.92
Contribution to Gratuity Fund	36.17	19.59
Interest accrued but not due on Loans / Fixed Deposits	8.94	8.05
Security Deposits received from Customers/Contractors	8.91	8.91
<b>INVESTOR EDUCATION AND PROTECTION FUND *</b>		
Unpaid Matured Deposits	17.99	19.84
Interest accrued on deposits	5.21	5.83
Unpaid Dividends	25.60	20.45
	<u>48.80</u>	<u>46.12</u>
	<u>16,82.15</u>	<u>10,90.14</u>
<b>PROVISIONS</b>		
Leave encashment	66.16	65.60
Wealth Tax	1.58	1.41
Taxation (Net of Advance Tax/ TDS)	80.35	21.46
Proposed final Dividend	2,05.92	1,54.44
Tax on proposed final Dividend	33.41	25.65
	<u>3,87.42</u>	<u>2,68.56</u>
	<u>20,69.57</u>	<u>13,58.70</u>

\* There is no amount due and outstanding as at Balance Sheet date to be credited to the investor Education and Protection fund

## ORIENTAL CARBON & CHEMICALS LIMITED

	(Rs. Lakhs)	
	Current Year	Previous Year
<b>12. OTHER INCOME</b>		
Dividend received	0.42	-
Insurance Claims Received	6.84	21.20
Rent Received (Tax deducted at source Rs.1.51; Previous year Rs. 2.28)	16.08	16.08
Export Entitlements/Duty drawback	76.41	81.42
Miscellaneous Receipts	4.56	3.45
Sale of Scrap/Waste	8.24	7.32
Exchange Rate Gain (Net)	25.81	-
Profit on cancellation of forward contracts (net)	1,75.91	49.74
Provision for loss on forward contracts written back	-	31.14
Provisions made in earlier years no longer required /Sundry Balances written back	32.89	10.02
Bad Debts Recovered	1.50	38.25
Diminution in value of current investments written back	-	14.69
Interest Income (Gross)		
On Deposits (Tax deducted at source Rs.1.92; Previous year Rs.2.81)	38.76	25.15
On Loans (Tax deducted at source Rs.4.03; Previous year Rs. 4.03)	41.87	41.46
From Others (Tax deducted at source Rs. Nil; Previous year Rs.Nil)	1.15	-
	81.78	66.61
	4,30.44	3,39.92
<b>13. INCREASE/(DECREASE) IN STOCKS</b>		
Closing Stock		
Finished Goods	8,05.00	2,99.74
Work-in-Progress	42.20	66.98
	8,47.20	3,66.72
Less : Opening Stock		
Finished Goods	2,99.74	9,02.26
Work-in-Progress	66.98	3.25
	3,66.72	9,05.51
Increase/ (Decrease) in Stocks	4,80.48	(5,38.79)
<b>14. RAW MATERIAL CONSUMED</b>		
Opening Stock	6,43.65	5,19.06
Add : Purchases (Net)	47,17.22	30,61.16
	53,60.87	35,80.22
Less : Closing Stock	7,04.62	6,43.65
	46,56.25	29,36.56

## ORIENTAL CARBON & CHEMICALS LIMITED

	<b>Current Year</b>	<b>(Rs. Lakhs) Previous Year</b>
<b>15. MANUFACTURING &amp; OTHER EXPENSES</b>		
Salaries, Wages, Allowances and Bonus etc. (Includes Workmen's' Compensation Rs.0.20; Previous year Rs. 0.20)	<b>10,71.63</b>	7,72.90
Contribution to Provident Fund and Other Funds	<b>1,15.57</b>	89.69
Labour and Staff Welfare	<b>1,24.30</b>	89.34
Consumption of Stores and Spares	<b>55.22</b>	44.74
Power and Fuel	<b>16,38.92</b>	13,94.18
Rent (Net of receipt of Rs.32.52; Previous year Rs. 31.16 )	<b>71.35</b>	68.96
Rates and Taxes	<b>36.58</b>	21.64
<b>Repairs and Maintenance</b>		
Buildings	<b>69.74</b>	32.20
Plant and Machinery	<b>5,22.22</b>	4,78.91
Others	<b>48.98</b>	71.77
	<b>6,40.94</b>	5,82.88
Excise Duty on Closing Stock of Finished goods (Net of Opening) and Samples	<b>4.17</b>	(27.99)
Insurance (Net)	<b>55.35</b>	48.29
Travelling Expenses	<b>79.43</b>	91.73
Packing and Forwarding Expenses (Includes Packing Expenses Rs.328.56; Previous year Rs. 267.87)	<b>13,92.81</b>	10,81.12
Commission and Discount (Includes cash discount Rs.6.02; Previous year Rs. 5.48)	<b>2,47.12</b>	1,69.79
Service Charges	<b>1,43.10</b>	1,18.87
Donation	<b>21.15</b>	11.11
Legal & Professional Expenses	<b>1,41.61</b>	85.27
Directors' Commission	<b>13.00</b>	12.75
Miscellaneous Expenses	<b>3,17.64</b>	2,60.92
Loss on Sale / Discard of Fixed Assets (Net)	<b>43.04</b>	11.85
Loss on Sale of Raw materials (Net)	<b>2.63</b>	-
Exchange rate Loss ( Net)	<b>-</b>	1,59.24
Diminution in Value of Current investments	<b>0.63</b>	-
Loans & Advances / Bad Debts/Sundry Balances Written Off	<b>16.16</b>	1,98.82
	<b>62,32.35</b>	52,86.10
<b>16. INTEREST &amp; FINANCIAL CHARGES</b>		
On Fixed Loans / Fixed Deposits	<b>37.00</b>	46.32
On other Loans / to banks (Includes Intt to Govt. Deptts. Rs.63.59; Previous Year Rs. 0.04 & Financial charges Rs.66.14; Previous year Rs. 56.23)	<b>2,78.28</b>	1,95.47
	<b>3,15.28</b>	2,41.79

## ORIENTAL CARBON & CHEMICALS LIMITED

### 17. NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

#### 1. Statement of Significant Accounting Policies

##### A. Basis of Preparation:

The financial statements have been prepared to comply with the Accounting Standards referred to in The Companies (Accounting Standards) Rule 2006 issued by the Central Government and the relevant provisions of The Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

##### B. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialize.

##### C. Fixed Assets:

Freehold Land, Buildings, Plant & Machinery and Electrical Installation relating to Chemicals Division are stated at revalued amount and other fixed assets are stated at cost. Cost includes any attributable cost for bringing the asset to its working condition for its intended use.

##### D. Depreciation:

- (i) Depreciation on Fixed Assets has been provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (ii) Depreciation includes adjustment on account of revaluation which is written off on the basis of residual life as assessed by the Valuers and adjusted by transfer from Revaluation Reserve account.
- (iii) Additions to Fixed Assets on leased land and premises are amortised over the lease period.

##### E. Borrowing Costs:

Borrowing costs, that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are charged to Profit & Loss Account.

##### F. Impairment:

Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount as at the Balance Sheet date.

##### G. Treatment of Expenditure during construction period:

Expenditure during construction period is included under Capital Work-in-progress/Expenditure on new project/pre-operative expenses and the same is allocated to the respective Fixed Assets on completion of construction period.

##### H. Investments:

Long Term Investments are stated at cost, less permanent diminution. Current Investments are valued at lower of cost and fair value.

##### I. Valuation of Inventories:

Inventories are valued at lower of Cost and Net Realisable value. The cost of Finished Goods is determined by taking material, labour and related factory overheads including depreciation. Cost is determined on FIFO basis for raw materials and weighted average cost for Stores & Spares parts and fuel stock. Further the cost for Work-in-Progress includes material cost, stagewise direct cost and other related manufacturing overheads including depreciation. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

##### J. Foreign Currencies:

Foreign currency transactions are accounted at exchange rates prevailing on the date of transactions. Monetary items in foreign currency as at the Balance Sheet date are restated at rates prevailing at the year end and the resultant net gains or losses are adjusted in the Profit & Loss account.

##### K. Recognition of Income and Expenditure:

Income and expenditure are accounted on accrual basis.

## ORIENTAL CARBON & CHEMICALS LIMITED

### L. Sales:

Sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and is net of sales returns/rebate and trade discount.

### M. Retirement benefits:

Gratuity to employees are provided and funded to approved Gratuity Fund as per the actuarial valuation at the balance sheet date and contribution to Superannuation fund as per Company's rules. Year end liability on account of unavailed leave has been provided in the accounts on actuarial basis.

### N. Research & Development Expenditure:

Revenue expenditure is charged to profit and loss account in the year in which it is incurred and Capital expenditure is capitalised in the year of installation.

### O. Taxes on Income:

Provision for Current Tax is made as per the provision of Income Tax Act, 1961. Deferred Tax liability and Deferred Tax Asset subject to the consideration of prudence are recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods using the rates enacted or substantively enacted on the Balance Sheet date.

### P. Derivatives:

Outstanding derivative contracts at the year end are marked to market rate and losses on such contracts are provided for in the Profit & Loss account.

### Q. Operating Leases:

Lease rent in respect of assets taken on operating lease are charged to Profit & Loss Account as per the terms of lease agreements.

### R. Contingent liabilities and provisions:

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. A disclosure is made for possible or present obligations that may but probably will not require outflow of resources or where a reliable estimate cannot be made, as a contingent liability in the financial statements.

		(Rs. Lakhs)
		As at
		31.03.2011
		As at
		31.03.2010
<b>2. Contingent Liabilities:</b>		
(i) Bank Guarantees given to various Govt. Authorities/Others (Margin money/Short Term Deposits Rs. 1.54 ; Previous year Rs. 1.54)	<b>10.26</b>	10.26
(ii) Bills discounted with Banks	<b>9,42.24</b>	1,001.72
(iii) Sales Tax demands under appeal (Amount deposited Rs.Nil ; Previous year Rs. 0.18)	-	0.18
(iv) Income Tax demands under appeal (Amount deposited Rs.1.00 ; Previous Year Rs.26.00)	<b>1.00</b>	143.97
(v) Central Excise demand under appeal (deposited Rs.85.58 ; Previous year Rs. 85.58)	<b>1,05.58</b>	105.58
(vi) Others under appeal (deposited Rs.12.00 ; Previous year Rs.12.00)	<b>22.69</b>	22.69
<b>3. Estimated amount of capital commitments outstanding and not provided for (Gross) (Advance paid Rs.; 140.32 Previous year Rs. 185.80)</b>	<b>15,93.33</b>	2,318.95
<b>4. Miscellaneous expenses include:</b>		
(i) Directors' Sitting fees	<b>6.50</b>	6.37
(ii) Cost Auditors' Remuneration	<b>0.41</b>	0.38
(iii) Stores written off	<b>6.78</b>	5.18
(iv) Auditors' Remuneration:		
(a) Audit Fees	<b>5.25</b>	4.75
(b) Tax Audit	<b>0.60</b>	0.60
(c) Certification & other services	<b>2.38</b>	2.40
(d) Reimbursement of expenses	<b>0.12</b>	0.29
	<b>8.35 #</b>	8.04 #

# Excludes(i) Service Tax Rs. 0.78 (Previous Year Rs. 0.76) (ii) Rs 0.10(Previous Year Rs. NIL) considered in expenditure on New project

## ORIENTAL CARBON & CHEMICALS LIMITED

(v) Research & Development and Laboratory Expenses includes :		
(a) Salaries, Wages, Bonus & Other Benefits	67.80	45.30
(b) Contribution to P.F. & S.A.F.	4.90	5.30
(c) Stores & Spares	3.87	5.50
(d) Payments to Approved Research Institutions	1.07	2.30
(e) Other Expenses	0.30	0.54
	<u>77.94</u>	<u>58.94</u>
5. Loans & Advances include Rs. 75.00 to a Company under liquidation against the use of an office premises. The same is pending transfer in favour of the Company as per the agreed terms.		
6. Major components of deferred tax assets and liabilities arising on account of timing differences are :		
Liability:		
(i) Depreciation	6,66.60	6,99.80
Assets :		
(ii) Retirement Benefits	14.47	10.84
Deferred Tax Liability (Net)	<u>6,52.13</u>	<u>6,88.96</u>
7. Expenditure on new Project under construction at Mundra SEZ for manufacture of Insoluble Sulphur (Pending Capitalisation) are as under:		
(i) Lease Hold Land.	-	6,41.70
(ii) Building	12,77.07	
(iii) Plant & Machinery.	31,91.76	-
(iv) Advance Payment to Suppliers & Contractors	3,81.26	1,37.21
(v) Salary & Allowances	1,45.24	20.30
(vi) Contribution to P.F. & S.A.F.	9.74	1.84
(vii) Rent, Rates & taxes	42.32	
(viii) Insurance	8.55	-
(ix) Travelling & Conveyance	50.69	9.51
(x) Interest & Financial Charges	1,43.09	4.06
(xi) Depreciation	16.44	-
(xii) Detailed Engineering & Designs Fees.	47.30	-
(xiii) Others	41.56	6.85
	<u>53,55.02</u>	<u>8,21.47</u>
8. Expenses/adjustment relating to previous years includes Commissions on sales Rs.4.16 lacs (Previous Year Rs.NIL); Other Expenses Rs. 0.10; (Previous Year Rs.1.39)		
9. The asset of Rs.362.36 lacs (Previous year Rs.150.60 lacs) recognised by the company as "MAT credit entitlement' under 'Loans and Advances represents that portion of MAT liability, which can be recovered and set off in subsequent years based on the provisions of Section 115JAA of the Income Tax Act,1961. The management based on the present trend of profitability and also the future profitability projections, opines that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT Credit Assets.		
10. The Company has imported raw materials under Advance licence against export obligation. As on 31st March'2011, The Company is contingently liable to pay Custom duty of Rs.26.82 lacs in case of non-fulfilment of export obligation. The Company is expected to fullfill the obligation within the scheduled date.		
11. There were no outstanding dues to Micro, Small and Medium Enterprises to the extent information available with the Company and the payments in respect of such suppliers are made within the appointed day.		
12. Disclosure as per Accounting Standard – 15		
(i) Define Contribution Plan -		
The Company has recognized the following amounts in the Profit and Loss Account for the year		
Contribution to Employees Provident fund	42.39	33.90
Contribution to Superannuation fund	32.27	21.72

## ORIENTAL CARBON & CHEMICALS LIMITED

(ii) Define Benefit Plan -

The following table set out the status of the gratuity plan as required under AS 15 (Revised 2005);

(a) A reconciliation of opening and closing balances of the present value of the defined benefit obligation (DBO):			
Opening DBO as on 1st April 2010	<b>162.95</b>		125.79
Current service cost	<b>14.26</b>		11.83
Interest cost	<b>14.18</b>		10.83
Actuarial (gain) /loss	<b>20.20</b>		16.39
Benefits paid	<b>(20.03)</b>		(1.89)
Closing DBO as on 31st March, 2011	<b>191.56</b>		162.95
(b) A reconciliation of the opening and closing balances of the fair value of plan assets:			
Opening fair value of plan assets	<b>143.36</b>		123.03
Actual return	<b>12.18</b>		9.46
Actuarial gain/ (loss)	<b>-</b>		-
Contribution by the employer	<b>19.88</b>		12.76
Benefits paid	<b>(20.03)</b>		(1.89)
Closing fair value of plan assets	<b>155.39</b>		143.36
(c) Liability recognized in the balance sheet			
Present value of the defined benefit obligation at the end of the period	<b>191.56</b>		162.95
Fair value of the plan assets at the end of the year	<b>155.39</b>		143.36
Liability recognized in the balance sheet	<b>36.17</b>		19.59
(d) The total expense recognized in the profit and loss account:			
Current service cost	<b>14.26</b>		11.83
Interest cost	<b>14.18</b>		10.83
Actual return on plan assets	<b>(12.18)</b>		(9.46)
Actuarial (gain) / loss	<b>20.20</b>		16.39
Net Gratuity cost	<b>36.46</b>		29.59
(e) For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets:			
Government of India securities	<b>42%</b>		46%
Public Sector bonds	<b>45%</b>		49%
Special deposit schemes	<b>1%</b>		1%
Bank balances--to be invested	<b>12%</b>		4%
	<b><u>100%</u></b>		<u>100%</u>
(f) Actual return on plan assets	<b>8.50%</b>		7.69%
(g) Following are the Principal Actuarial Assumptions used as at the balance sheet date:			
Discount rate	<b>8.00%</b>		7.50%
Expected rate of return on any plan assets	<b>8.00%</b>		7.50%
Average Salary escalation rate	<b>5%</b>		5%

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

### 13. Manufacturing and other expenses include Managerial Remuneration

#### (A) Managerial Remuneration #

(i) Paid / Payable to Managing Director and Whole Time Director				
(a) Salary	<b>43.50</b>		37.80	
(b) Performance Bonus	<b>39.15</b>		32.00	
(c) Contribution to P.F. & S.A.F.	<b>11.75</b>		10.21	
(d) Value of other perquisites	<b>43.46</b>	<b>1,37.86</b>	<u>36.82</u>	1,16.83
(ii) Commission Payable to Directors		<b>13.00</b>		12.75
(iii) Directors' Sitting Fee		<b>6.50</b>		6.37
		<b><u>1,57.36</u></b>		<u>1,35.95</u>

# Excludes Provision for Contribution to Retirement Benefits based on Actuarial Valuation.



## ORIENTAL CARBON & CHEMICALS LIMITED

### B) Computation of Net Profit in accordance with Section 309 (5) of the Companies Act,1956

Profit before Taxation as per Profit & Loss Account	43,62.74	34,27.21
Add: Managerial Remuneration	1,57.36	1,35.95
Add: Diminution in value of Investments	0.63	-
Less:- Diminution in value of Investments written back	-	14.69
<b>Net Profit under section 309(5) of the Companies Act'1956</b>	<b>45,20.73</b>	<b>35,48.47</b>
Maximum Managerial Remuneration allowed under section 198 of the Companies Act,1956 @ 11% of the above	4,97.28	3,90.33
Commission Payable to Directors @ 1% of Net Profit under section 309(5) of the Companies Act,1956	45.21	35.48
Maximum Payable	<u>13.00</u>	<u>12.75</u>

### 14. Earnings per Share has been computed as under:

(i) Net profit after tax	37,37.93	29,45.69
(ii) Weighted Number of Equity Shares outstanding	10,296,062	10,296,062
(iii) Earnings per share (Rs) - Basic & Diluted (Face Value of Rs. 10 per share)	36.30	28.61

15. (a) Outstanding Forward Contracts as on 31.3.2011 in Foreign Currency for hedging of exports	USD 50,00,000	USD -
	EURO 73,00,000	EURO 20,00,000
(b) Foreign Currency Exposure not hedged by Derivative instruments or otherwise - Export Sales	(In Euro) 2,220,066.90	1,152,691.00
	(In USD) 646,971.50	567,803.50
	(Equivalent in Rupees) 1,692.84	952.75

### 16. Segment Information:

Segments have been identified in accordance with Accounting Standard on Segment Reporting [AS-17] taking into account the organisation structure as well as differential risks and returns of these segments. Business segment has been disclosed as the primary segment. The Company is organised into two business segments namely Chemicals (Includes Sulphuric acid and Oleum) and Insoluble Sulphur

	Chemicals	Insoluble Sulphur	Elimination	Total
1. Revenue				
External	15,74.30	1,45,80.15	-	1,61,54.45
	(8,13.88)	(1,19,61.05)	-	(1,27,74.93)
Inter segment	4,18.02	-	4,18.02	-
	(2,67.23)	-	(2,67.23)	-
Total Revenue *	19,92.32	1,45,80.15	4,18.02	1,61,54.45
	(10,81.11)	(1,19,61.05)	(267.23)	(1,27,74.93)
2. Segment Result	3,68.20	42,51.40	,-	46,19.60
	(1,54.29)	(36,06.32)	-	37,60.61
Interest				3,15.28
				(2,41.79)
Unallocable expenditure Net of Income				(58.42)
				(91.61)
Profit Before Tax				43,62.74
				(34,27.21)
Provision for Taxes (including Deferred tax)				6,24.81
				(4,81.52)
Profit After Tax				37,37.93
				(29,45.69)

## ORIENTAL CARBON & CHEMICALS LIMITED

3. Other Information			
Segment Assets	<b>7,42.72</b>	<b>1,85,85.46</b>	<b>1,93,28.18</b>
	(6,59.08)	(1,16,46.73)	(1,23,05.81)
Unallocated Assets			<b>15,76.01</b>
			(8,83.70)
Total Assets			<b>2,09,04.19</b>
			(1,31,89.51)
Segment Liabilities	<b>1,21.28</b>	<b>15,56.11</b>	<b>16,77.39</b>
	(91.95)	(9,96.85)	(10,88.80)
Unallocated Liabilities			<b>3,92.18</b>
			(2,69.90)
Total Liabilities			<b>20,69.57</b>
			(13,58.70)
Depreciation/Amortization	<b>26.19</b>	<b>4,75.95</b>	<b>5,02.14</b>
	(24.75)	(4,44.24)	(4,68.99)
Capital Expenditure	<b>23.53</b>	<b>54,11.48</b>	<b>54,35.01</b>
	(4.77)	(20,92.17)	(20,96.94)

Secondary segment reporting is performed on the basis of location of the customers. All the business assets of the company are situated in India.

Particulars	India	Outside India	Total
Revenue	<b>60,15.41</b>	<b>1,01,39.04</b>	<b>1,61,54.45</b>
	(46,62.67)	(81,12.26)	(1,27,74.93)
Carrying amount of Debtors	<b>12,01.14</b>	<b>16,92.84</b>	<b>28,93.98</b>
	(9,62.31)	(9,52.75)	(19,15.06)
Finished Goods Stock	<b>5,85.17</b>	<b>2,19.83</b>	<b>8,05.00</b>
	(2,99.74)	( - )	(2,99.74)

\* Excludes Rent received, Interest Income, Bad Debts Recovered & Diminution in value of Current Investments written back Rs. 99.78 (Previous Year Rs. 135.63)

### 17. Related parties disclosures (To the extent identified by the Company)

#### 1. Name and Relationship of the related parties

(a) Related party	: Duncan International (India) Ltd.- Associate
(b) Key Management Personnel	: Mr. A. Goenka - Managing Director
	: Mr. H. C. Taneja - Whole time Director (upto 15.11.2010)
(c) Relative of Key Management Personnel	: Mr. Akshat Goenka - S/o Mr. A. Goenka

#### 2. Transactions with the related parties during the year :

Nature of Transactions	Associate	Key Management Personnel	Relative of Key Management Personnel	Total
Service charges reimbursed	<b>75.00</b>	-	-	<b>75.00</b>
	(64.20)	( - )	( - )	(64.20)
Expenses reimbursed (Net)	<b>12.46</b>	-	-	<b>12.46</b>
	(12.36)	( - )	( - )	(12.36)
Remuneration to Managing Director	-	<b>80.80</b>	-	<b>80.80</b>
	( - )	(36.51)	( - )	(36.51)
Remuneration to Whole Time Director	-	<b>57.06</b>	-	<b>57.06</b>
	( - )	(80.32)	( - )	(80.32)
Remuneration to Relative	-	-	<b>2.93</b>	<b>2.93</b>
	( - )	( - )	(0.46)	(0.46)
Sitting Fees (Prior to the appointment as Managing director)	-	-	-	-
	( - )	(0.35)	( - )	(0.35)
Directors' Commission (Prior to the appointment as Managing director)	-	-	-	-
	( - )	(0.70)	( - )	(0.70)
Dividend Paid	<b>32.23</b>	<b>3.63</b>	<b>3.50</b>	<b>39.36</b>
	(36.84)	(4.14)	(1.00)	(41.98)
Outstanding Receiveable/(Payable) as on 31.03.2010	<b>3.29</b>	<b>(39.15)</b>	-	<b>(35.86)</b>
	(0.30)	(32.70)	( - )	(33.00)

**ORIENTAL CARBON & CHEMICALS LIMITED**

**18. (a) Quantitative information in respect of capacity, opening stock, production, sales and closing stocks:**

Description Product	Installed Capacity*	Opening Stock		Production	Sales		Closing Stock	
	Qty. (MT)	Qty. (MT)	Rs. Lakhs	Qty. (MT)	Qty. (MT)	Rs. Lakhs	Qty. (MT)	Rs. Lakhs
Sulphuric Acid	41,250 (41,250)	509 (653)	18.40 (8.26)	32,492# (28,899)#	32,312 (29,043)	13,19.85 (6,42.17)	689 (509)	29.39 (18.40)
Oleum	13,750 (13,750)	480 (9,43)	19.98 (23.59)	5,498## (6,268)##	5,625 (6,731)	2,50.91 (1,67.10)	353 (480)	17.45 (19.98)
Insoluble Sulphur	12,000 (12,000)	576 (1,414)	2,61.36 (8,70.41)	14,421** (11,712)**	13,796@ (12,506)@	1,42,53.03 (1,17,61.37)	1,198 (576)	7,58.16@@ (2,61.36)@@
Total			2,99.74 (9,02.26)			1,58,23.79 (1,25,70.64)		8,05.00 (2,99.74)

\* Per Annum, as certified by the Management

# Includes reprocessed material from Oleum 138 MT;(previous year 139 MT)

## Excludes reprocessed into Sulphuric Acid 128 MT (previous year 130 MT)

\*\* Includes reprocessed material 36 MT; (Previous year 69 MT) and Purchase of Traded Goods 800 MT (Previous year 16 MT)

@ Excludes Samples 3 MT; (Previous year NIL MT) and Obsolete stock written off NIL MT; (Previous year 44 MT)

@ Includes Sale of Traded Goods 643 MT; (Previous year 16 MT).

@@ Includes Traded Goods 157 MT (Previous year NIL MT)

**(b) Raw Material Consumed:**

	(Qty.)	Current Year (Rs. Lakhs)	(Qty.)	Previous Year (Rs. Lakhs)
Sulphur(MT)	23,258	20,66.94	20,737	10,58.62
Coating Oil (KL)	3,595	19,35.42	3,067	13,79.30
Others	-	6,53.89	-	4,98.64
		<u>46,56.25</u>		<u>29,36.56</u>

**(c) C.I.F. Value of Imports :**

(i) Raw Materials	7,01.24	4,57.26
(ii) Components & Spare Parts	11,28.87	22.63
(iii) Traded Goods	6,29.16	10.62

**(d) Value of Imported Consumable and Indigenous Stores and Spare Parts consumed (excluding charged to other revenue heads):**

	% of total Consumption	Current Year (Rs. Lakhs)	% of total Consumption	Previous Year (Rs. Lakhs)
(i) Imported	-	-	-	-
(ii) Indigenous	100.00	55.22	100.00	44.74
	<u>100.00</u>	<u>55.22</u>	<u>100.00</u>	<u>44.74</u>

**(e) Value of consumption of Raw Materials:**

(i) Imported	13.51	6,28.97	23.61	6,93.43
(ii) Indigenous	86.49	40,27.28	76.39	22,43.13
	<u>100.00</u>	<u>46,56.25</u>	<u>100.00</u>	<u>29,36.56</u>

**(f) Expenditure in Foreign Currency:**

(i) Travelling Expenses	26.57	29.47
(ii) Others	2,66.71	1,40.33
(iii) Remittance to Shareholders on account of Dividend	0.42	0.46
No of Shareholders	109	111
No of Shares held by them	2,78,90	3,06,70
Dividend for the year (Final)	2009-2010	2008-2009
1st Interim Dividend For 2009-2010		
Remittance to Shareholders	-	0.44
No of Shareholders	-	1,08.00
No of Shares held by them	-	2,93,46.00
2nd Interim Dividend For 2009-2010		
Remittance to Shareholders	-	0.29
No of Shareholders	-	1,07.00
No of Shares held by them	-	2,88,46.00

**(g) Earning in Foreign Currency:**

F.O.B Value of exports (includes Deemed/ Indirect Exports Rs. 23.37 ; Previous year Rs. 33.74)	95,15.30	76,57.44
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19. (i) The previous year's figures have been regrouped/rearranged wherever necessary, to conform to this year's classification.

(ii) Figures in brackets relate to previous year.

As per our report of even date annexed  
For SINGHI & CO.  
Chartered Accountants  
Firm Regn. No. 302049E

For and on behalf of the Board  
J.P. GOENKA  
Chairman

Place : New Delhi  
Date : 27th May, 2011

B.K. SIPANI  
Partner  
Membership No. 88926

R.K. GHOSH  
Company Secretary

A. GOENKA  
Managing Director

**ORIENTAL CARBON & CHEMICALS LIMITED**

20. Balance Sheet abstract and Company's general business profile as required in Part IV of the Companies Act,1956 is appended herein below :

(i) Registration details

Registration No.31539  
State Code :21

Balance Sheet Date	As at <b>31.03.2011</b>	As at 31.03.2010
<b>(Rs. Lakhs)</b>		
(ii) Capital raised during the year		
Public Issue	Nil	Nil
Bonus Issue	Nil	Nil
Rights Issue	Nil	Nil
Preferential Issue	Nil	Nil
(iii) Position of Mobilisation & Deployment of Funds		
Total Liabilities	<b>1,88,34.62</b>	1,18,30.81
Total Assets (Net of Current Liabilities& Provisions)	<b>1,88,34.62</b>	1,18,30.81
Sources of Funds:		
Paid-up-Capital	<b>10,31.13</b>	10,31.13
Reserves & Surplus	<b>1,14,96.91</b>	82,46.98
Secured Loans	<b>54,80.23</b>	17,16.62
Unsecured Loans	<b>1,74.22</b>	1,47.12
Net Deferred Tax Liability	<b>6,52.13</b>	6,88.96
Application of Funds :		
Net Fixed Assets	<b>1,21,87.17</b>	73,26.34
Investments	<b>5,50.84</b>	51.05
Net Current Assets	<b>60,96.61</b>	44,53.42
(iv) Performance of Company		
Turnover / Other Income	<b>1,62,54.23</b>	1,29,10.56
Total Expenditure	<b>1,18,91.49</b>	94,83.35
Profit before Tax	<b>43,62.74</b>	34,27.21
Profit after Tax	<b>37,37.93</b>	29,45.69
Earning per share (Rupees)	<b>36.30</b>	28.61
(v) Generic names of Principal Products / Services of Company (as per monetary terms)		
(v) Generic names of Principal Products / Services of Company (as per monetary terms)		
Item Code No. (ITC Code)	Product Description	
280700.10	Sulphuric Acid	
280700.20	Oleum	
280200.30	Sublimed (Flowers) Sulphur(Insoluble Sulphur)	

For and on behalf of the Board  
J.P. GOENKA  
*Chairman*

Place : New Delhi  
Date : 27th May, 2011

R.K. GHOSH  
*Company Secretary*

A. GOENKA  
*Managing Director*

## Oriental Carbon & Chemicals Limited

31, Netaji Subhas Road, Kolkata – 700 001

Dear Shareholder(s),

- Reserve Bank of India has introduced National Electronic Clearing Service (NECS) facility after discontinuation and merger of Centralised Electronic Clearing Service (Cen-ECS) for bringing efficiency and uniformity in ECS operations by leveraging core-banking solution. NECS provides you the following benefits :-
  - ❖ Direct credit of dividend amount in the Bank Account.
  - ❖ Elimination of postal delays.
  - ❖ No loss of dividend warrants in transit.
  - ❖ No fraudulent encashment.
  - ❖ No hassle of revalidation / duplicate issue of dividend warrants.
- Shareholder(s) holding share in **Physical Form** may please send the form attached below\* to our Registrar and Transfer Agent at the following address :-

M/s. Link Intime India Pvt. Ltd.  
Unit : Oriental Carbon & Chemicals Ltd.  
3rd Floor, 59C, Chowringhee Road,  
Kolkata – 700 019  
Tel. : (033) 22890540 / 22890539

\*The signature of the holder(s) to be attested by your Banker.

- SHAREHOLDER(S) HOLDING SHARES IN ELECTRONIC FORM MAY PLEASE NOTE THAT :
  - To avail the NECS facility, please update core bank account number and 9 digits MICR Code of your Bank / Branch **with your Depository Participant (DP)**.
  - For effecting change in address / bank details / Electronic Credit mandates, if any, shareholder(s) are requested to **notify the same to their DP**.

### National Electronic Clearing Service (NECS) Mandate Form

(Investor's option to receive dividend payment through Credit Clearing Mechanism)

- Investor's name :
- Ledger folio number :
- Particulars of Bank account :
  - Name of the Bank :
  - Name of the Branch :
  - Address :
  - Telephone No. :
  - 9-Digit code number of the bank and branch as appearing on the MICR cheque issued by the Bank:

--	--	--	--	--	--	--	--	--	--	--

- Type of the account (S.B., Current or Cash Credit) with code (10/11/13)
- Account number (as appearing on the cheque book)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**IMP: Please attach a blank cancelled cheque or photocopy of a cheque issued by your bank for verification of the above particulars.**

I / We hereby declare that the particulars given above are correct and complete.

If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold Oriental Carbon & Chemicals Ltd. responsible.

Date :

Place:

\_\_\_\_\_  
Signature of the  
first holder

\_\_\_\_\_  
Signature of the  
second holder

\_\_\_\_\_  
Signature of the  
third holder

\_\_\_\_\_  
Signature of the  
forth holder

**Attested by Bank Manager with his/her code no. and under official seal.**

**ATTENDANCE SLIP**  
**ORIENTAL CARBON & CHEMICALS LIMITED**

Registered Office : 31, Netaji Subhas Road, Kolkata - 700 001

(Particulars to be completed by Member / Proxy)

Name of Member : \_\_\_\_\_  
(In Block Letters)

Member's Folio Number	DP.Id**	CLIENT Id**
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No. of Shares held :

Name of Proxy, if attending for Member : \_\_\_\_\_  
(In Block Letters)

I hereby record my presence at the THIRTYFIRST ANNUAL GENERAL MEETING of the Company at Williamson Magor Hall (1st Floor), The Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Kolkata-700 001 on Tuesday the 26th July, 2011 at 11.00 A.M.

Member's/Proxy's Signature\*

\* To be signed at the time of handing over the slip.

\*\* Applicable if shares are held in electronic form

MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT TO THE MEETING. NO COPY OF THE REPORT WILL BE DISTRIBUTED AT THE MEETING.

**PROXY**

**ORIENTAL CARBON & CHEMICALS LIMITED**

Registered Office : 31, Netaji Subhas Road, Kolkata - 700 001

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district  
of \_\_\_\_\_ being a member/members of the above  
named Company hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district  
of \_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_ in the district  
of \_\_\_\_\_ as my / our Proxy to vote for  
me/us on my/our behalf at the Annual General Meeting of the Oriental Carbon & Chemicals Limited to be held at 11.00 A.M.  
on Tuesday, the 26th of July, 2011 and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_  
day of \_\_\_\_\_, 2011.

Signature \_\_\_\_\_

Folio Number	DP.Id*	CLIENT Id*
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No. of Shares held \_\_\_\_\_

\*Applicable if shares are held in electronic form.

Note : This Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting.

Affix  
Revenue  
Stamp

# **BOOK-POST**

*If undelivered please return to :*

**ORIENTAL CARBON & CHEMICALS LIMITED**

1st & 2nd Floor, Publicis House,  
1-2, Aram Bagh, Community Centre,  
Panchkuian Road,  
New Delhi-110 055



## **ORIENTAL CARBON & CHEMICALS LIMITED**

Regd. Office : Duncan House, 31, Netaji Subhas Road, Kolkata – 700 001

Phone : 91-33-22306831/6832 Fax No. 91-33-22434772

E-mail : [occl@cal2.vsnl.net.in](mailto:occl@cal2.vsnl.net.in)

May 27, 2011

Dear Shareholder,

### **Sub : Green Initiative in Corporate Governance**

The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular No. 17/2011 dated 21.04.2011 and circular No. 18/2011 dated 29.04.2011 issued by the Ministry, companies can now send various notices and documents, including annual report, to its shareholders through electronic mode to the registered e-mail address of shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of Oriental Carbon & Chemicals Limited to contribute to the Corporate Social Responsibility initiative of the Company.

**We therefore invite all our shareholders to contribute to the cause. Since you are holding shares in demat form, you are requested to register your e-mail address with your Depository Participant(s). In other cases, please send e-mail or letter to the Company at its address mentioned hereinabove giving details of your e-mail address, name, folio number at your early convenience.**

**Let's be part of this 'Green Initiative'!**

Please note that as a member of the Company you will be entitled to receive all such communication in physical form, upon request.

Best Regards,

R K Ghosh  
Company Secretary