

CARBON EVERFLOW LIMITED
ANNUAL REPORT
2000-2001



CARBON EVERFLOW LIMITED

BOARD OF DIRECTORS

MR. K. K. BANGUR
MR. N.S. DAMANI
MR. A. V. LODHA
DR. R. SRINIVASAN
MR. SHARDUL S. SHROFF
MR. AGNAR GILBU
MR. K. B. KRISHNAMOORTHY, *LIC Nominee*
MR. P. C. LAKHOTIA, *Executive Director*

COMPANY SECRETARY

MR. B. SHIVA

AUDITORS

PRICE WATERHOUSE

SOLICITORS

AMARCHAND & MANGALDAS & SURESH A. SHROFF & COMPANY
KHAITAN & CO.

BANKERS

CENTRAL BANK OF INDIA
BANK OF INDIA
BANK OF BARODA
DENA BANK

REGISTERED OFFICE

88, MIDC Industrial Area
Satpur,
Nasik - 422 007

TEN YEARS FINANCIAL STATISTICS IN RETROSPECT

(Rs.in Lacs)

Particulars	2000-2001	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
Sales (excluding Excise Duty)	14316	14029	12331	11711	10010	10083	7567	5459	4232	3821
Operating Profit	2567	3096	3053	2359	1546	2333	1339	831	617	521
Other Income	198	95	101	60	230	239	105	44	44	131
Interest	957	733	631	669	652	387	242	199	215	221
Gross Profit	1808	2458	2523	1750	1125	2185	1202	676	446	431
Depreciation	531	416	419	456	453	351	311	153	133	130
Provision for Taxation	230	340	350	117	87	375	115	56	117	115
Profit After Tax	1047	1702	1754	1177	585	1459	776	467	196	186
Equity Dividend per Share - (Rs.)	2.50	3.00	3.00	3.00	2.50	3.50	2.50	2.00	1.60	1.50
Equity Dividend Amount (Including Dividend Tax)	344	416	416	412	326	302	185	86	58	54
EPS Basic (Rs.)	8.38	13.63	14.05	9.43	4.68	16.37	10.37	7.52	5.65	5.43
Debt Equity Ratio (Long Term Liabilities)	0.35 : 1	0.42 : 1	0.35 : 1	0.27 : 1	0.28 : 1	0.36 : 1	0.57 : 1	0.67 : 1	0.74 : 1	0.97 : 1
Debt Equity Ratio (all Liabilities)	0.93 : 1	0.99 : 1	0.86 : 1	0.86 : 1	0.85 : 1	1.05 : 1	1.23 : 1	1.32 : 1	2.12 : 1	2.17 : 1
Fixed Assets	8396	8656	6860	5438	5745	5806	4392	3808	995	1002
Investments	2500	2500	2500	2350	2352	601	1	—	—	—
Current Assets	12352	11428	9330	8454	6683	6500	5505	4417	2275	2212
Total Assets	23248	22584	18690	16242	14780	12907	9898	8225	3270	3214
Loan Funds	8195	8134	6280	5002	4334	3999	3486	3272	1512	1509
Current Liabilities	3006	3106	2352	2520	2468	2606	1980	1406	702	678
Share Capital										
– Equity	1249	1249	1249	1249	1249	892	748	628	359	359
– Preference	—	—	—	—	—	—	—	6	13	19
Reserve and Surplus	10798	10095	8809	7471	6729	5410	3684	2913	684	649
Net Worth	12047	11344	10058	8720	7978	6302	4432	3541	1043	1008
Total Liabilities	23248	22584	18690	16242	14780	12907	9898	8225	3270	3214
Number of Employees	710	752	792							

Figures for 1993-94 include results of the merged operations of the Company with erstwhile Graphite Vcarb India Limited during the period from 1.1.94 to 31.3.94.

NOTICE

CARBON EVERFLOW LIMITED

Regd. Off: Plot No. 88, MIDC Industrial Area, Satpur, Nasik 422 007

NOTICE is hereby given that the Twenty-sixth ANNUAL GENERAL MEETING of CARBON EVERFLOW LIMITED will be held on Thursday the 30th day of August 2001 at 11.30 a.m. at the Registered Office of the Company at 88 MIDC Industrial Area, Satpur, Nasik 422 007 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt Directors' Report and Audited Profit & Loss Account for the year ended 31st March, 2001 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare a dividend on Equity Shares for the year ended 31st March, 2001.
3. To appoint a Director in place of Mr. A. V. Lodha who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. S. Damani who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

RESOLVED THAT pursuant to the provisions of Section 31 and all applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and are hereby altered in the following manner:

- (i) After the existing Article 63, the following be inserted as Article 63A

Nomination for Shares and Debentures ;

63A Every holder(s) of shares in or holder(s) of debentures of the Company, holding either singly or jointly, may, at any time, nominate a person in the prescribed manner to whom the shares and/or the interest of the member in the shares or debentures of the Company shall vest in the event of his/her death. Such member may revoke or vary his/her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Act or such other regulations governing the matter from time to time.

- (ii) After the existing Article 75, the following be inserted as Article 75A

Differential Rights

75A The Company may issue equity shares, i) with voting rights or ii) with differential rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed.

- (iii) After the existing Article 108, the following be inserted as Article 108A

Passing of Resolution by Postal Ballot:

108A Notwithstanding anything contained elsewhere in these Articles, the Company may, and in the case of resolutions, relating to such business as the Central Government may, by notification, under Section 192A of the Act, declare to be conducted only by postal ballot, including voting by electronic mode, shall get any resolution passed by means of a postal ballot, instead of transacting the business in a general meeting of the Company. In respect of such postal ballot, the Company shall duly comply with the provisions of the said Section 192A of the Act and rules, if any in that behalf.

- (iv) Delete the existing Article 109(A)

By Order of the Board
For **CARBON EVERFLOW LIMITED**

Mumbai
3rd May, 2001

B. Shiva
Company Secretary

NOTES :

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 13th August, 2001 to Thursday the 30th August, 2001 (both days inclusive).
4. Unclaimed dividend amounts upto the financial years ended 31st March, 1995 declared by the Company have been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Members who have not encashed the dividend warrants are requested to prefer their claim to the Office of Registrar of Companies, 2nd floor, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Mumbai 400 033. Members can obtain details of the transfers made to the Central Government, from the Company.
5. The Company has entered into agreements with National Securities Depository Ltd, (NSDL) and Central Depository Services (India) Ltd (CDSL). Shares of the Company are under the compulsory demat settlement mode from May 8, 2000 and can be traded only in demat mode. **Members are advised to send the shares of the Company held in physical form through their Depository Participant for demat purposes to the Company's Registrars and avail of the benefits of paperless trading.**
6. The Company had fully redeemed 720,000 16% Non Convertible Debentures of Rs. 100/- each on 06. 05. 1999. Members who are still holding such debentures and have not surrendered the same, are advised to surrender these debentures to the Company duly discharged, to enable the Company remit the proceeds.

7. Members are requested to affix their signature at the space provided in the attendance slip annexed to the proxy form and hand over the slip at the entrance of the place of meeting.
8. Members are requested to notify change in their address, if any, immediately to the Company's Registrar, IIT Corporate Services Limited, IIT House, near Vazir Glass Works, Off M. V. Road, J. B. Nagar, Andheri (East) Mumbai 400 059.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 6

The Companies (Amendment) Act, 1999 has introduced new Sections 109A and 109B providing for the nomination facility to shareholders and debentureholders in respect of the shares and debentures held by them. The Companies (Amendment) Act, 2000 has introduced new Section 192A providing for passing of resolutions by postal ballot and amended Section 86 providing for issue of equity shares with differential rights as to dividend, voting or otherwise. Accordingly, certain Articles are sought to be suitably inserted as mentioned in the Notice. The Directors recommend the relevant resolution for your acceptance. Copy of the Memorandum & Articles of Association of the Company is available for inspection at the Registered Office of the Company between 10 a.m. & 3 p.m. on any working day prior to the date of this meeting. None of the Directors of the Company is concerned or interested in the said resolution.

By Order of the Board
For **CARBON EVERFLOW LIMITED**

Mumbai
3rd May, 2001

B. Shiva
Company Secretary

DIRECTORS' REPORT

To
The Members,

The Directors have pleasure in presenting their Twenty-sixth Annual Report together with the Audited statement of accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	2000-2001	(Rs. in lacs) 1999-2000
Profit for the year after charging all expenses but before providing interest and depreciation	2765	3191
Less: Interest	957	733
Profit before Depreciation	1808	2458
Less: Depreciation	531	416
Profit before Taxation	1277	2042
Less: Provision for Taxation	230	340
Net profit for the year	1047	1702
Add: Amount brought forward from last year	633	747
Total available for appropriation	1680	2449

APPROPRIATIONS

Transfer from Debenture Redemption Reserve	—	(360)
Transfer to General Reserve	750	1760

PROPOSED DIVIDEND

On Equity Shares -Interim	—	375
-Final	312	—
Distribution Tax on Dividend	32	41
Balance in Profit and Loss Account	586	633
	1680	2449

DIVIDEND

The Directors recommend dividend @ 25% on 124,85,549 Equity Shares of Rs. 10/- each for the year under report.

REVIEW OF OPERATIONS :

GRAPHITE ELECTRODE DIVISION (GE)

The division, during the year under review, continues to face the dilemma of the effects of divergent factors, net result being a significant drop in the profitability levels. While the effects of slowdown in

the global markets continued to push its realisations lower, the division was able to increase its export sales to 8147 MT, a rise of about 11% as compared to the previous year. While Rupee depreciated against the US Dollar to some extent, the fall and the resultant weak Euro contributed to lower realisations. With the US and European economies currently passing through difficult periods, the current year probably would not see a reversal of fortunes.

Production at 10496 MT resulted in the best capacity utilisation level (105%) achieved by the division. Local market continues to be depressed. The emphasis on cost savings measures has yielded good results and efforts on this front would be pursued vigorously in the years to come. Net foreign exchange during the year was around Rs. 4419 lacs.

POWER DIVISION (PD)

The dip in furnace oil prices as compared to the steep increase during the early part of the year, resulted in a positive contribution from the multi-fuel power plant. However, the Maharashtra State Government's decision to impose electricity duty on captive power generation, has made a dent in the plant's earnings. While it is expected that the division would continue to be profitable, the vagaries attached to the fuel oil prices would singularly determine the levels of profitability in the years to come.

IMPERVIOUS GRAPHITE ELECTRODES DIVISION (I G E)

The local market continues to remain weak, with no sign of recovery in the user industries viz, chemical, pharmaceutical, rayon and caustic chlorine sectors. The long term vision of penetrating the global markets has yielded positive results for the division and would continue to remain the focal point. Competition from renowned global players has been tough. The high quality standards demanded and delivered in the export market alongwith timely deliveries has helped the division face competition and make its presence felt in the international scene. Net foreign exchange earned during the year was around Rs. 505 lacs. The division has contributed moderately towards the Company's profits during the year.

GLASS REINFORCED PLASTIC PIPES DIVISION (GRP)

The division continues to be plagued by stagnation in government and semi-government spending. Certain orders in hand could not be executed due to paucity of funds with the customers. With low fixed costs, the division has excellent potential to earn significantly as and when investments in infrastructure projects pick up. As such, there was a negative contribution from this division during the year.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors hereby state -

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- b) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period.
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that they have prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

6 deposits totalling Rs. 21,000 due for payment on or before 31st March, 2001 were not claimed by depositors on that date and are still outstanding as on date.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 Mr. A. V. Lodha and Mr. N. S. Damani retire by rotation and being eligible, offer themselves for re-appointment.

AUDIT COMMITTEE

An Audit Committee comprising Dr. R. Srinivasan, Mr. N. S. Damani and Mr. K. B. Krishnamoorthi has been constituted. Dr. R. Srinivasan was elected Chairman by the Committee members.

PERSONNEL

The Directors are happy to state that relations between the Company and its employees remained cordial during the year. The Directors express their appreciation of the work of employees of the Company at all levels.

Particulars of employees in accordance with the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is given in annexure forming part of this report.

SUBSIDIARY COMPANY

As required U/s 212 of the Companies Act, 1956, the particulars relating to subsidiary Company is annexed to the accounts.

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

The particulars prescribed by the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 read with clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956, are furnished in the annexure to this report.

AUDITORS

The Audit Committee/ Board of Directors recommend that Messrs. Price Waterhouse, Chartered Accountants, the retiring Auditors, be appointed as the Company's Auditors to hold office till the conclusion of the 27th Annual General Meeting.

The Auditors' observation contained in paragraph 2 of their Report refers to Note 15 on Schedule R to the Accounts, which is self explanatory.

The Directors place on record their appreciation and acknowledge with gratitude the support, continued co-operation and guidance extended by financial institutions and banks.

For and on behalf of the Board of Directors

Mumbai
3rd May, 2001

K. K. Bangur
Chairman

**INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES
(PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE REPORT OF THE
DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2001**

Employed throughout the year and in receipt of remuneration aggregating not less than Rs. 12,00,000/- per annum

Sr. No.	Name of the Employees	Designation/ Nature of Duties	Remune- ration Rs.	Nature of Employment	Qualification & experience	Date of commencement of Employment	Age	Last Employment
1.	Mr. Lakhotia P.C.	Executive Director (Executive functions)	1438485	Contractual	B.Sc. (Engg) M.I.E. 38 Years	01-01-1984	58	Graphite India Ltd.

NOTES :

- Remuneration includes Basic Salary, Allowances, Commission where applicable, Ex-gratia Payment, Leave Travel assistance, Reimbursement of Medical Expenses, Contribution to Provident and Pension funds, Group Gratuity Scheme and Monetary value of perquisites as per Income-tax Rules.
- Nature of employment is contractual. Other terms and conditions applicable are as per the Company's rules. The above employee is not related to any Director of the Company nor holds 2% or more equity shares in the Company.
- There was no employee who was employed for a part of the year and in receipt of remuneration aggregating not less than Rs. 1,00,000 per month.