

GRAPHITE INDIA LIMITED

BOARD OF DIRECTORS

Mr K K Bangur, Chairman
Mr B Mitter
Mr P K Khaitan
Mr S Goenka
Mr N Suchanti
Mr N S Damani
Mr A V Lodha
Dr R Srinivasan
Mr D J Balaji Rao
Mr A Gilbu
Mr B B Das, LIC Nominee
Mr N Venkataramani, Executive Director

COMPANY SECRETARY

Mr B Shiva

AUDITORS

Price Waterhouse

SOLICITORS

Khaitan & Co.
Orr, Dignam & Co.

BANKERS

Bank of India
Canara Bank
HDFC Bank Ltd.
Corporation Bank
Punjab National Bank
State Bank of India
ING Vysya Bank Limited
UCO Bank

REGISTERED OFFICE

31, Chowringhee Road, Kolkata 700 016

NOTICE

NOTICE is hereby given that the Twenty-Ninth ANNUAL GENERAL MEETING of Graphite India Limited will be held on Tuesday, the 27th day of July, 2004 at 11.30 A.M. at Kalakunj Auditorium (Sangit Kala Mandir Trust), 48, Shakespeare Sarani, Kolkata 700 017 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, 2004 and the Balance Sheet as at that date.
2. To declare dividend on Equity Shares for the year ended 31st March, 2004.
3. To appoint a Director in place of Mr. K K Bangur who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. R Srinivasan who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Bhaskar Mitter who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following resolution with or without modification, as an Ordinary Resolution.

RESOLVED THAT Mr. D J Balaji Rao be and is hereby appointed as a director of the Company.

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

RESOLVED THAT subject to the provisions of Securities and Exchange Board of India (Delisting of securities) Guidelines 2003 and all other applicable laws, rules, regulations and guidelines and subject to such approval and sanctions, as may be necessary, the consent of the shareholders be and is hereby accorded to the Board of Directors to delist the equity shares of the Company from the Calcutta Stock Exchange Association Ltd.

By Order of the Board
For Graphite India Limited

Kolkata
May 7, 2004

B. Shiva
Company Secretary

NOTES :

- a. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act,1956 is annexed hereto.
- b. 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.
- c. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday the July 14, 2004 to Tuesday the July 27, 2004 (both days inclusive).
- d. At the ensuing General Meeting Mr. K K Bangur, Dr. R. Srinivasan and Mr. Bhaskar Mitter, Directors retire by rotation and being eligible offer themselves for re-appointment. As per Clause 49 of the Listing Agreement on Corporate Governance, the Company is required to provide a brief resume and names of companies in which the proposed Directors hold the Directorship. Accordingly, the information is given below:

Mr.K.K.Bangur aged 44 years, Chairman of the Company is an industrialist of repute. He has been exposed to business and industry at an early age and has more than 20 years of experience in managing the affairs of companies and its business activities. He has been a director of the Company since July 1988 and Chairman since July 1993. He is a past President of Indian Chamber of Commerce, Kolkata and Executive Committee member of FICCI. He is Chairman of the Shareholders/ Investors Grievance Committee and 'Committee for Borrowings' of the Company.

Other Directorships

| | Name of the Company | Position |
|----|---|----------|
| 1 | Carbon Finance Limited | Chairman |
| 2 | The Bond Company Limited | Chairman |
| 3 | The Emerald Company Limited | Chairman |
| 4 | H.L.Investment Co. Limited | Chairman |
| 5 | Shree Laxmi Agents Limited | Chairman |
| 6 | RPG Enterprises Limited | Director |
| 7 | West Bengal Properties Limited | Director |
| 8 | Laxmi Asbestos Products Limited | Director |
| 9 | The Marwar Textiles (Agency) Pvt. Limited | Director |
| 10 | Innovative Properties Pvt. Limited | Director |

Committee Membership of other companies - NIL

Dr.R.Srinivasan aged 73 years, has more than 40 years of experience in the banking industry. He held various positions in banks and finally as Chairman and Managing Director of New Bank of India, Allahabad Bank and Bank of India. He has been a director of the company since October 1993. He was Chairman of Indian Banks Association for several years, a director of IDBI, Discount & Finance House of India, New India Assurance Co. Ltd. & ECGC. He was also on various high level Committees constituted by RBI. He is a member of the Audit Committee of the Company.

Other Directorships

| | Name of the Company | Position |
|---|--|----------|
| 1 | Beeyu Overseas Ltd. | Director |
| 2 | Eveready Industries India Ltd. | Director |
| 3 | Elder Pharmaceuticals Ltd. | Director |
| 4 | Goldiam International Ltd. | Director |
| 5 | J M Capital Management Pvt. Ltd. | Director |
| 6 | HiTech Pharmaceuticals Pvt. Ltd. | Director |
| 7 | StorePerform Technologies India Private Ltd. | Director |

Other Committee Membership

| | Name of the Company | Committee | Position |
|---|----------------------------------|---|----------------------|
| 1 | Beeyu Overseas Ltd. | Audit Committee Remuneration Committee | Chairman Chairman |
| 2 | Eveready Industries India Ltd. | Audit Committee Remuneration Committee | Chairman Member |
| 3 | Elder Pharmaceuticals Ltd. | Audit Committee Shareholders & Investors Grievance Committee | Member Chairman |
| 4 | Goldiam International Ltd. | Audit Committee | Member |
| 5 | J M Capital Management Pvt. Ltd. | Investment Advisory Committee | Member |

Mr. Bhaskar Mitter aged 84 years, Bar-at-law from London, has expertise in laws governing companies. He is intimately connected with the business world and has acquired vast experience over the whole range of business operations. He is a past President of Associated Chamber of Commerce & Industry of India and was a Director amongst others of Reserve Bank of India, Life Insurance Corporation of India, Unit Trust of India and ICICI Limited. He is a member of the Audit Committee and 'Committee for Borrowings' of the Company.

Other Directorships

| | Name of the Company | Position |
|---|---|----------|
| 1 | Exide Industries Limited | Director |
| 2 | Eveready Industries India Limited | Director |
| 3 | Gloster Jute Mills Limited | Director |
| 4 | Oriental Carbon & Chemicals Limited | Director |
| 5 | Upper Ganges Sugar & Industries Limited | Director |

Other Committee Membership

| | Name of the Company | Committee | Position |
|----|---|--|------------------------------|
| 1 | Eveready Industries India Limited | Remuneration Committee Shareholders'/Investors Grievance Committee Audit Committee | Chairman Member Member |
| 2 | Exide Industries Limited | Audit Committee Remuneration Committee | Member Member |
| 3 | Oriental Carbon & Chemicals Ltd. | Remuneration Committee | Member |
| 4. | Upper Ganges Sugar & Industries Limited | Finance & Corporate Affairs Committee | Member |

- e. Dividend on Equity Shares when sanctioned will be made payable to those shareholders whose name stand on the Company's Register of Members on July 27, 2004 and to whom dividend warrants will be posted. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.
- f. 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, West Bengal, Nizam Palace, 234/4, A.J.C.Bose Road, Kolkata - 700 020. Members can obtain details of the transfers made to the Central Government, from the Company.

- g. Members are hereby informed that dividends which remain unclaimed / unencashed over a period of 7 years have to be transferred by the Company to the Investor Education & Protection Fund (IEPF) established by the Central Government under Sec. 205(C) of the Companies Act, 1956. Unclaimed / un-encashed dividend declared by the Company for the year ended 31st March, 1997 would be transferred to the said fund in the last week of September, 2004. Unclaimed / un-encashed dividend declared by the erstwhile Graphite India Limited for the year ended 31st March, 1997 would be transferred to the said fund in the first week of November, 2004.

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends which have been transferred to the credit of the IEPF under the provisions of Sec. 205(B) of the Companies Act, 1956. In view of the above, the shareholders are advised to send all the unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them immediately.

Dividends that remained unclaimed / unencashed for the year ended 31st March, 1996 of the Company and that of erstwhile Graphite India Limited have already been transferred to the IEPF.

- h. 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 the benefits of paperless trading.
- i. Members are requested to affix their signature at the space provided in the attendance slip with complete details including the Folio No. annexed to the proxy form and hand over the slip at the entrance of the place of meeting.
- j. Members are requested to notify change in their address, if any, immediately to the Company's Registrar, IIT Corporate Services Limited, Protoprma Chambers, 2nd Floor, Suren Road, Andheri (East) Mumbai 400 093.

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

ITEM NO. 7

Mr. D J Balaji Rao was appointed by the Board of Directors of the Company as an additional director on 17th January, 2004. In accordance with provisions of Section 260 of the Companies Act, 1956 and Article 177 of the Article of Association of the Company, he holds office upto the date of ensuing Annual General Meeting. The Company has received notice in writing u/s 257 of the Companies Act, 1956 from a member signifying his intention to propose the appointment of Mr. Balaji Rao as Director of the Company.

Your directors feel that the services of Mr. Balaji Rao will be valuable and useful to the Company and hence recommend that he be appointed as a director of the Company. Resume in brief is given below-

Mr. Balaji Rao aged 64 years has more than 25 years of experience in finance. He was with former ICICI Ltd. holding various positions and finally as Deputy Managing Director (Operations & Human Resources Development). Prior to his retirements, he was Managing Director of Infrastructure Development Finance Co. Ltd.

Other Directorships

| | Name of the Company | Position |
|---|--|----------|
| 1 | Ashok Leyland Ltd. | Director |
| 2 | Ashok Leyland Finance Ltd. | Director |
| 3 | Bajaj Auto Ltd. | Director |
| 4 | 3M India Ltd. | Director |
| 5 | Jindal Iron & Steel Co. Ltd. | Director |
| 6 | Prudential ICICI Trust Ltd. | Director |
| 7 | South East Asia Marine Engg. & Construction Ltd. | Director |
| 8 | Ennore Foundries Ltd. | Director |

Other Committee Membership

| | Name of the Company | Committee | Position |
|---|---|---|--------------------------------|
| 1 | Ashok Leyland Ltd. | Audit Committee Share Transfer & Shareholders & Investors Grievance Committee | Member Member |
| 2 | Bajaj Auto Ltd. | Audit Committee Shareholders Grievance Committee Remuneration Committee | Member Chairman Chairman |
| 3 | 3M India Ltd. | Audit Committee Shareholders Grievance Committee | Member Chairman |
| 4 | Jindal Iron & Steel Co. Ltd. | Remuneration Committee | Member |
| 5 | South East Asia Marine Engg. & Construction Ltd. | Audit Committee Share Transfer & Shareholders' Grievance Committee | Chairman Member |

None of the directors except Mr. D J Balaji Rao is concerned or interested in the resolution.

ITEM NO. 8

Presently, the Company's Equity Shares are listed on The Stock Exchange, Mumbai (BSE), National Stock Exchange of India Ltd. (NSE) and The Calcutta Stock Exchange Association Ltd. (CSE). After the proposed delisting from CSE, the Company's Equity shares shall continue to be listed on BSE and NSE. With the nation-wide and extensive network of trading terminals of BSE and NSE, investors have access to the online dealings in the Company's shares and, therefore, in accordance with the said Guidelines, an exit opportunity is not required to be given to the shareholders.

Necessity and Object of Delisting

The trading volume of the Company's shares on the Calcutta Stock Exchange (CSE) has been very low. There is no significant and tangible advantage accruing to the shareholders in continuing to keep the shares listed on CSE. On the contrary, it results in recurring costs and additional administrative work.

SEBI has mandated the Company's shares for compulsory trading and settlement only in electronic form with effect from May 8, 2000. Almost the entire trading in the Company's shares takes place on BSE and NSE which offer investors access to online dealings in the Company's shares across the country. Therefore, the proposed delisting of the Company's shares from CSE will not adversely affect any investor including the shareholders residing in the region from where the shares are proposed to be delisted.

None of the directors are concerned or interested in the resolution.

By Order of the Board
For Graphite India Limited

Kolkata
May 7, 2004

B. Shiva
Company Secretary

DIRECTORS' REPORT

The Directors have pleasure in presenting their Twenty-ninth Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS

| | Rs. in Lakh | |
|--|-----------------|----------------|
| | 2003-2004 | 2002-2003 |
| Sales/ Income from Operations | 54929.92 | 41008.17 |
| Profit for the year after charging all expenses but before providing interest, depreciation and tax | 9877.56 | 7943.61 |
| Less : Interest | 1283.74 | 2315.77 |
| Profit before depreciation and tax | 8593.82 | 5627.84 |
| Less : Depreciation | 2056.52 | 1986.51 |
| Profit before taxation | 6537.30 | 3641.33 |
| Less : Provision for taxation - Current | 1200.00 | 315.00 |
| - Deferred | 205.00 | (12.45) |
| Profit for the year | 5132.30 | 3338.78 |
| Add : Balance brought forward from the previous year | 8113.19 | 5482.03 |
| Transfer from Investment Allowance (utilised) Reserve | — | 13.98 |
| Transfer from Debenture Redemption Reserve | — | 800.00 |
| | <u>13245.49</u> | <u>9634.79</u> |
| Which has been appropriated as under : | | |
| Transfer to Capital Redemption Reserve | 250.00 | 250.00 |
| Transfer to Debenture Redemption Reserve | 625.00 | — |
| Payment of 12.5% dividend on Preference Shares | 15.50 | — |
| Proposed Dividend on - | | |
| — 12.5% on Preference Shares | — | 46.75 |
| — 40% on Equity Shares | 1175.17 | 734.48 |
| Dividend Tax | 152.55 | 100.10 |
| Transfer to General Reserve | 7500.00 | 390.27 |
| Balance carried forward | 3527.27 | 8113.19 |
| | <u>13245.49</u> | <u>9634.79</u> |

SHARE CAPITAL

The 2nd and final installment of Rs.50/- on 500,000-12.5% Redeemable Cumulative Preference Shares of Rs.100/- along with pro-rata dividend was paid on due date. The said Preference Shares have been fully redeemed.

DIVIDEND

The Directors are pleased to recommend the payment of dividend @ 40% on 293,79,245 Equity Shares of Rs. 10 each for the financial year ended March 31, 2004.

DELISTING FROM CSE

Subject to the approval of the members and in accordance with the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, it is proposed to delist the Company's shares from The Calcutta Stock Exchange Association Limited.

EXPANSION OF CAPACITY

A complete new module of 20,000 M T per annum of Graphite Electrode at an estimated cost of Rs. 160 Crore is being added which will raise the total capacity of Durgapur Plant from 14,000 M T to 34,000 M T and is expected to be completed by January or February 2005. Such a major modular expansion, coupled with debottlenecking of existing facilities, will increase the total installed capacity to 60,000 MT PA of Graphite Products. The Company will benefit from economies of scale, upgradation of technology and modernization of facilities.

This initiative will make the Company more competitive in terms of its quality, costs and environmental compliance and grow its business prospects.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry's structure and developments

GRAPHITE ELECTRODE BUSINESS

Graphite Electrode is used in electric arc furnace (EAF) based steel industry for conducting current and is a major consumable item for the steel industry. The estimated world capacity for manufacture of Electrode is over 1.0 Million M.T. The principal manufacturers are based in USA, Europe, Japan, China and India.

Buoyancy in the global steel industry and increasing popularity of EAF as a preferred route for steel production have led to a good growth in demand and modest increase in price of graphite electrodes.

Globally, new capacities for steel production are coming up more and more in the EAF route. This is evident from the progressive increase in the share of EAF in total steel production, from 18% in 1975 to (estimated) 34% in 2003. Further, industry experts estimate this share to rise to a level of about 39% by 2006 and to 43% by 2010. The gradual increase in global steel production and the increasing share of EAF augurs well for the graphite electrode industry.

The global demand for graphite electrodes, which was estimated to be 1.02 million tonnes in 2001, is set to increase to 1.34 million tonnes by 2010. On the supply side, the global capacity of graphite is presently estimated to be around 1 million tonnes and some of the unviable capacities have been shut down. It is in this backdrop that the Company has decided to augment its capacity.

With cost continuing to be the focal point in this period of keen global competition, the electrode industry was resilient and responded ably to the exacting demands for high performance levels at uncompromising prices.

In this scenario, the Indian Graphite industry too performed well. The Company has posted a good performance and shall stay focussed on the key areas of productivity, quality and cost effectiveness, sharpening its competitive edge to drive its volumes. The emphasis on further investment in power will continue to receive high priority since power constitutes a major component of the total cost of electrode manufacture.

The Government has decreased the rate of DEPB on Graphite Electrode from 18% to 11% with effect from 9th February 2004. Premature reduction of the rate in absence of removal of other levies / costs will affect export production cost and will cause undue hardship to the industry. The Company has made a representation to the GOI for reinstating the DEPB rate to 18%.

The Coke Division, which has also registered a modest growth, is one of the backward integration initiatives of the Company. This Division is engaged in the manufacture of Calcined Petroleum Coke, Electrode Paste and Tamping Paste.

GRAPHITE EQUIPMENT BUSINESS

The Impervious Graphite Equipment (IGE) Division is engaged in manufacturing and marketing of heat exchangers,

ejectors, pumps and turnkey plants at its Nashik Works. The Graphite Equipment has wide application in corrosive chemicals industries such as pharmaceutical, agro-chemical, chloro alkali and fertilizer industries. The Company supplied about 80% of the total domestic requirement. At the global level, there are about 4 to 5 suppliers and the Company is well positioned to enhance its global market share by direct interaction with prospective customers, through visits, detailed engineering of large capacity heat exchangers and also by participating in exhibitions and increasing its network of qualified agents.

NON-GRAPHITE BUSINESS

Glass Reinforced Plastic (GRP) Pipes and Tanks Division is engaged in manufacturing and marketing GRP Pipes and Tanks. The Company converts users of conventional pipes to GRP through intelligent marketing, superior product quality and value-added services. The entry of private sector in retailing India's petroleum products has greatly enhanced the opportunities for GRP Tanks. The Company is confident of a good growth for its GRP division.

The IGE and GRP Divisions of the Company registered a noteworthy performance, as depicted in segment wise results, elsewhere in this Report.

With the global majors, setting up manufacturing capacities in India in Impervious Graphite Equipment and GRP Pipes and Tanks segments, the competition in the domestic market is sure to intensify in the coming years.

POWER

Power is a major input in the manufacture of Graphite Electrode. As part of its cost reduction initiatives, besides ensuring adequate availability and quality of power, the Company has made significant investment in this segment. The Company has an 18 MW Hydel Power Plant in Chunchanakatte in the State of Karnataka, 1.5 MW mini Hydel Plant in Mandya District in Karnataka and two multi-fuel power generating sets with a total capacity of 13.5 MW between Nashik and Bangalore. In the short / medium term, the Company has plans to strengthen its competitive edge through further investments in conventional and non-conventional routes to power generation.

Opportunities and threats

With the global and domestic steel industry continuing to be buoyant, the demand for Graphite Electrodes was consistent

throughout the year and this trend is expected to continue in the near to medium term future. With increasing emphasis on Infrastructure projects and the robust turnout of the automobile and white goods sectors, growth rates will sustain. The order book is comfortable and covers about 60% of the sale plan of 2004-05.

During the year, trial orders were received in overseas markets for the 28" dia. Electrodes . This would open up a niche market.

The Company shall endeavour to accelerate the growth rate that has been achieved in the last year. It shall adhere to its three-pronged strategy of - (1) increasing volumes to have a stronger and wider presence in the global market at competitive prices; (2) supplying high quality UHP Electrodes with a larger mix of 550 – 700 mm diameter, at higher realization; and (3) developing value added Speciality products to improve its product mix through its Research & Development Centre.

Steel industry's business cycles (fortunes) will have a direct bearing on the performance of the Electrode industry. Keen competition from global electrode majors, sets tighter benchmarks for quality of product and cost of manufacturing. Increasing cost of raw materials, power and other process materials, as well as exchange rate fluctuations impact the operating margins.

During the year, Anti-dumping and Anti-Subsidy proceedings were initiated against the Company by the European Union. This was followed by initiation of Anti-dumping proceedings by the Republic of Poland, which has become a part of the EU with effect from 01.05.2004. The proceedings are being contested since in the opinion of the Company, these have been based on an inappropriate appreciation of the facts. The Company is also exploring various strategic measures to minimize any potential impact.

Main inputs for the manufacture of Graphite Products being petroleum based, rising price of Crude Oil is a matter of concern.

Two overseas Competitors engaged in manufacturing and marketing of various items of Impervious Graphite Equipment have proposed to set up full-fledged assembly plants in the country. Similarly GRP Division will also encounter competition from new units backed by foreign investment. Arising from these developments, prices will come under pressure.

Nevertheless, the Company is well geared to face these routine challenges and is confident of achieving its business goals.

SEGMENT-WISE PERFORMANCE

Graphite and Carbon Division

Production of Graphite Electrodes, Anodes and other Miscellaneous Carbon and Graphite Products during the year under review was 48,155 M T as against 37,769 M T in the previous year.

With good demand throughout the year, all the three plants worked to their optimum capacity.

Production of Calcined Petroleum Coke during the year was 32,019 M T as against 30,707 M T in the previous year.

Power Division

Generation of hydel power at Chunchanakatte (CCKT) was almost at the same level as that of the last year. For the second year in succession, the generation was affected by poor monsoon.

The 1.5 MW Link Canal Project in Mandya District in Karnataka was commissioned in September 2003. It could not reach its full capacity due to low levels of flow in the link canal. Teething problems have been corrected.

Total power generated was 125 million units from Hydel Power Plants and Multi Fuel Power Generating Sets during the period under review, as against 115 million units in the previous year.

The Karnataka State Government has issued a notification to all IPPs to pay an electricity tax @ 25 paise per unit of energy generated from 16th October, 2003 till 30th June, 2004 (at the time of promulgation of the Ordinance, it was 50 paise). This retrograde step has come at a time when the Government of India is actively promoting private investment in the power sector for captive consumption. Driven by the enthusiastic and encouraging support given by the State Government of Karnataka in the past, the Company had set up Hydel Power Plants in that State for captive consumption and sale of surplus units. The Company had filed a petition challenging the validity of this imposition and had obtained an interim stay subject to certain conditions.

Others

The Impervious Graphite Equipment (IGE) Division produced equipment and spares of 386 M T as against 287 M T in the previous year. The competitiveness of this Division has been further strengthened by investing in critical facilities of recent technology which will enable

quality improvement, cost reduction and higher plant productivity.

Since Pharmaceuticals and Chloro Organic industries are doing well in the country, continued buoyancy is expected in the years to come.

The Glass Reinforced Plastic Pipes (GRP) Division produced 1862 M T as against 703 M T in the previous year. The performance of this Division has shown definite improvement and is expected to maintain the growth in the future aided by greater degree of acceptance of GRP Pipes (instead of conventional DI Pipes) because of its several technical advantages over traditional options.

SALES

The Company has achieved a gross turnover of Rs. 50669 lakh during the year under review as against Rs. 37470 lakh in the previous year registering an increase of 35%.

Export Sales were Rs. 28941 lakh during the year under review as against Rs.20603 lakh during the previous year.

There were significant increases in volumes (both domestic and export) during the period under review.

Outlook

The 7.5% GDP growth buoyancy in domestic demand for Core Sector and increase in economic activity augurs well for the Company.

The Indian steel industry continues to perform consistently. All the steel producers have clocked record production figures. Rise in production, rising price trends and good export growth signal well for the electrode industry.

The Coke Division continues to support the Electrode Division. Plans for increasing the sale of Carbon Paste from this Division are underway.

The market for Impervious Graphite Equipment (IGE) is good, but the inordinate delay in issuance of the export licence continues to be a serious impediment. The Company has represented to the Government of India for speedy clearances of licences to avoid loss of business and customer goodwill.

The positive response of the Water and Sewerage Boards towards GRP Pipes as a long term, cost effective and efficient alternative to conventional CI, DI and PSC Pipes will accelerate the usage and boost the demand for GRP Pipes. The Company anticipates increased market share in the light of the government's emphasis on developmental activities

in core sectors like infrastructure projects, and increase in the prices of DI Pipes in the wake of increase in steel prices. Continued emphasis on cost reduction and quality improvement shall enable the Company to retain its competitive edge.

The Company's goal is to achieve improved quality and cost reduction, in all its product groups and be well equipped to meet the challenges of the future. The Company makes other value added speciality products which cater to the needs of many industries other than steel. Increase in sales of these speciality products will contribute additionally to the bottomline. With positive growth trends seen in the economy, infrastructure development should accelerate, leading to greater demand for steel, and the Company is quite hopeful of improving its performance in the coming years.

Risks and Concerns

It is true that business conditions have an element of uncertainty of unknown factors like reversal of positive trends leading to economic slowdown resulting in negative growth in steel, automotive and infrastructure industries which will adversely impact our industry. Decreased demand in the world market may raise liquidity issues and naturally buyers will exercise all options to gain maximum credit advantage. This phenomenon is being experienced by all industries, and it is in this context that better / firmer payment terms will immensely help industries to survive through the liquidity crisis period. The declining prices will affect operating margins.

Any economic slowdown can adversely impact demand-supply dynamics and profitability including our Company.

However, the Company's operations have historically shown significant resilience to the fluctuations in demand. When the domestic demand was flat or even negative, the Company was well prepared to focus on exports, and retain its eminent status as a steady player over several years. This is a testimony to the Company's ability to weather any storm and stay afloat.

Internal control systems and their adequacy

The Company has proper and adequate system of internal controls to ensure that all its assets are safeguarded and protected against loss and that transactions are duly authorized, recorded and reported correctly. The internal controls system is supplemented by an extensive periodic review of the documented policies, guidelines and procedures by the management.

Discussion on financial performance with respect to operational performance

This has been another good year for the Company. All the Divisions of the Company performed well and many worked at 100% capacity levels. In the face of tough business environment, new milestones were reached.

Wherever feasible, plant facilities were stretched to limiting capacities by de-bottlenecking with minimum capital expenditure.

Consistent quality, production to capacity and growth in sales, through the year contributed to comfortable financial position. Steady cash flows helped the Company in repaying high cost debts enabling better fund management.

The Company's long-term debt is rated 'LAA-' (pronounced L double A minus) by ICRA. This rating indicates High Safety. The short-term debt programme is rated 'A1+' (pronounced A One plus). This rating indicates Highest Safety. For Fixed Deposits, ICRA reaffirmed 'MAA' (pronounced M double A) which indicates High Safety.

Loan portfolio was closely monitored to take advantage of declining interest rates. Long term debts were pre-maturely repaid and replenished by loans carrying lower rate of interest. Interest cost during the current year amounted to Rs.1284 lakh as against Rs. 2316 lakh in the previous year. This reduction is significant considering the increased output levels of the current year.

Consistency in demand and better price realisation during the year coupled with the benefits of merger of two companies in 2001-02 and continued success of cost cutting measures are reasons for improved performance. The comparison of results given at the beginning of this Report will speak for the improved performance year-on-year. Better utilization of resources, tighter cost control, improved operational efficiencies, better realisation and savings on account of power and interest were the main factors for achieving this level of Gross Profit.

All commitments relating to repayment of Loan installments were honoured in time.

Material developments in human resources / industrial relations front, including number of people employed

To strengthen communication systems and to enrich the human resources, the Company is working on designing an ERP package for implementation across the group. The training and development activities are being reinforced by identifying the training needs scientifically to provide requisite

inputs to the employees for improving their performance.

Young, skilled and qualified technical persons are inducted into the group to bring in fresh thoughts and ideas for the overall development of HR in the organization.

The total number of people employed in the organization was 2306 as on 31.03.2004.

Succession planning is being streamlined to develop the second line of functional managers at the plant level.

Employee relations are good and cordial at all locations of the Company.

Cautionary Note

Certain statements in the 'Management Discussion and Analysis' section may be more optimistic, and as perceived in the present situation and are stated as required by relevant prescriptions. Many factors may affect the actual results, which could be different from what the Directors' contemplated in respect of future performance and outlook.

Additional Disclosures

In line with the requirements of the Listing Agreements and the Accounting Standards of the Institute of Chartered Accountants of India, your Company has made additional disclosures in respect of consolidated financial statements, related party transactions and segmental reporting.

Research & Development

Research and development was actively pursued and has been a continuing activity to develop products catering to diverse sectors of Carbon Technology.

The Company has entered a niche area of Carbon-Carbon composite technology to manufacture new generation products used in exclusive applications.

Technical support was provided for quality improvement through investigations and product characterization.

New collaboration efforts are being / have been established with research institutions, pursuant to entering new and strategic areas of carbon technology.

Fixed Deposits

The Company has not accepted / renewed any fixed deposits during the year.

The total amount of fixed deposits as on 31st March, 2004 was Rs. 25.38 lakh. Deposits amounting to Rs. 2.01 lakh due for repayment remained unclaimed.

Subsidiary Company

In compliance of Reserve Bank of India's direction to change the name of the Company so as to connote non-banking financial company activities, the name of the subsidiary company has been changed to Carbon Finance Limited from Carbon Enterprises Limited with effect from 12th December, 2003.

As required under Section 212 of the Companies Act, 1956, the particulars relating to the subsidiary company are annexed to the accounts.

Information pursuant to Section 217 of the Companies Act, 1956

Information in accordance with clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 read with 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, 2004 are given in Annexure 'A'.

Particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended 31st March, 2004 are given in Annexure 'B'.

DIRECTORS

Life Insurance Corporation of India nominated Mr B. B. Das as its representative on the Board of Directors of the Company in place of Mr K. B. Krishnamoorthi. The Directors placed on record their deep appreciation for the services rendered by Mr K. B. Krishnamoorthi.

The Board of Directors at its meeting held on 17th January, 2004 appointed Mr D. J. Balaji Rao as an additional Non-Executive Director of the Company. Mr Rao holds office upto the date of the 29th Annual General Meeting. However, the Company has received notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Rao as a Director of the Company.

Mr K K Bangur, Mr Bhaskar Mitter and Dr R Srinivasan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Recognition/Award

Your Company has been recognized as one of the “world’s 200 BEST UNDER A BILLION” companies for 2003 outside the United States with annual sales of less than \$ 1 billion by Forbes Global.

The Company received the Certificate of Export Recognition from CAPEXIL for the year 2002-03.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors state –

1. that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2004 and of the profit of the Company for the year ended March 31, 2004.
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

4. that they have prepared the annual accounts on a going concern basis.

Corporate Governance Report

A Report on Corporate Governance along with a Certificate of Compliance from the Auditors forms part of this Report.

Auditors

Price Waterhouse, Chartered Accountants, Auditors of the Company retire and are eligible for re-appointment.

Acknowledgement

Your directors place on record their appreciation of the assistance and support extended by all government authorities, financial institutions, banks, consultants, solicitors and shareholders of the Company. The directors express their appreciation for the dedicated and sincere services rendered by employees of the Company.

On behalf of the Board

Kolkata
Date : 7th May, 2004

K K Bangur
Chairman

ANNEXURE to the Directors' Report

ANNEXURE - A

Particulars pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the Directors' Report.

| | Graphite Electrode Division | Impervious Graphite Equipment Division | Glass Reinforced Plastic Pipe Division |
|--|---|--|--|
| A CONSERVATION OF ENERGY | | | |
| a) Energy Conservation measures taken | Reduced furnace oil consumption by improving design of baking furnaces. | Maintained the power factor between 0.95 to 1 thus becoming entitled to a rebate of Rs. 1.50 lakh in IGE Division. | Trials are under way for improving the power factor in GRP Division. |
| | Increased heat recovery by modification of pipelines and vessels of PI units | — | — |
| | Reduced energy consumption by optimization of production planning in graphite department. | — | — |
| | Waste Heat recovery in baking furnaces | — | — |
| | Increased power factor by installation of new equipment | — | — |
| b) Additional measures proposed to be taken | Further efforts on waste recovery in furnaces and kilns | To replace the 25 HP Motor by a 10 HP Motor for Supercut Lathe Machine in IGE Division | — |
| | Use of alternate fuel for cost reduction | To substitute Multi Spindle Drilling Machine (MSD) from manual operation to CNC | — |
| c) Impact of measures of (a) & (b) above- | Reduction in specific energy consumption/ cost | Reduction in the cost of production | — |
| B TECHNOLOGY ABSORPTION | | | |
| a) Research and Development | | | |
| Specific area in which R & D was carried out | Development of new products such as Carbon-Carbon Composite | In resin impregnation of equipment, laboratory trials for single impregnation are underway. Testing is being carried in the smaller autoclave on sample blocks in IGE Division | Resin heating system and sand heating system in the pipe manufacturing process |

| | Graphite Electrode Division | Impervious Graphite Equipment Division | Glass Reinforced Plastic Pipe Division |
|---|--|--|---|
| | Development of new speciality products | — | Netting commissioning device installed to incorporate netting as a direct constituent of GRP Pipes/Tanks |
| | Optimization of process parameters for large dia electrodes | — | Use of catalyst in pipe production |
| Benefits derived | Quality improvement | Reduced impregnation cycle with accompanying benefits like increase in impregnation productivity, reduction in power consumption, etc. | Quality consistency and higher speed of production; better compaction of core resulting in enhanced physical properties of the product; and higher speed of manufacture resulting in lower cycle times and man hours per unit production in GRP Division |
| | Improved process yields | — | — |
| | Reduction of cost | — | — |
| Future plan of action | To bring down cost of production by introducing efficient techniques and processes | To continue with the trials on our (GILs) Resin first and later work on resin from other manufacturers | — |
| | — | Improve efficiency in the existing vacuum system | — |
| | — | To bring down impregnation cycle to single impregnation | — |
| Recurring Expenditure in R & D | Rs. 46.68 lakh | — | — |
| R& D Expenditure on Percentage of total turnover | 0.09% | — | — |
| b) Technology Absorption, Adaptation and Innovation | | | |
| Efforts made | Introducing continuous roll production process for flexible graphite sheets | — | Efforts in GRP Division include providing – (1) a New Shaft for E-1 Machine for small dia pipes with new mandrel assembly; (2) Re-designing of Gear and Sprocket Assembly; (3) Designing a new recipe to improve raw material yield ratios; and (4) Glass Netting to be used in the manufacturing of Pipes. |

| | Graphite Electrode Division | Impervious Graphite Equipment Division | Glass Reinforced Plastic Pipe Division |
|--|---|--|---|
| Benefits | Expansion of product range in Graphite Electrode business | — | The new shaft will enable us to go down to 309 mm and with the new Mandrel Assembly, increase in production speed can be achieved |
| Technology Imported during the last five years | NIL | NIL | NIL |

C FOREIGN EXCHANGE EARNINGS AND OUTGO

| | Rs. in lakh |
|----------|-------------|
| Earnings | 27386.46 |
| Outgo | 9138.30 |

On behalf of the Board

Kolkata
May 7, 2004

K K Bangur
Chairman

ANNEXURE - B

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004

| Sr. No. | Name of the Employee | Age | Designation/ Nature of Duties | Remuneration/ Salary Rs. in Lakh | Qualification | Date of commencement of Employment / Total Experience (Years) | | Previous Employment |
|---------|----------------------|-----|-------------------------------|----------------------------------|---------------------|---|----|---------------------|
| 1. | Mr N Venkataramani | 58 | Executive Director | 29.84 | B.Sc., B.E., M.Tech | 14.06.2001 | 33 | GKW Limited |

- Notes :
1. Remuneration has been calculated on the basis of Section 198 of the Companies Act, 1956.
 2. The employment is contractual in nature.
 3. The above employee is not related to any Director of the Company.

On behalf of the Board

Kolkata
May 7, 2004

K K Bangur
Chairman

Report on CORPORATE GOVERNANCE

I. Corporate Governance Philosophy

The Company believes that the governance process must aim at managing the affairs without undue restraints for efficient conduct of its business, so as to meet the aspirations of shareholders, employees and society at large.

II. Board of Directors

Composition, category, other directorships, other Committee Positions held as on 31st March, 2004

The strength of the Board of Directors as on 31st March, 2004 was twelve comprising the non-executive Chairman, ten non-executive independent directors (of whom one is a nominee director) and one Executive Director.

| Name | Category | Directorships in other Public Limited Companies incorporated in India | Other# Committee ^ positions held | |
|------------------|------------------------|--|--------------------------------------|--------------|
| | | | As Chairman | As Member |
| K K Bangur | Chairman Non-Executive | 8 | — | — |
| N S Damani | NED * | 6 | — | — |
| A V Lodha | NED * | 5 | — | 2 |
| Dr. R Srinivasan | NED * | 4 | 4 | 7 |
| Bhaskar Mitter | NED * | 5 | 1 | 6 |
| P K Khaitan | NED * | 12 | 1 | 4 |
| Sanjiv Goenka | NED * | 12 | 2 | 4 |
| Navin Suchanti | NED * | 9 | 2 | 5 |
| Agnar Gilbu | NED * | — | — | — |
| D J Balaji Rao | NED * | 8 | 4 | 10 |
| B B Das | LIC Nominee * | — | — | — |
| N Venkataramani | Executive Director | 1 | — | — |

* also independent

excluding private companies, foreign companies and companies under Section 25 of the Companies Act, 1956

^ only the three Committees, viz. the Audit, Remuneration and the Shareholders' Grievances Committee are considered

NED – Non-Executive Director

Attendance of the Directors at the Board Meetings and at the last AGM

Four meetings of the Board of Directors were held during the year on 7th May, 2003, 31st July, 2003, 29th October, 2003 and 17th January, 2004. The information to be made available to the Board as per Annexure I forming part of Clause 49 of the Listing Agreement have been complied with.

Attendance Record

| Names of Directors | Number of Board Meetings during April 2003 to March 2004 | | Attended last Annual General Meeting (AGM) held on 31st July, 2003 |
|--------------------|--|----------|--|
| | Held | Attended | |
| K K Bangur | 4 | 4 | Yes |
| N S Damani | 4 | 1 | No |
| A V Lodha | 4 | 3 | No |
| R Srinivasan | 4 | 3 | Yes |
| Bhaskar Mitter | 4 | 4 | Yes |
| P. K.Khaitan | 4 | 3 | No |
| Sanjiv Goenka | 4 | None | No |
| Navin Suchanti | 4 | 1 | No |
| Agnar Gilbu | 4 | None | No |
| D J Balaji Rao* | 4 | 1 | NA |
| B B Das@ | 4 | 1 | NA |
| K B Krishnamoorthi | 4 | 3 | Yes |
| N Venkataramani | 4 | 4 | Yes |

* appointed as additional director on 17th January, 2004.

@ appointed by LIC of India as their nominee director w.e.f. 15.12.2003 in place of Mr. K B Krishnamoorthi.

III Audit Committee

Composition & Scope of Activity

The Audit Committee of the Company comprise Mr.A.V.Lodha as its Chairman with Mr. Bhaskar Mitter and Dr. R.Srinivasan as its members.

The terms of reference of the Audit Committee include the powers as laid down in Clause 49 II (C) of the Listing Agreement and the role as stipulated in Clause 49 II (D) of the Listing Agreement of the Company with the Stock Exchanges. The scope of activity of the Committee is also in consonance with the provisions of Section 292A of the Companies Act, 1956.

Committee Meetings held and attendance during the year

Four meetings of the Audit Committee were held during the year on 7th May, 2003, 31st July, 2003, 29th October, 2003 and 17th January, 2004.

| Name | Position in the Audit Committee | Meetings | |
|-------------------|---------------------------------|----------|----------|
| | | Held | Attended |
| Mr. A. V. Lodha | Chairman | 4 | 3 |
| Dr R Srinivasan | Member | 4 | 3 |
| Mr Bhaskar Mitter | Member | 4 | 4 |

All members of the Audit Committee are independent directors who are persons of repute and erudition. Mr. A. V. Lodha and Dr R Srinivasan are experts in finance and accounting.

The Executive Director and Sr. Vice President (Finance) remained present at the meetings of the Audit Committee.

The Audit Committee invites, as and when it considers appropriate, the statutory auditors and the internal auditors to be present at the meetings of the Audit Committee.

An Audit Committee meeting was held on 7th May, 2003 to review and approve the draft annual accounts of 2002-2003 for recommendation to the Board. The Audit Committee had also reviewed the unaudited quarterly results during the year before recommending the same to the Board of Directors for adoption and required publication.

The Company Secretary is the Secretary to the Audit Committee.

Note: The Chairman of the Audit Committee, Mr. A V Lodha was unable to attend the last Annual General Meeting (AGM) held on 31st July,2003. However, Dr. R Srinivasan and Mr Bhaskar Mitter, members of the Audit Committee attended the AGM.

IV Remuneration to Directors

The "Remuneration Committee" comprise Mr.P.K.Khaitan as its Chairman with Mr. A V Lodha and Mr. Navin Suchanti as its members. The Committee is authorised to decide on the remuneration package for executive director/s, including annual increment, pension rights, compensation payment, if any. The Committee met once on 7.5.2003 during the year which was attended by all the three members.

Policy : Remuneration to the non-executive director is decided by the Board as authorised by the Articles of Association of the Company and are within the limits set out in Section 309 and 198 of the Companies Act, 1956. The remuneration of Executive Director is approved by the resolution of the shareholders / members in the General Meeting.

Details of Remuneration paid / payable during the year by the Company -

| Name | Salary | Contribution to Provident and Other Funds | Other Benefits | Commission | Sitting Fees |
|--------------------|--------|---|----------------|------------|--------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| K K Bangur | — | — | — | 510000 | 28000 |
| N S Damani | — | — | — | 100000 | 2000 |
| A V Lodha | — | — | — | 100000 | 14000 |
| Dr R Srinivasan | — | — | — | 100000 | 12000 |
| Bhaskar Mitter | — | — | — | 100000 | 36000 |
| P. K.Khaitan | — | — | — | 100000 | 12000 |
| Sanjiv Goenka | — | — | — | 100000 | — |
| Navin Suchanti | — | — | — | 100000 | 4000 |
| Agnar Gilbu | — | — | — | — | — |
| D J Balaji Rao | — | — | — | 100000 | 2000 |
| B B Das | — | — | — | 100000 | 2000 |
| K B Krishnamoorthi | — | — | — | — | 6000 |
| N Venkataramani | 690000 | 243800 | 550396 | 1500000 | — |

Sitting fees paid to the non-whole-time directors of the Company was increased to Rs.10000/- per meeting vide Board resolution dated 17th January, 2004.

Contract period of Mr N Venkataramani: Five years from the date of appointment with effect from October 19, 2001-

Severance Fees NIL

Stock Option NIL

V Shareholders Committee

The Shareholder/Investors' Grievances Committee looks into the redressal of shareholders and investors' grievances relating to transfer of shares, non-receipt of declared dividend, non-receipt of balance sheet, etc. The Committee comprise – Mr. K. K. Bangur as its Chairman with Mr. Navin Suchanti and Mr. N. Venkataramani as its members.

Mr B Shiva, the Company Secretary is the Compliance Officer.

During the year, 42 complaints were received from the shareholders, all of which were attended to. The details of shareholders/investors' grievances are placed before the Shareholders' Grievances Committee. Four meetings of the Committee were held during the year.

The Company has delegated the power of share transfer to the Company Secretary, Mr. B Shiva, vide Board Resolution dated 17th January, 2001. The share transfers are approved by the Company Secretary, the details of which are noted by the Board.

The Company had 2 transfers for 120 equity shares pending at the close of the financial year which were processed on 2.4.2004.

VI General Body Meetings

i. Details of last three Annual General Meetings (AGM)

| AGM | Year | Venue | Date | Time |
|------|-----------|--|------------|------------|
| 28th | 2002-2003 | Kalakunj Auditorium (Sangit Kala Mandir Trust), 48, Shakespeare Sarani, Kolkata 700 017 | 31.07.2003 | 10.00 a.m. |
| 27th | 2001-2002 | Kalakunj Auditorium (Sangit Kala Mandir Trust), 48, Shakespeare Sarani, Kolkata 700 017 | 27.08.2002 | 10.00 a.m. |
| 26th | 2000-2001 | 88, MIDC Industrial area, Satpur, Nashik 422 007 | 30.08.2001 | 11.30 a.m. |

ii. No Special resolution was proposed in the 28th AGM. There was no item on the agenda that needed approval through postal ballot.

In the forthcoming AGM, there is no item on the agenda that needs approval through postal ballot.

Resume and other information regarding the directors appointed or reappointed as required by Clause 49 VI (A) of the Listing Agreement has been given in the Notice of the Annual General Meeting annexed to this Annual Report.

VII Disclosure

- A. Whether there are any materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of Company at large.

None. However, the related party relationships and transactions as required under Accounting Standard (AS) 18 on Related Party Disclosures issued by the ICAI disclosed in Note No. 8 of Schedule 31 to the Accounts for the year ended 31st March, 2004 may be referred.

- B. The management has informed the Board as per requirements of Clause 49V(B) of the Listing Agreement that they have no personal interest in material financial and commercial transactions of the Company, which may have a potential conflict with the interests of the Company at large.
- C. During the last three years, there were no strictures or penalties imposed by SEBI, Stock Exchanges or any statutory authorities for non-compliance of any matter related to the capital markets.

VIII Means of Communication

In compliance with the requirements of Clause 41 of the Listing Agreement, the Company regularly intimates unaudited as well as audited financial results to the stock exchanges immediately after they are taken on record/ approved by the Board. Further, coverage is given for the benefit of the shareholders and investors by publication of the financial results in the Business Standard and Pratidin/Aajkal. However, half-yearly results are not sent to each household of shareholders.

The Company's results are displayed on the Website www.graphiteindia.com

The Company's quarterly results and shareholding pattern, have also been posted on the EDIFAR website of SEBI.

There were no presentations made to the Institutional Investors or to the Analysts.

The Management Discussion and Analysis Section setting out particulars in accordance with Clause 49V(A) of the Listing Agreement has been included in the Directors' Annual Report to the Shareholders.

IX General Shareholder Information

| | |
|--------------------------|--|
| AGM Date, Time and Venue | 27th July 2004 at 11.30 A.M. at Kala Kunj Auditorium of Sangit Kala Mandir Trust, 48 Shakespeare Sarani, Kolkata 700 017 |
|--------------------------|--|

Financial Calendar

| | |
|---|-------------------|
| Financial reporting for the quarter ending 30th June 2004 | By end July 2004. |
|---|-------------------|

| | |
|---|---------------------|
| Financial reporting for the quarter/ half year ending 30th September 2004 | By end October 2004 |
|---|---------------------|

| | |
|---|---------------------|
| Financial reporting for the quarter ending 31st December 2004 | By end January 2005 |
|---|---------------------|

| | |
|---|--------------|
| Annual Audited Results ending 31st March 2005 | By June 2005 |
|---|--------------|

| | |
|----------------------|--|
| Date of Book Closure | 14th July, 2004 to 27th July, 2004 (both days inclusive) |
|----------------------|--|

| | |
|-----------------------|--------------------|
| Dividend Payment Date | By August 25, 2004 |
|-----------------------|--------------------|

Listing on Stock Exchanges

* The Calcutta Stock Exchange Association Limited
7 Lyons Range, Kolkata 700 001

The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

National Stock Exchange, Exchange Plaza, 5th Floor,
Bandra-Kurla Complex, Bandra (E), Mumbai 400 051

* Members approval is being obtained in the
29th AGM to be held on 27th July, 2004 for
delisting of the Company's shares from
The Calcutta Stock Exchange.

The Company has paid the listing fees for the
period April, 2004 to March, 2005.

Stock Code

10013095 on The Calcutta Stock Exchange.
509488 on The Stock Exchange, Mumbai.
GRAPHITE on National Stock Exchange.

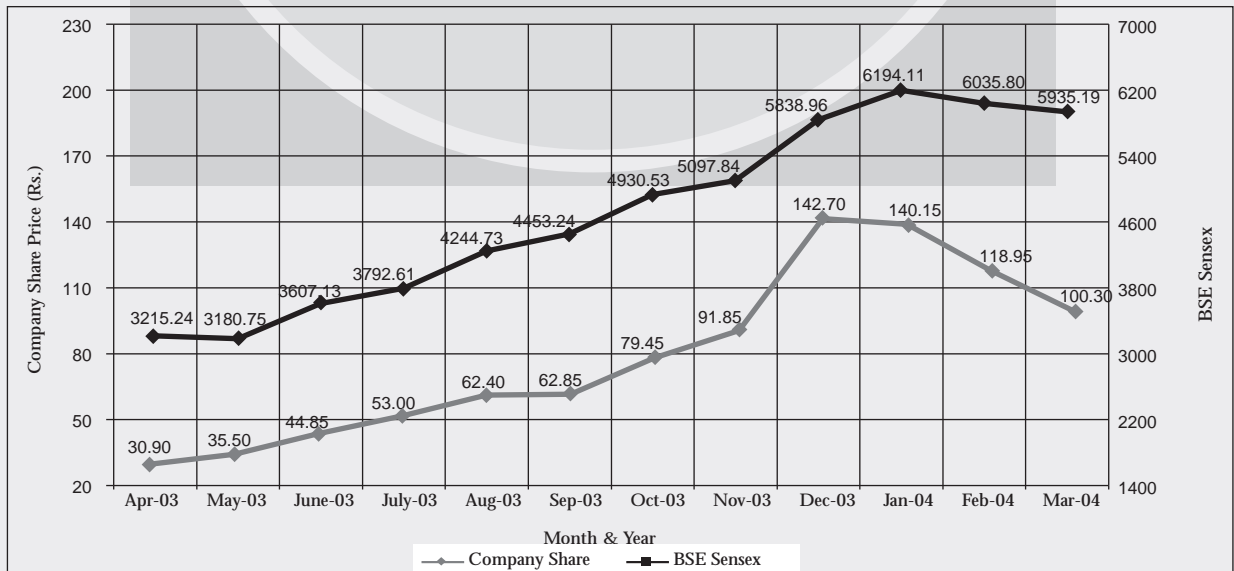
Demat ISIN Number for NSDL and CDSL

INE 371A01017

High, Low of market price of the Company's shares traded on The Stock Exchange, Mumbai during the year is furnished below :

| Period | High | Low | Period | High | Low |
|-----------------|-------|-------|----------------|--------|--------|
| | Rs | Rs | | Rs | Rs |
| April, 2003 | 30.90 | 27.80 | October, 2003 | 79.45 | 60.30 |
| May, 2003 | 35.50 | 30.85 | November, 2003 | 91.85 | 81.35 |
| June, 2003 | 44.85 | 36.35 | December, 2003 | 142.70 | 84.75 |
| July, 2003 | 53.00 | 45.25 | January, 2004 | 140.15 | 115.40 |
| August, 2003 | 62.40 | 49.60 | February, 2004 | 118.95 | 94.65 |
| September, 2003 | 62.85 | 51.05 | March, 2004 | 100.30 | 81.25 |

Stock Performance of the Company in comparison to BSE Sensex



Registrar and Share Transfer Agents
(For both Demat and Physical modes)

IIT Corporate Services Limited
Protoprima Chambers, Suren Road
Andheri (East), Mumbai 400 093
Tel No. (022) 26835599/ 8241
Tele Fax No. (022) 26848375
E-Mail ID : iitcsl@bom3.vsnl.net.in

Share transfer System

All the transfers received are processed by the Registrar and Transfer Agents and are approved by the Company Secretary, who has been authorised by the Board of Directors in this regard. Share Transfers are registered and returned within 30 days from the date of lodgement, if documents are complete in all respects.

The Company had introduced the transfer-cum-demat system whereby the shareholders had the option to get their shares dematerialised with either of the depositories, CDSL and NSDL. The said system has been withdrawn by SEBI effective 10th February, 2004.

Distribution of Shareholding as on 31st March, 2004

| Slab | No. of Shareholders | | No. of Ordinary Shares | |
|--------------------------------------|---------------------|---------------|------------------------|---------------|
| | Total | % | Total | % |
| 1 – 500 | 20223 | 93.32 | 2005658 | 6.83 |
| 501 – 1000 | 781 | 3.60 | 605973 | 2.06 |
| 1001 – 2000 | 310 | 1.43 | 453844 | 1.54 |
| 2001 – 3000 | 121 | 0.56 | 302382 | 1.03 |
| 3001 – 4000 | 36 | 0.17 | 127514 | 0.43 |
| 4001 – 5000 | 37 | 0.17 | 177770 | 0.61 |
| 5001 – 10000 | 57 | 0.26 | 437124 | 1.49 |
| 10001 – 30000 | 49 | 0.23 | 845870 | 2.88 |
| 30001 – 50000 | 15 | 0.07 | 572632 | 1.95 |
| 50001 – 100000 | 10 | 0.05 | 665732 | 2.26 |
| 100001 and above | 31 | 0.14 | 23184746 | 78.92 |
| Total | 21670 | 100.00 | 29379245 | 100.00 |
| No. of shareholders in physical mode | 13192 | 60.88 | 3725455 | 12.68 |
| Electronic Mode | 8478 | 39.12 | 25653790 | 87.32 |
| Total | 21670 | 100.00 | 29379245 | 100.00 |

Shareholding Pattern as on 31st March, 2004

| Category | No. of Shares | % |
|--|---------------|--------|
| Promoters' Holding | | |
| Promoters | | |
| Indian Promoters | 14796402 | 50.36 |
| Foreign Promoters | 250000 | 0.85 |
| Persons acting in concert | | |
| Sub-Total | 15046402 | 51.21 |
| Non-Promoters' Holding | | |
| Institutional Investors | | |
| Mutual Fund and UTI | 665182 | 2.26 |
| Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/ Non-Government Institutions) | 3119057 | 10.62 |
| FII's | 3210 | 0.01 |
| Sub-Total | 3787449 | 12.89 |
| Others | | |
| Private Corporate Bodies | 3241840 | 11.04 |
| Indian Public | 4715921 | 16.05 |
| NRI / OCBs | 514508 | 1.75 |
| Any Other (Foreign Company) | 2073125 | 7.06 |
| Sub-Total | 10545394 | 35.90 |
| Grand Total | 29379245 | 100.00 |
| Total Foreign Shareholding | | |
| Foreign Promoters | 250000 | 0.85 |
| FII's | 3210 | 0.01 |
| NRIs / OCBs | 514508 | 1.75 |
| Foreign Company | 2073125 | 7.06 |
| Total | 2840843 | 9.67 |

Dematerialisation of shares and liquidity

As on 31st March 2004, 256,53,790 shares of the Company representing 87.32% of the total shares are in dematerialised form.

As per agreements of the Company with NSDL and CDSL the investors have an option to dematerialize their shares with either of the depositories.

Outstanding GDRs / ADRs

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

Plant Locations

Graphite

P.O. Sagarbhanga Colony, Dist -Burdwan, Durgapur 713211, Phone : (0343) 2556641 – 45

88 MIDC Industrial Area, Satpur, Nashik 422 007, Phone : (0253) 2351081-88

Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048,
Phone : (080) 28524061 – 71

Coke

Phulwaria, Barauni 851 112, Phone : (06279) 232252

Impervious Graphite Equipment

C-7 Ambad Industrial Area, Nashik 422 010, Phone : (0253) 2302100

Glass Reinforced Pipes/ Tanks

Gut No. 523/524, Village Gonde, Taluka – Igatpuri, Nashik 422 403,
Phone : (02553) 225038 / 225039

Power

Chunchanakatte, K R Nagar Taluk, Mysore 571 617, Phone : (0821) 323182/681116
Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048,
Phone : (080) 28524061 – 71
88 MIDC Industrial Area, Satpur, Nashik 422 007, Phone : (0253) 2351081-88

R & D Centre

Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048,
Phone : (080) 28524061 – 71

Sales Office

407 Ashoka Estate, 24 Barakhamba Road, New Delhi 110 001,
Phone : (011) 23314364

Address for Correspondence

Bakhtawar, 2nd Floor

Nariman Point

Mumbai 400 021

Phone : (022) 22886418-21

Fax : (022) 22028833

E-Mail ID gilbakt@graphiteindia.com

31 Chowringhee Road

Kolkata 700 016

Phone : (033) 22265755/2334/4942

Fax : (033) 22496420

E-Mail ID graphite@glascl01.vsnl.net.in

IIT Corporate Services Limited

Protoprima Chambers, Suren Road

Andheri (East), Mumbai 400 093

Tel No. (022) 26835599 / 8241

Tele Fax No. (022) 26848375

E-Mail ID : iitcsl@bom3.vsnl.net.in

Kolkata

May 7, 2004

On behalf of the Board

K K Bangur
Chairman

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE
AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of Graphite India Limited

We have reviewed the compliance of conditions of Corporate Governance by Graphite India Limited for the year ended 31st March 2004 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us.

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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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.

No investor grievance is pending as at 31st March, 2004, for a period exceeding one month against the Company as per the records maintained by the Company.

On the basis of our review and according to the information and explanations given to us, read with the Note under Section III of the Report on Corporate Governance issued by the Company on even date regarding the attendance of members of the Audit Committee at the Annual General Meeting, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with in all material respect by the Company.

Kolkata,

Dated: 7th May, 2004

P. Law
Partner

Membership No.F51790

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Plot No. Y-14, Block-EP, Sector-V
Salt Lake Electronic Complex
Bidhan Nagar, Kolkata-700 091

AUDITORS' REPORT

To the members of
Graphite India Limited

1. We have audited the attached Balance Sheet of Graphite India Limited as at 31st March, 2004 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we report that :
 - i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year.
- ii) (a) The inventory of the Company has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- (b) In our opinion, 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) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Act. Accordingly the paragraphs 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Order, are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- v) (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register in pursuance of Section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of each party during the year have

- been made at prices which are reasonable having regard to the market prices prevailing at the relevant time.
- vi) The Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order under the aforesaid Sections has been passed by the Company Law Board on the Company.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company in respect of generation of power where, pursuant to the Rules made to the Central Government of India, the maintenance of cost records has been prescribed under Clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion, that, prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been regular in depositing during the year undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, as at 31st March 2004, there were no dues in respect of Customs Duty, Wealth Tax and Cess which have not been deposited on account of dispute other than certain disputed Income Tax, Sales Tax and Excise Duty dues, in respect of which amounts involved and forums at which dispute is pending have been indicated in Note 8 on Schedule 31 to the Accounts.
- x) The Company has neither accumulated losses as at 31st March 2004, nor it has incurred any cash losses during the financial year ended on that date and in the immediately preceding financial year.
- xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or to debenture holders during the year.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions during the year.
- xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
- xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short term basis which have been used for long term investment and vice versa.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of Act during the year.
- xix) The Company has created securities in respect of debentures issued and outstanding at the year-end.
- xx) The Company has not raised any money by public issue during the year.
- xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing

practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the management.

4. Further to our comments in paragraph 3 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, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is

disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata,
7th May, 2004

P. Law
Partner
Membership No. F51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

| | Schedule | As at 31st March, 2004 | (Rs. in Lakh) As at 31st March, 2003 |
|--|----------|---------------------------|--|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share Capital | 1 | 2,938.09 | 3,188.09 |
| Reserves and Surplus | 2 | 35,245.50 | 31,456.41 |
| | | <u>38,183.59</u> | <u>34,644.50</u> |
| LOAN FUNDS | | | |
| Secured Loans | 3 | 14,350.99 | 17,426.23 |
| Unsecured Loans | 4 | 1,878.44 | 4,195.68 |
| | | <u>16,229.43</u> | <u>21,621.91</u> |
| DEFERRED TAX LIABILITY (NET) | 5 | 3,256.27 | 3,051.27 |
| TOTAL | | <u>57,669.29</u> | <u>59,317.68</u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | 6 | 50,620.02 | 49,610.31 |
| Less : Depreciation | | 17,133.66 | 15,317.16 |
| Net Block | | 33,486.36 | 34,293.15 |
| Capital Advances/Work-in-Progress - at cost | | 1,757.36 | 1,158.70 |
| | | <u>35,243.72</u> | <u>35,451.85</u> |
| INVESTMENTS | 7 | 1,406.69 | 1,434.54 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Inventories | 8 | 12,285.78 | 14,691.39 |
| Sundry Debtors | 9 | 14,529.35 | 12,639.89 |
| Cash and Bank Balances | 10 | 473.77 | 164.43 |
| Other Current Assets | 11 | 343.92 | 390.34 |
| Loans and Advances | 12 | 4,303.59 | 3,791.98 |
| | | <u>31,936.41</u> | <u>31,678.03</u> |
| Less : | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | |
| Liabilities | 13 | 8,471.28 | 7,413.07 |
| Provisions | 14 | 2,512.76 | 1,926.71 |
| | | <u>10,984.04</u> | <u>9,339.78</u> |
| NET CURRENT ASSETS | | <u>20,952.37</u> | <u>22,338.25</u> |
| MISCELLANEOUS EXPENDITURE | | | |
| (to the extent not written off or adjusted) | | | |
| Payments under Voluntary Retirement Scheme | | 66.51 | 93.04 |
| TOTAL | | <u>57,669.29</u> | <u>59,317.68</u> |
| Capital Commitments (Net of Advances) | | | |
| Estimated amount of contracts remaining to be executed | | 4,804.16 | 322.83 |

NOTES ON ACCOUNTS

31

This is the Balance Sheet referred to in our report of even date.

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

P. Law
Partner
Membership No. F51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata : 7th May, 2004

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2004

GRAPHITE INDIA LIMITED

| | Schedule | Year ended 31st March, 2004 | (Rs. in Lakh) Year ended 31st March, 2003 |
|---|----------|--------------------------------|---|
| INCOME | | | |
| Sales/Income from Operations (Gross) | 20 | 54,929.92 | 41,008.17 |
| Less : Excise Duty on Sales | | 2,801.58 | 2,206.13 |
| Sales/Income from Operations (Net) | | 52,128.34 | 38,802.04 |
| Other Income | 15 | 1,359.82 | 615.52 |
| | | <u>53,488.16</u> | <u>39,417.56</u> |
| EXPENDITURE | | | |
| Raw Materials Consumed | 21 | 18,286.22 | 15,062.24 |
| Payments to and Provisions for Employees | 16 | 4,190.31 | 3,714.71 |
| Other Manufacturing, Selling and Administrative Expenses | 17 | 17,995.74 | 13,625.74 |
| (Increase)/Decrease in Work in Process and Finished Goods | 18 | 3,138.33 | (928.74) |
| | | <u>43,610.60</u> | <u>31,473.95</u> |
| PROFIT BEFORE INTEREST AND DEPRECIATION | | 9,877.56 | 7,943.61 |
| Interest | 19 | 1,283.74 | 2,315.77 |
| PROFIT BEFORE DEPRECIATION | | 8,593.82 | 5,627.84 |
| Depreciation | | 2,056.52 | 1,986.51 |
| PROFIT BEFORE TAXATION | | 6,537.30 | 3,641.33 |
| Provision for Taxation | | | |
| Current Tax | | 1,200.00 | 315.00 |
| Deferred Tax | | 205.00 | (12.45) |
| PROFIT AFTER TAXATION | | 5,132.30 | 3,338.78 |
| Balance brought forward from earlier year | | 8,113.19 | 5,482.03 |
| Transfer from Investment Allowance (Utilised) Reserve | | — | 13.98 |
| Transfer from Debenture Redemption Reserve | | — | 800.00 |
| PROFIT AVAILABLE FOR APPROPRIATION | | <u>13,245.49</u> | <u>9,634.79</u> |
| TRANSFER TO | | | |
| Capital Redemption Reserve | | 250.00 | 250.00 |
| Debenture Redemption Reserve | | 625.00 | — |
| General Reserve | | 7,500.00 | 390.27 |
| Dividend on 12.5% Preference Shares | | 15.49 | — |
| Proposed Dividend on | | | |
| 12.5% Preference Shares | | — | 46.75 |
| Equity Shares | | 1,175.17 | 734.48 |
| Dividend Tax | | 152.55 | 100.10 |
| Balance carried forward | | 3,527.28 | 8,113.19 |
| | | <u>13,245.49</u> | <u>9,634.79</u> |
| BASIC AND DILUTED EARNINGS PER SHARE (Rs.) | 22 | 17.41 | 11.18 |
| NOTES ON ACCOUNTS | 31 | | |

This is the Profit and Loss Account referred to in our report of even date.

The Schedules referred to above together with Schedules 23 to 29 form an integral part of the Profit and Loss Account.

P. Law

Partner

Membership No. F51790

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Kolkata : 7th May, 2004

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

Schedules to Accounts

| | As at 31st March, 2004 | (Rs. in Lakh) As at 31st March, 2003 |
|--|---------------------------|--|
| 1. SHARE CAPITAL | | |
| Authorised | | |
| 3,00,00,000 Equity Shares of Rs.10/- each | 3,000.00 | 3,000.00 |
| 5,00,000 Preference Shares of Rs.100/-each | 500.00 | 500.00 |
| | <u>3,500.00</u> | <u>3,500.00</u> |
| Issued, Subscribed and Paid-up | | |
| 2,93,79,245 Equity Shares of Rs.10/- each fully paid up | 2,937.92 | 2,937.92 |
| Add: Forfeited Shares | 0.17 | 0.17 |
| | <u>2,938.09</u> | <u>2,938.09</u> |
| — (Previous year - 5,00,000) 12.5% Redeemable Cumulative Preference Shares of Rs.50/- each (Face value of Rs.100/- each) | — | 250.00 |
| | <u>2,938.09</u> | <u>3,188.09</u> |

Notes :

- Out of the above Equity Shares, 1,91,14,030 Equity Shares have been allotted as fully paid up pursuant to Schemes of Amalgamation, without payment being received in cash.
- 12.5% Redeemable Cumulative Preference Shares have been redeemed during the year.

| | As at 31st March, 2003 | Additions during the year | Withdrawals during the year | (Rs. in Lakh) As at 31st March, 2004 |
|---|---------------------------|---------------------------------|-----------------------------------|--|
| 2. RESERVES AND SURPLUS | | | | |
| Capital Reserve | 45.86 | — | — | 45.86 |
| Capital Redemption Reserve | 325.00 | 250.00 | — | 575.00 |
| Securities Premium Account | 5,179.18 | — | — | 5,179.18 |
| Debenture Redemption Reserve | — | 625.00 | — | 625.00 |
| Investment Allowance (Utilised) Reserve | 168.00 | — | — | 168.00 |
| General Reserve | 17,625.18 | 7,500.00 | — | 25,125.18 |
| Profit and Loss Account | 8,113.19 | — | 4,585.91 | 3,527.28 |
| | <u>31,456.41</u> | <u>8,375.00</u> | <u>4,585.91</u> | <u>35,245.50</u> |

| | Note | As at 31st March, 2004 | (Rs. in Lakh) As at 31st March, 2003 |
|---|---------|---------------------------|--|
| 3. SECURED LOANS | | | |
| 7.21% Secured Redeemable Non-Convertible Debentures of Rs.10 lakh each | 1(a), 2 | 5,000.00 | — |
| Rupee Term Loans from Financial Institutions | 1(b) | — | 3,628.00 |
| Foreign Currency Loan from a Financial Institution | 1(b) | 1,818.46 | 1,979.27 |
| External Commercial Borrowings from Banks | 1(b) | — | 127.56 |
| Rupee Term Loan from Banks | 1(b) | — | 4,041.67 |
| Short Term Foreign Currency Loan from a Financial Institution | 1(c) | 471.42 | 489.35 |
| Working Capital Loans from Banks (includes Foreign Currency Loan Rs.5598.45 Lakh; Previous Year: Rs. 238.30 Lakh) | 1(c) | 7,061.11 | 7,160.38 |
| | | <u>14,350.99</u> | <u>17,426.23</u> |

Schedules to Accounts

Notes :

1. Nature of Security

- (a) 7.21% Secured Redeemable Non-Convertible Debentures are secured by way of first mortgages/charges over certain immovable properties, both present and future, and also by way of hypothecation of the Company's certain movable assets (except book debts), both present and future, in favour of the trustees for debentureholders ranking *pari-passu* with mortgages/charges created and / or to be created in favour of the existing first chargeholders, subject to prior charge created/to be created in favour of Financial Institution for short term foreign currency loan and Company's bankers on specific movable assets for working capital requirements.
- (b) Rupee Term Loan, Foreign Currency Loan and External Commercial Borrowings from Financial Institutions / Banks are secured / to be secured by way of first mortgages /charges over certain immovable properties, both present and future, and also by way of hypothecation of the Company's certain movable assets, both present and future, ranking *pari-passu* with the mortgages/charges created and/or to be created in favour of the related first chargeholders subject to prior charges created/to be created in favour of a Financial Institution for short term foreign currency loan and Company's bankers on specific movable assets for working capital requirements.
- (c) Short Term Foreign Currency Loan from a Financial Institution and Working Capital Loan from Banks are secured by way of hypothecation of stocks and book debts, both present and future, and secured/to be secured by creation of second charge by way of mortgage/charge on certain other movable and immovable assets, ranking *pari-passu* amongst related second chargeholders.

2. Terms of Redemption

7.21% Secured Redeemable Non-Convertible Debentures are redeemable in three equal annual instalments commencing from 19th May, 2007.

| | As at 31st March, 2004 | (Rs. in Lakh) As at 31st March, 2003 |
|---|---------------------------|--|
| 4. UNSECURED LOANS | | |
| Fixed Deposits (Due within one year Rs. 24.43 Lakh, Previous year Rs. 34.53 Lakh) | 24.43 | 58.96 |
| Loan from Banks | | |
| Short Term | — | 1,000.00 |
| Others (Repayable within one year Rs. 18.33 Lakh; Previous year Rs. 0.82 Lakh) | 31.03 | 0.82 |
| Short Term Loan from Financial Institution | | |
| Rupee Loan | 900.00 | 1,000.00 |
| Foreign Currency Loan | 873.00 | — |
| Commercial Paper | — | 1,000.00 |
| Interest free loans from State Industrial and Investment Corporation of Maharashtra Limited under - | | |
| Sales Tax Incentive Scheme (Repayable within one year Rs. 32.29 Lakh, Previous year Rs. 31.95 Lakh) | 42.51 | 69.55 |
| Capital Incentive Scheme (Repayable within one year Rs. 7.47 Lakh, Previous year Rs. 1.87 Lakh) | 7.47 | 1,066.35 |
| | <u>1,878.44</u> | <u>4,195.68</u> |
| 5. DEFERRED TAX LIABILITY (NET) | | |
| Deferred Tax Liabilities and Assets are attributable to the following items | | |
| Liabilities | | |
| Depreciation | 3,485.86 | 3,425.78 |
| | <u>3,485.86</u> | <u>3,425.78</u> |
| Less : | | |
| Assets | | |
| Expenses allowable for tax purpose on payment | 198.33 | 130.53 |
| Cost of Voluntary Retirement Schemes | 11.31 | 22.62 |
| Cost of Merger | 9.74 | 14.61 |
| Provision for Doubtful Debts | 10.21 | 206.42 |
| Others | — | 0.33 |
| | <u>229.59</u> | <u>374.51</u> |
| | <u>3,256.27</u> | <u>3,051.27</u> |

Schedules to Accounts

6. FIXED ASSETS

| Description | GROSS BLOCK – AT COST | | | | DEPRECIATION | | | | (Rs. in Lakh) NET BLOCK | |
|--|-----------------------------|---|---|-----------------------------|-----------------------------|--------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| | As at 31st March 2003 | Additions/ Adjustments during the year | Sales/ Adjustments during the year | As at 31st March 2004 | Up to 31st March 2003 | During the year | On Sales/ Adjustments | Up to 31st March 2004 | As at 31st March 2004 | As at 31st March 2003 |
| | Freehold Land | 3,549.19 | — | — | 3,549.19 | — | — | — | — | 3,549.19 |
| Leasehold Land | 62.32 | — | — | 62.32 | 16.70 | 0.76 | — | 17.46 | 44.86 | 45.62 |
| Buildings | 9,465.82 | 365.64 | 58.74 | 9,772.72 | 1,812.91 | 270.34 | 8.25 | 2,075.00 | 7,697.72 | 7,652.91 |
| Plant and Machinery | 35,277.24 | 1,093.11 | 497.09 | 35,873.26 @ | 12,778.92 | 1,679.88 | 205.77 | 14,253.03 | 21,620.23 | 22,498.32 |
| Machinery Spares | 68.19 | — | — | 68.19 | 54.55 | 13.10 | — | 67.65 | 0.54 | 13.64 |
| Office Equipment | 389.53 | 46.56 | 20.05 | 416.04 | 260.18 | 32.41 | 13.54 | 279.05 | 136.99 | 129.35 |
| Furniture and Fittings | 452.48 | 13.17 | 0.05 | 465.60 | 226.36 | 25.22 | 0.04 | 251.54 | 214.06 | 226.12 |
| Vehicles | 345.54 | 83.71 | 16.55 | 412.70 | 167.54 | 34.81 | 12.42 | 189.93 | 222.77 | 178.00 |
| TOTAL | 49,610.31 | 1,602.19 | 592.48 | 50,620.02 | 15,317.16 | 2,056.52 | 240.02 | 17,133.66 | 33,486.36 | 34,293.15 |
| Previous Year | 49,053.18 | 611.84 | 54.71 | 49,610.31 | 13,364.21 | 1,986.51 | 33.56 | 15,317.16 | | |
| Add: Capital Advances/Work-in-Progress – at cost | | | | | | | | | 1,757.36 | 1,158.70 |
| | | | | | | | | | 35,243.72 | 35,451.85 |

Note :

@ Includes Rs. 720.35 Lakh (Previous year Rs. 628.19 Lakh) being expenditure in respect of Outdoor Transmission Lines not owned by the Company.

| | Number | Unit Face Value (Rs.) | As at 31st March, 2004 | (Rs. in Lakh) |
|--|-----------|--------------------------|---------------------------|---------------------------|
| | | | | As at 31st March, 2003 |
| 7. INVESTMENTS | | | | |
| LONG TERM (AT COST OR UNDER) | | | | |
| OTHER THAN TRADE | | | | |
| QUOTED | | | | |
| FULLY PAID UP EQUITY SHARES IN | | | | |
| The Emerald Company Limited | 85,600 | 10.00 | — | 12.84 |
| (Sold during the year) | | | | |
| The Bond Company Limited (Sold during the year) | 43,000 | 10.00 | — | 6.45 |
| Likhmi Leasing Limited (Sold during the year) | 1,71,200 | 10.00 | — | 8.56 |
| UNQUOTED | | | | |
| FULLY PAID UP EQUITY SHARES IN | | | | |
| SUBSIDIARY COMPANIES | | | | |
| Carbon Finance Limited | 30,00,000 | 10.00 | 1,393.76 | 1,393.76 |
| (Formerly Carbon Enterprises Limited) | | | | |
| ZERO COUPON DEBENTURES IN | | | | |
| GKW Cements Limited (Sold during the year) | 89,74,359 | 19.50 | — | — |
| OTHERS | | | | |
| UNQUOTED | | | | |
| 6.75% Tax free US64 Bonds | 20,428 | 100.00 | 12.87 | 12.87 |
| (Acquired on conversion of 203280 units under 1964 Scheme of Unit Trust of India during the year) | | | | |
| 6 Year National Savings Certificate | | | 0.06 | 0.06 |
| (Deposited with Sales Tax Authority) | | | | |
| | | | 1,406.69 | 1,434.54 |
| AGGREGATE AMOUNT OF INVESTMENTS : | | | | |
| Quoted | | | — | 27.85 |
| Unquoted | | | 1,406.69 | 1,406.69 |
| | | | 1,406.69 | 1,434.54 |
| AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS | | | — | 27.85 |
| REPURCHASE PRICE OF UNITS 1964 SCHEME IN | | | | |
| UNIT TRUST OF INDIA | | | — | 11.08 |

Note :

| | | | |
|---|----------------|-------|--|
| Current Investments acquired and sold during the year | | | |
| Units of HDFC Liquid Fund-Premium Plus Plan Growth | 24,579,467.070 | 10.00 | |
| Units of HDFC Cash Management Fund - Saving Plan | | | |
| - Daily Dividend Reinvestment | 2,820,503.178 | 10.00 | |

Schedules to Accounts

| | As at 31st March, 2004 | (Rs. in Lakh) As at 31st March, 2003 |
|--|---------------------------|--|
| 8. INVENTORIES | | |
| – AT LOWER OF COST AND NET REALISABLE VALUE | | |
| Stores and Spare Parts | 694.43 | 654.95 |
| Loose Tools | 62.61 | 57.98 |
| Raw Materials | 2,899.48 | 2,210.87 |
| Work-in-Process (including Contract Work-in-Progress) | 7,086.72 | 8,314.30 |
| Finished Goods | 1,542.54 | 3,453.29 |
| | <u>12,285.78</u> | <u>14,691.39</u> |
| 9. SUNDRY DEBTORS | | |
| Unsecured | | |
| Debts outstanding for a period exceeding six months – | | |
| Considered Good | 915.54 | 970.28 |
| Considered Doubtful | 28.47 | 575.40 |
| Other Debts – | | |
| Considered Good | 13,613.81 | 11,669.61 |
| | <u>14,557.82</u> | <u>13,215.29</u> |
| Less: Provision for Doubtful Debts | 28.67 | 575.40 |
| | <u>14,529.35</u> | <u>12,639.89</u> |
| 10. CASH AND BANK BALANCES | | |
| Cash in hand | 34.03 | 40.16 |
| With Scheduled Banks on– | | |
| Current Accounts | 394.73 | 83.11 |
| Unpaid Dividend Accounts | 29.31 | 27.43 |
| Fixed Deposit Accounts | 15.70 | 13.73 |
| | <u>473.77</u> | <u>164.43</u> |
| 11. OTHER CURRENT ASSETS | | |
| Unsecured - Considered Good | | |
| Security and Other Deposits | | |
| Deposit with Electricity Authorities | 225.90 | 225.62 |
| Others | 109.60 | 158.70 |
| (Including Rs.0.50 Lakh in Post Office Savings Bank Account - lodged with Excise Authority) | | |
| Interest Accrued on Deposits | 8.42 | 6.02 |
| | <u>343.92</u> | <u>390.34</u> |

Schedules to Accounts

| | As at 31st March, 2004 | (Rs. in Lakh) As at 31st March, 2003 |
|---|---------------------------|--|
| 12. LOANS AND ADVANCES | | |
| Unsecured - Considered Good | | |
| Advances recoverable in cash or in kind or for value to be received | 1,684.28 | 1,737.97 |
| Accrued Export Entitlement | 2,619.31 | 2,054.01 |
| | <u>4,303.59</u> | <u>3,791.98</u> |
| 13. LIABILITIES | | |
| Acceptances * | 2,098.76 | 2,060.97 |
| Sundry Creditors – | | |
| Small Scale Units | 50.68 | 19.99 |
| Others | 5,726.75 | 4,907.37 |
| Advance from Customers | 276.80 | 117.47 |
| Other Liabilities | 153.11 | 102.58 |
| Investors Education and Protection Fund shall be credited by the following amounts namely : ** | | |
| (a) Unpaid Dividends | 29.31 | 27.43 |
| (b) Unpaid Matured Deposits | 2.01 | 1.19 |
| (c) Unpaid Matured Debentures | 6.41 | 7.61 |
| (d) Unpaid Interest on above | 1.71 | 0.91 |
| Interest Accrued but not due on Loans | 125.74 | 167.55 |
| | <u>8,471.28</u> | <u>7,413.07</u> |
| * Secured by way of hypothecation of stocks and book debts in favour of Company's Bankers | 928.31 | 729.72 |
| ** No amount is due for actual credit at the Balance sheet date | | |
| 14. PROVISIONS | | |
| Current Tax (Net of payments) | 1,187.02 | 1,045.38 |
| Proposed Dividend | 1,175.17 | 781.23 |
| Tax on Dividend | 150.57 | 100.10 |
| | <u>2,512.76</u> | <u>1,926.71</u> |

Schedules to Accounts

| | 2003-2004 | (Rs. in Lakh) 2002-2003 |
|--|-----------------|----------------------------|
| 15. OTHER INCOME | | |
| Income from Investments | | |
| Long Term (Other than Trade) | | |
| Dividend | 5.29 | 0.16 |
| Interest | 1.15 | — |
| Current Investments | | |
| Profit on Sale of Investments | 1.56 | 0.93 |
| Interest on loans, deposits etc.* | 32.85 | 29.58 |
| Claims Received | 12.25 | 16.41 |
| Sales Tax Incentive | 161.71 | 137.67 |
| Rent Receipt | 24.54 | 36.88 |
| Liabilities no longer required written back | 157.53 | 95.68 |
| Exchange Gain (Net) | 327.58 | 172.07 |
| Profit on sale of Fixed Assets (Net) | — | 52.76 |
| Bad Debts recovery | 24.31 | 5.07 |
| Rebate on prepayment of Loans - (Net of prepayment premium of Rs. 401.76 Lakh) | 514.16 | — |
| Miscellaneous Receipts | 96.89 | 68.31 |
| | <u>1,359.82</u> | <u>615.52</u> |
| * Includes tax deducted at source | 6.72 | 1.08 |
| | | |
| 16. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES | | |
| Salaries, Wages and Bonus | 3,153.92 | 2,716.92 |
| Contribution to Provident and Pension Funds | 202.50 | 190.12 |
| Contribution to Superannuation Fund | 67.55 | 144.86 |
| Contribution to Gratuity Fund | 227.01 | 167.39 |
| Staff Welfare Expenses | 539.33 | 495.42 |
| | <u>4,190.31</u> | <u>3,714.71</u> |

Schedules to Accounts

| | (Rs. in Lakh) | |
|---|------------------|-------------------|
| | 2003-2004 | 2002-2003 |
| 17. OTHER MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES | | |
| Stores and Spare Parts Consumed | 5,082.23 | 4,276.70 |
| Power, Electricity and Water Charges | 5,571.49 | 4,083.70 |
| Repairs and Maintenance - | | |
| Plant and Machinery | 447.13 | 306.31 |
| Buildings | 172.37 | 77.45 |
| Others | 86.00 | 86.77 |
| Rent | 13.68 | 15.07 |
| Rates and Taxes | 176.92 | 135.98 |
| Insurance | 377.43 | 341.75 |
| Commission to Selling Agents | 1,099.66 | 787.66 |
| Travelling and Conveyance | 341.97 | 325.74 |
| Directors' Remuneration (other than Executive Director) | 61.18 | 35.18 |
| Auditors' Remuneration - | | |
| Audit Fee | 8.00 | 6.50 |
| Other Matters | 4.80 | 3.02 |
| Service Tax | 1.02 | 0.67 |
| Out of Pocket Expenses | 0.44 | 0.41 |
| Sales Tax | 105.11 | 91.92 |
| Excise Duty on Stocks etc. - Charge / (Credit) | (114.57) | (57.13) |
| Bad Debts/Advances Written off (Net of provision for Doubtful Debts Written Back) | 61.12 | 84.82 |
| Freight and Transport | 2,177.60 | 1,459.37 |
| Bank Charges | 216.85 | 178.37 |
| Communication Expenses | 95.80 | 104.19 |
| Processing Charges | 99.04 | 58.96 |
| Contractors' Labour Charges | 548.51 | 426.42 |
| Amortisation of Payment under Voluntary Retirement Scheme | 26.53 | 26.53 |
| Loss on Disposal of Fixed Assets (Net) | 272.28 | — |
| Miscellaneous Expenses | 1,063.15 | 769.38 |
| | <u>17,995.74</u> | <u>13,625.74</u> |
| 18. (INCREASE)/DECREASE IN WORK-IN-PROCESS AND FINISHED GOODS | | |
| Work-in-Process (including Contract Work-in-Progress) | | |
| Closing Stock | 7,086.72 | 8,314.30 |
| Deduct: Opening Stock | 8,314.30 | 6,307.20 |
| | <u>1,227.58</u> | <u>(2,007.10)</u> |
| Finished Goods | | |
| Closing Stock | 1,542.54 | 3,453.29 |
| Deduct: Opening Stock | 3,453.29 | 4,531.65 |
| | <u>1,910.75</u> | <u>1,078.36</u> |
| | <u>3,138.33</u> | <u>(928.74)</u> |
| 19. INTEREST ON | | |
| Debentures | 296.73 | 166.42 |
| Term Loans | 591.11 | 1,493.46 |
| Others | 395.90 | 655.89 |
| | <u>1,283.74</u> | <u>2,315.77</u> |

Schedules to Accounts

| | 2003-2004 | | 2002-2003 | |
|--|-----------|------------------|---------------------------|---------------------------|
| | M.T. | (Rs. in Lakh) | M.T. | (Rs. in Lakh) |
| 20. SALES/INCOME FROM OPERATIONS (GROSS) | | | | |
| Sales including excise duty | | | | |
| Graphite Electrodes, Anodes and Miscellaneous Graphite Products | 50,988 | 42,971.14 | 39,194 | 32,220.54 |
| Carbon Paste | 4,953 | 793.09 | 4,958 | 735.50 |
| Calcined Petroleum Coke | 16,191 | 2,121.86 | 13,787 | 1,682.04 |
| Electricity (MU) | 13 | 507.70 | 12 | 433.35 |
| Impervious Graphite Equipment and Spares | 402 | 2,244.00 | 266 | 1,368.70 |
| GRP/ERP Pipes and Tanks (Including Installations) | 1,928* | 1,830.35 | 603 | 882.82 |
| Others | | 201.33 | | 146.97 |
| | | <u>50,669.47</u> | | <u>37,469.92</u> |
| Processing/Service Charges | | 14.20 | | 15.00 |
| Export Entitlement | | 4,246.25 | | 3,523.25 |
| | | <u>54,929.92</u> | | <u>41,008.17</u> |
| *Refer note 4 on Schedule-31 | | | | |
| 21. RAW MATERIALS CONSUMED | | | | |
| Raw Petroleum Coke | 42,863 | 3,343.57 | 41,208 | 2,991.79 |
| Calcined Petroleum Coke | 28,734 | 8,294.70 | 23,080 | 6,503.34 |
| Pitch | 17,577 | 3,081.31 | 16,126 | 2,721.63 |
| Extrusion Oil (Kilo Litres) | 314 | 71.55 | 254 | 46.76 |
| Furnace Oil (Kilo Litres) | 23,304 | 2,394.16 | 22,173 | 2,377.22 |
| Others | | 1,100.93 | | 421.50 |
| | | <u>18,286.22</u> | | <u>15,062.24</u> |
| | | | As at 31st March, 2004 | As at 31st March, 2003 |
| 22. BASIC AND DILUTED EARNINGS PER SHARE | | | | |
| Basic | | | | |
| Number of Equity Shares at the beginning of the year | | 29,379,245 | | 29,379,245 |
| Number of Equity Shares at the end of the year | | 29,379,245 | | 29,379,245 |
| Weighted average number of Equity Shares outstanding during the year | | 29,379,245 | | 29,379,245 |
| Face value of each Equity Share (Rs.) | | 10 | | 10 |
| Profit after Tax available for Equity Shareholders | | | | |
| Profit after Taxation (Rs.in Lakh) | | 5,132.30 | | 3,338.78 |
| Less: Preference Dividend (Rs.in Lakh) (Including Dividend Tax) | | 17.48 | | 52.74 |
| | | <u>5,114.82</u> | | <u>3,286.04</u> |
| Basic Earnings per Share (Rs.) | | 17.41 | | 11.18 |
| Diluted Earnings per Share (Rs.) | | 17.41 | | 11.18 |

Schedules to Accounts

| | 2003-2004 | (Rs. in Lakh) 2002-2003 |
|--|------------------|----------------------------|
| 23. C.I.F. VALUE OF IMPORTS | | |
| Raw Materials | 7,708.89 | 5,546.95 |
| Components and Spare parts | 44.92 | 12.68 |
| 24. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF | | |
| Travelling | 75.43 | 115.24 |
| Commission | 962.48 | 635.94 |
| Export Sales Expenses | 109.31 | 75.16 |
| Interest | 2.51 | 30.19 |
| Technical know-how | 14.59 | 1.11 |
| Professional Fees | 111.44 | 22.76 |
| Others | 40.66 | 23.69 |
| 25. EARNINGS IN FOREIGN CURRENCY | | |
| Export of Goods on F.O.B. Basis | 27,386.46 | 19,924.21 |
| Others | — | 1.98 |
| | | |
| | 2003-2004 | 2002-2003 |
| | (Rs. in Lakh) | (Rs. in Lakh) |
| | % | % |
| 26. CONSUMPTION OF | | |
| a) Raw Materials | | |
| Imported | 9,155.57 | 7,229.99 |
| Indigenous | 9,130.65 | 7,832.25 |
| | <u>18,286.22</u> | <u>15,062.24</u> |
| | 100 | 100 |
| b) Stores and Spares | | |
| Imported | 39.56 | 18.49 |
| Indigenous | 5,042.67 | 4,258.21 |
| | <u>5,082.23</u> | <u>4,276.70</u> |
| | 100 | 100 |
| | | |
| | 2003-2004 | 2002-2003 |
| | For 2002-2003 | For 2001-2002 |
| 27. AMOUNT REMITTED IN FOREIGN CURRENCY | | |
| On account of Dividend excluding | | |
| payments to mandatees in India (Rs. in Lakh) | 68.07 | 55.15 |
| Number of Shares held by Non-Resident Shareholders | | |
| in respect of which dividends were remitted | 2,722,844 | 2,720,844 |
| Number of Non-Resident Shareholders | 60 | 59 |

Schedules to Accounts

(Rs. in Lakh)

29. COMPUTATION OF NET PROFITS UNDER SECTION 198 READ WITH SECTION 309 OF THE COMPANIES ACT, 1956 FOR THE PURPOSE OF COMMISSION PAYABLE TO THE EXECUTIVE DIRECTOR AND OTHER DIRECTORS

| | | |
|--|--------|-----------------|
| Profit before taxation as per Profit and Loss Account | | 6,537.30 |
| Add: Managerial Remuneration | 91.02 | |
| Amortisation of Expenditure under Voluntary Retirement Scheme | 26.53 | |
| Provision for Wealth Tax | 3.00 | 120.55 |
| | | <u>6,657.85</u> |
| Less: Profit on sale of investments | 1.56 | |
| Profit on sale of fixed assets | 58.90 | |
| Provision for Doubtful Debts on longer required written back (Net) | 546.92 | 607.38 |
| Net Profit under Section 198 | | <u>6,050.47</u> |

DIRECTORS' REMUNERATION

Executive Director

| | | |
|---|-------|-------|
| Salary | 6.90 | |
| Commission @ 5% of Rs. 6,050.47 = 302.52 | | |
| Restricted to maximum amount payable | 15.00 | |
| Contribution to Provident and Other Funds | 2.44 | |
| Other Benefits | 5.50 | 29.84 |

Other Directors

| | | |
|---|-------|--------------|
| Sitting fees | 1.18 | |
| Commission @ 1% of Rs. 6,050.47 = 60.50 | | |
| Restricted to maximum amount payable | 60.00 | 61.18 |
| Total for the year | | <u>91.02</u> |

Schedules to Accounts

30. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

| | | |
|--|--|------------------|
| 1 REGISTRATION DETAILS | | |
| State Code | | 21 |
| Registration No. | | 94602 |
| Balance Sheet Date | | 31st March, 2004 |
| 2 CAPITAL RAISED DURING THE YEAR (AMOUNT IN RUPEES LAKH) | | |
| Public Issue | | Nil |
| Rights Issue | | Nil |
| Bonus Issue | | Nil |
| Private Placement | | Nil |
| 3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RUPEES LAKH) | | |
| Total Liabilities * | | 68,653.33 |
| Total Assets | | 68,653.33 |
| Source of Funds | | |
| Paid-up Capital | | 2,938.09 |
| Reserves and Surplus | | 35,245.50 |
| Secured Loans | | 14,350.99 |
| Unsecured Loans | | 1,878.44 |
| Application of Funds | | |
| Net Fixed Assets | | 35,243.72 |
| Investments | | 1,406.69 |
| Net Current Assets | | 20,952.37 |
| Miscellaneous Expenditure | | 66.51 |
| Accumulated Losses | | Nil |
| * Includes Owners' Funds - Rs. 38,183.59 Lakh | | |
| Deferred Tax Liability (Net) Rs. 3,256.27 Lakh | | |
| 4 PERFORMANCE OF COMPANY (AMOUNT IN RUPEES LAKH) | | |
| Turnover (including Other Income) | | 53,488.16 |
| Total Expenditure | | 46,950.86 |
| Profit before Tax | | 6,537.30 |
| Profit after Tax | | 5,132.30 |
| Earnings per Share in Rs. | | 17.41 |
| Dividend Rate % | | 40 |
| 5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS) | | |
| Item Code No. (ITC Code) | 854519.01 | |
| Product Description | Graphite Electrodes | |
| Item Code No. (ITC Code) | 841950.01 | |
| Product Description | Inpervious Graphite Equipment and Spares | |
| Item Code No. (ITC Code) | 271312.00 | |
| Product Description | Calcined Petroleum Coke | |

Schedules to Accounts

31. NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. FIXED ASSETS :

- (a) FIXED ASSETS are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation. Pre-operative expenses for major projects are also capitalised, where appropriate.
- (b) The cost of fixed assets, acquisition of which is financed by foreign currency loans, are adjusted so as to show the liabilities for these loans, to the extent they are not covered by forward contracts, at the rates of exchange prevailing at the end of the accounting period.
- (c) DEPRECIATION on fixed assets including those utilised in RESEARCH AND DEVELOPMENT activities, is provided on straight line basis in accordance with Schedule XIV to the Companies Act, 1956. Leasehold land is amortised over the primary lease period.
- (d) MACHINERY SPARES which are irregular in use and associated with particular asset are treated as fixed asset and the cost is amortised over its utility period.

B. INVESTMENTS :

- (a) LONG TERM INVESTMENTS are stated at cost less write down for any permanent diminution in carrying value. CURRENT INVESTMENTS are stated at lower of cost and fair value. Fair value is determined on the basis of realisable or market value.
- (b) EARNINGS FROM INVESTMENTS, where appropriate, are accrued or taken into revenue in full on declaration or receipts.

C. INVENTORIES :

Inventories are valued at lower of cost and estimated net realisable value. The costs are in general ascertained under weighted average formula.

D. FOREIGN CURRENCY TRANSACTIONS :

Transactions in foreign currency outstanding at the Balance Sheet date are accounted for at the contracted rate when covered by forward contracts and at exchange rates prevailing on the Balance Sheet date in the case of others. Exchange differences are dealt with in the Profit and Loss Account, other than those relating to acquisition of Fixed Assets which are capitalised.

E. REVENUE :

Revenue is recognised on completion of sale of goods and rendering of services. Sales are inclusive of excise duty less discounts as applicable. Export entitlements are recognised after completion of related exports on prudent basis.

F. CONSTRUCTION CONTRACTS :

Revenue in respect of construction contracts is recognised on the basis of percentage of completion method. Stages of completion are determined based on completion of a physical proportion of the contract work. Anticipated Loss on such contracts is provided for in the period of incurrence.

G. BORROWING COSTS :

Borrowing costs attributable to the acquisition and construction of qualifying assets are added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which these are incurred.

H. RESEARCH AND DEVELOPMENT EXPENDITURE (R & D) :

Revenue expenditure on R & D is expensed in the period in which it is incurred. Capital expenditure on R & D is capitalised.

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

I. RETIREMENT BENEFITS :

Contributions under Defined Contribution Plan payable in keeping with the related schemes are funded and charged in the Profit and Loss Account. Contributions under Defined Benefit Plans as determined on the basis of actuarial valuation are funded and charged in the Profit and Loss Account.

J. LEAVE ENCASHMENT BENEFITS :

Provision is made for Leave Encashment Benefits based on actuarial valuation.

K. CONTINGENCIES :

Contingencies including foreseeable losses which can be reasonably ascertained are provided for, if in the opinion of the Company, there is a probability that the future outcome may be materially detrimental to the Company.

L. PAYMENTS UNDER VOLUNTARY RETIREMENT SCHEME (VRS) :

Payments under VRS are expensed over the periods during which the benefits are estimated to accrue.

M. PRIOR PERIOD AND EXTRAORDINARY ITEMS :

Prior period and extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

N. MATERIAL EVENTS :

Material events occurring after Balance Sheet date are taken into cognisance.

O. CURRENT TAX AND DEFERRED TAX :

Current tax is determined as the amount of tax payable in respect of taxable income for the period based on applicable tax rate and laws. Deferred tax is recognised subject to consideration of prudence in respect of deferred tax asset, on timing difference, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods and is measured using tax rate and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisation.

| 2. Contingent Liabilities not provided in respect of | As on 31st March, 2004 | As on 31st March, 2003 (Rs.in Lakh) |
|--|---------------------------|---|
| Claims not acknowledged as debts | | |
| a) Disputed Excise Duty for which appeals are pending | 116.54 | 123.81 |
| b) Disputed Sales Tax demand for which appeals preferred by the Company | 21.17 | 123.58 |
| c) Others | 222.66 | 174.73 |
| 3. Research and Development Expenditure of revenue nature of Rs. 46.68 Lakh (Previous year Rs. 71.33 Lakh) | | |
| 4. Particulars relating to Construction Contracts : | | (Rs. in Lakh) |
| a) Contract revenues recognised as revenue for the year ended 31st March, 2004 | | 947.74 |
| b) Other information relating to Contract Work-in-Progress as on 31st March, 2004 | | |
| i) Aggregate amount of cost incurred and recognised profits | | 1128.26 |
| ii) The amount of retentions due from customer | | 34.85 |
| iii) Gross amount due from customers for contract work as an asset (i.e. Contract Work-in-Progress) | | 180.52 |

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

5. Particulars of Cancellable Operating Leases :

The Company has operating lease arrangements for certain office accommodations, furniture and fittings etc. with tenures ranging between one and three years. Terms of such leases include option for renewal on mutually agreed terms, security deposit etc. Operating lease rentals for the year debited to Profit and Loss Account amount to Rs. 23.44 Lakh (Previous year Rs. 22.80 Lakh).

6. Disclosure in respect of loans and advances as per Clause 32 of the Listing Agreement :

The Company has given loans and advances in the nature of loans to its employees for housing, medical etc. (balance outstanding as on 31st March, 2004 is Rs. 115.45 lakh; Previous year Rs. 104.05 Lakh) where, in some cases, the repayment schedule extends beyond seven years and interest is below the rate referred to in Section 372A of the Companies Act, 1956. In view of the voluminous data, furnishing of required particulars by name, amount and maximum amount due in respect of such loans is not considered practicable.

7. The Company has amended one of its pension schemes covering certain employees from Defined Benefit Plan to Defined Contribution Plan with effect from 1st April, 2003, the benefits under the Defined Benefit Plan having been frozen as on 31st March, 2003. The necessary formalities/approval, etc. are being complied with/obtained.

8. Disclosure of dues which have not been deposited on account of disputes as on 31st March, 2004

| Name of statute | Nature of dues | Amount Rs. in Lakh | Forum where dispute is pending |
|---|-------------------------------|-----------------------|--|
| I Income Tax Act | Income Tax including interest | 185.03 | Income Tax Appellate Tribunal |
| | | 522.03 | Commissioner of Income Tax (Appeals) |
| II Central Excise Act | Duty including interest | 68.89 | Commissioner (Appeals) Central Excise |
| | | 8.99 | Custom, Excise & Service Tax Appellate Tribunal |
| | | 11.79 | Mumbai High Court |
| | | 34.85 | Supreme Court |
| III Central and State Sales Tax Acts | Taxes including interest | 1.71 | West Bengal Taxation Tribunal |
| | | 14.74 | Deputy Commissioner of Sales Tax (Appeals) |
| | | 0.65 | Deputy Commissioner of Commercial Tax |

9. SEGMENT INFORMATION

A. Primary Segment Reporting (by Business Segments)

i) Composition of Business Segments

The Company's operations predominantly related to the following segments:

- Graphite and Carbon Segment, engaged in the production of Graphite Electrodes, Anodes and other miscellaneous Carbon and Graphite Products,
- Power Segment engaged in generation of Power, and
- Other Segment, engaged in manufacturing of Impervious Graphite Equipment (IGE) and Glass Reinforced Pipes (GRP)

ii) Inter Segment Transfer Pricing

Inter Segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks.

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

iii) Segment Revenues, Results and Other Information

As at/ for the year ended 31st March, 2004

| | Graphite and Carbon | | Power | | Others | | Total of Reportable Segments | |
|--|---------------------|-----------|-----------|-----------|----------|----------|------------------------------|-----------|
| | 2003-04 | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 |
| Sales/Income from Operations | | | | | | | | |
| External Sales | 46,087.42 | 34,785.05 | 507.70 | 433.35 | 4,074.35 | 2,251.52 | 50,669.47 | 37,469.92 |
| Inter Segment Sales | 404.66 | 416.24 | 5,444.35 | 5,633.93 | | 1.20 | 5,849.01 | 6,051.37 |
| Income from Operations (External) | 4,248.03 | 3,525.92 | — | — | 12.42 | 12.33 | 4,260.45 | 3,538.25 |
| Segment Revenues | 50,740.11 | 38,727.21 | 5,952.05 | 6,067.28 | 4,086.77 | 2,265.05 | 60,778.93 | 47,059.54 |
| Segment Results | 4,661.03 | 3,956.87 | 2,186.29 | 2,497.82 | 776.01 | 232.73 | 7,623.33 | 6,687.42 |
| Segment Assets | 50,008.99 | 50,039.73 | 10,615.20 | 11,200.89 | 4,188.55 | 3,738.94 | 64,812.74 | 64,979.56 |
| Segment Liabilities | 6,800.19 | 6,210.20 | 585.30 | 482.31 | 745.43 | 365.70 | 8,130.92 | 7,058.21 |
| Capital Expenditure | 2,044.37 | 337.47 | 23.66 | 596.67 | 55.87 | 80.56 | 2,123.90 | 1,014.70 |
| Depreciation and Amortisation | 1,180.59 | 1,166.15 | 602.12 | 579.51 | 212.87 | 177.05 | 1,995.58 | 1,922.71 |
| Non-cash Expenses other than Depreciation and Amortisation (Net) | 360.59 | 68.12 | — | — | 26.94 | 16.70 | 387.53 | 84.82 |

Reconciliation of Reportable Segments with the Financial Statements

| | Revenues | | Results Net Profit | | Assets | | Liabilities* | |
|--|------------|------------|--------------------|------------|-----------|-----------|--------------|-----------|
| | 2003-04 | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 |
| Total of Reportable Segments | 60,778.93 | 47,059.54 | 7,623.33 | 6,687.42 | 64,812.74 | 64,979.56 | 8,130.92 | 7,058.21 |
| Corporate - Unallocated / Others (Net) | — | — | 197.71 | (730.32) | 3,840.59 | 3,677.90 | 22,338.82 | 26,954.75 |
| Inter Segment Sales | (5,849.01) | (6,051.37) | — | — | — | — | — | — |
| Interest Expenses | — | — | (1,283.74) | (2,315.77) | — | — | — | — |
| Taxes (Net) | — | — | (1,405.00) | (302.55) | — | — | — | — |
| | 54,929.92 | 41,008.17 | 5,132.30 | 3,338.78 | 68,653.33 | 68,657.46 | 30,469.74 | 34,012.96 |
| * Excluding Shareholders Funds | | | | | | | | |

B. Secondary Segment (Geographical)

| | Domestic | | Export | | Total | |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2003-04 | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 |
| Revenues - Gross | 25,989.32 | 20,403.57 | 28,940.60 | 20,604.60 | 54,929.92 | 41,008.17 |
| Total Assets | 68,653.33 | 68,657.46 | — | — | 68,653.33 | 68,657.46 |
| Capital Expenditure | 2,200.85 | 1,042.19 | — | — | 2,200.85 | 1,042.19 |

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

10. RELATED PARTY DISCLOSURES

(In accordance with Accounting Standard 18 issued by the Institute of Chartered Accountants of India)

(i) RELATED PARTIES

| Name | Relationship |
|---|--------------------------|
| (a) Where Control exists Carbon Enterprises Limited (Formerly Carbon Enterprises Limited) | Subsidiary |
| (b) Others Mr. N Venkataramani, Executive Director | Key Management Personnel |

(ii) PARTICULARS OF TRANSACTIONS DURING THE YEAR ENDED 31ST MARCH, 2004

(Rs. in Lakh)

| Nature of Transactions | Key Management Personnel | | Subsidiary | |
|-------------------------|--------------------------|---------|------------|---------|
| | 2003-04 | 2002-03 | 2003-04 | 2002-03 |
| Directors' remuneration | 29.84 | 22.64 | — | — |
| Sale of Investments | — | — | 19.29 | — |

Balance Outstanding at the year-end

Sundry Creditors

– Others

| | | | | |
|--|-------|-------|---|---|
| | 15.00 | 11.22 | — | — |
|--|-------|-------|---|---|

11. Previous year's figures have been regrouped or rearranged, wherever necessary.

PRICE WATERHOUSE

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

CASH FLOWS STATEMENT for the year ended 31st March, 2004

| | 2003-2004 | (Rs. in Lakh) 2002-2003 |
|---|--------------------------|----------------------------|
| A. Cash Flows from Operating Activities | | |
| Profit before taxation | 6,537.30 | 3,641.33 |
| Adjustments for : | | |
| Depreciation | 2,056.52 | 1,986.51 |
| Foreign Exchange (Net) | (79.12) | (18.16) |
| Investment Income | (5.29) | (0.16) |
| Profit on Sale of Investments | (1.56) | (0.93) |
| Interest Expense | 1,283.74 | 2,315.77 |
| Interest Income | (34.00) | (29.58) |
| (Profit)/Loss on Disposal of Fixed Assets (Net) | 272.28 | (52.76) |
| Bad Debts/Advances written off (Net of Provision for Doubtful Debts Written Back) | 61.12 | 84.82 |
| Liability no Longer Required Written Back | (157.53) | (95.68) |
| Provisions | 19.39 | 32.02 |
| Amortisation of Expenditure | 26.53 | 26.53 |
| Rebate on Prepayment of Loans (Net of Prepayment Premium) | (514.16) | — |
| Operating Profit before Working Capital changes | <u>9,465.22</u> | <u>7,889.71</u> |
| Adjustments for : | | |
| (Increase)/Decrease in Trade and Other Receivables | (2,832.05) | (3,722.44) |
| (Increase)/Decrease in Inventories | 2,405.61 | (837.81) |
| Increase/(Decrease) in Trade Payables | <u>1,377.36</u> | <u>1,857.50</u> |
| Cash generated from Operations | <u>10,416.14</u> | <u>5,186.96</u> |
| Taxes (Paid)/Refund - Net | (1,022.36) | 106.81 |
| Payment made under Voluntary Retirement Scheme | — | (67.20) |
| NET CASH FROM OPERATING ACTIVITIES | <u><u>9,393.78</u></u> | <u><u>5,226.57</u></u> |
| B. Cash Flows from Investing Activities | | |
| Purchase of Fixed Assets | (2,267.60) | (1,041.00) |
| Proceeds on Sale of Fixed Assets | 80.18 | 73.91 |
| Purchase of Investments | (3,280.00) | — |
| Sale of Investments | 3,309.41 | 11.70 |
| Interest Received | 24.88 | 24.21 |
| Dividend Received | 5.29 | 0.14 |
| NET CASH USED IN INVESTING ACTIVITIES | <u><u>(2,127.84)</u></u> | <u><u>(931.04)</u></u> |

CASH FLOWS STATEMENT (Contd.)

| | 2003-2004 | (Rs. in Lakh) 2002-2003 |
|---|-------------------|----------------------------|
| C. Cash Flows from Financing Activities | | |
| Redemption of Preference Shares | (250.00) | (250.00) |
| Proceeds from Borrowings (Net) | | |
| Long Term | 5,366.00 | 2,232.32 |
| Short Term | 2,418.16 | 3,497.52 |
| Repayment of Borrowings | | |
| Long Term | (8,333.23) | (4,117.69) |
| Short Term | (3,533.28) | (2,561.31) |
| Interest Paid (including Prepayment Premium) | (1,727.32) | (2,420.00) |
| Dividend Paid (including tax thereon Rs.102.08 Lakh; Previous year Rs. Nil) | (896.93) | (796.42) |
| NET CASH USED IN FINANCING ACTIVITIES | (6,956.60) | (4,415.58) |
| Net Cash Inflow/(Outflow) | <u>309.34</u> | <u>(120.05)</u> |
| | | |
| Cash and Cash equivalents - as at March 31, 2003 (Schedule 10) | 164.43 | 284.48 |
| Cash and Cash equivalents - as at March 31, 2004 (Schedule 10) | 473.77 | 164.43 |
| Net Cash Inflow/ (Outflow) | <u>309.34</u> | <u>(120.05)</u> |

Notes :

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. The Schedule referred to above forms an integral part of the Cash Flow Statement.
3. Previous year's figures have been regrouped or rearranged, wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

P. Law
Partner
Membership No. F51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata : 7th May, 2004

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

FINANCIAL DATA

| Particulars | Rs. in Lakh | | |
|--|-------------|---------|---------|
| | 2003-2004 | 2002-03 | 2001-02 |
| Sales /Income from operations | 54930 | 41008 | 36844 |
| Sales (excluding Excise Duty) | 47868 | 35264 | 31896 |
| Operating Profit | 8518 | 7117 | 7535 |
| Other Income | 1360 | 827 | 762 |
| Interest | 1284 | 2316 | 2797 |
| Gross Profit | 8594 | 5628 | 5500 |
| Depreciation | 2057 | 1986 | 1751 |
| Provision for Taxation | 1405 | 303 | 379 |
| Profit after Tax | 5132 | 3339 | 3370 |
| Equity Dividend per Share (Rs.) | 4.00 | 2.50 | 2.50 |
| Equity Dividend Amount (including Dividend Tax) | 1326 | 829 | 734 |
| EPS Basic (Rs.) | 17.41 | 11.18 | 11.26 |
| Debt Equity Ratio (Long Term Debt) | 0.23:1 | 0.38:1 | 0.44:1 |
| Debt Equity Ratio (Total Debt) | 0.43:1 | 0.52:1 | 0.64:1 |
| Fixed Assets | 35244 | 35452 | 36417 |
| Investments | 1407 | 1434 | 1445 |
| Current Assets | 31936 | 28123 | 25114 |
| Total Assets | 68587 | 65009 | 62976 |
| Loan Funds | 16230 | 18067 | 20377 |
| Current Liabilities | 10984 | 9340 | 7151 |
| Deferred Tax Liability | 3256 | 3051 | 3063 |
| Share Capital | | | |
| — Equity | 2938 | 2938 | 2938 |
| — Preference | — | 250 | 500 |
| Reserve and Surplus (Net of Misc. Expenditure) | 35179 | 31363 | 28947 |
| Net Worth | 38117 | 34301 | 31885 |
| Total Liabilities | 68587 | 65009 | 62976 |
| Number of Employees | 2306 | 2257 | 2294 |

RATIOS

| Key Ratios | 2003-04 | 2002-03 | 2001-02 |
|--------------------------------------|----------------------------|----------------------------|----------------------------|
| Operating margins - percent | 18.47 | 20.05 | 23.23 |
| Interest / Total income - percent | 2.40 | 5.84 | 7.83 |
| Net profit / Total income - percent | 9.60 | 8.43 | 9.44 |
| Return on capital employed - percent | 18.15 | 15.07 | 15.07 |
| Interest cover - times | 7.69 | 3.43 | 2.97 |
| Debt - equity | 0.23 | 0.38 | 0.44 |
| Book-value - Rs. | 129.74 | 116.75 | 108.52 |
| EPS - Rs. | 17.41 | 11.18 | 11.26 |
| Cash-EPS - Rs. | 24.41 | 17.95 | 17.22 |
| Financial Performance Ratio | 2003-04 Percent | 2002-03 Percent | 2001-02 Percent |
| Domestic Turnover/Total Sales | 42.88 | 45.01 | 41.79 |
| Export Turnover/Total Sales | 57.12 | 54.99 | 58.21 |
| Other Income/Total Income | 2.54 | 2.09 | 2.13 |
| Raw material costs/Net Sales | 38.20 | 42.71 | 42.77 |
| Manpower costs/Total Income | 7.83 | 9.37 | 9.85 |
| Excise/Gross sales | 5.53 | 5.89 | 5.60 |
| Interest/Total Income | 2.40 | 5.84 | 7.83 |
| PBDT/Total Income | 16.07 | 14.20 | 15.40 |
| Depreciation/Total Income | 3.84 | 5.01 | 4.90 |
| Net Profit/Total Income | 9.60 | 8.43 | 9.44 |
| Cash flow / Total Income | 13.44 | 13.44 | 14.34 |
| RONW / (PAT/Net Worth) | 13.46 | 9.73 | 10.56 |
| Balance Sheet Ratios | | | |
| Debtors turnover - days | 103 | 87 | 81 |
| Inventory turnover - days | 87 | 141 | 148 |
| Per Share Data Ratios | | | |
| Earnings - Rs. | 17.41 | 11.18 | 11.26 |
| Cash earnings - Rs. | 24.41 | 17.95 | 17.22 |
| Dividend - Rs. | 4.00 | 2.50 | 2.50 |

AUDITORS' REPORT on the Consolidated Financial Statements

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF GRAPHITE INDIA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GRAPHITE INDIA LIMITED AND ITS SUBSIDIARY.

1. We have audited the attached Consolidated Balance Sheet of Graphite India Limited and its subsidiary (the Group) as at 31st March, 2004, also the Consolidated Profit and Loss Account for the year ended on that date and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, all of which we have signed under reference to this report. These Financial Statements are the responsibility of the Graphite India Limited's management (Graphite's management) and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 the management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Carbon Finance Limited (CFL), (formerly Carbon Enterprises Limited), a subsidiary company, whose financial statements reflect total assets of Rs. 1636.41 lakh as at 31st March, 2004 and total revenue of Rs. 253.45 and cash flows amounting to Rs. 105.45 lakh for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion, is based solely on the report of other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Graphite's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of reports of other auditors on separate financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2004;
 - b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata,
Dated : 7th May, 2004

P. Law
Partner
Membership No. F51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

CONSOLIDATED BALANCE SHEET
of Graphite India Limited and its subsidiary as at 31st March, 2004

| | Schedule | As at 31st March, 2004 | (Rs. in Lakh) As at 31st March, 2003 |
|--|----------|---------------------------|--|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share Capital | 1 | 2,938.09 | 3,188.09 |
| Reserves and Surplus | 2 | 35,538.19 | 31,508.46 |
| | | <u>38,476.28</u> | <u>34,696.55</u> |
| LOAN FUNDS | | | |
| Secured Loans | 3 | 14,350.99 | 17,426.23 |
| Unsecured Loans | 4 | 1,878.44 | 4,195.68 |
| | | <u>16,229.43</u> | <u>21,621.91</u> |
| Deferred Tax Liability (Net) | 5 | 3,256.27 | 3,051.27 |
| TOTAL | | <u>57,961.98</u> | <u>59,369.73</u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | 6 | 50,675.22 | 49,665.51 |
| Less : Depreciation | | 17,133.66 | 15,317.16 |
| Net Block | | 33,541.56 | 34,348.35 |
| Capital Advances/Work-in-Progress - at cost | | 1,757.36 | 1,158.70 |
| | | <u>35,298.92</u> | <u>35,507.05</u> |
| INVESTMENTS | 7 | 1,011.16 | 968.51 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Inventories | 8 | 12,285.78 | 14,691.39 |
| Sundry Debtors | 9 | 14,529.35 | 12,641.71 |
| Cash and Bank Balances | 10 | 591.17 | 176.39 |
| Other Current Assets | 11 | 793.94 | 840.48 |
| Loans and Advances | 12 | 4,373.59 | 3,791.98 |
| | | <u>32,573.83</u> | <u>32,141.95</u> |
| Less : | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | |
| Liabilities | 13 | 8,476.42 | 7,415.77 |
| Provisions | 14 | 2,512.02 | 1,925.05 |
| | | <u>10,988.44</u> | <u>9,340.82</u> |
| NET CURRENT ASSETS | | <u>21,585.39</u> | <u>22,801.13</u> |
| MISCELLANEOUS EXPENDITURE | | | |
| (to the extent not written off or adjusted) | | | |
| Payments under Voluntary Retirement Scheme | | 66.51 | 93.04 |
| TOTAL | | <u>57,961.98</u> | <u>59,369.73</u> |
| Capital Commitments (Net of Advances) | | | |
| Estimated amount of contracts remaining to be executed | | 4,804.16 | 322.83 |

NOTES ON ACCOUNTS 21

This is the Consolidated Balance Sheet referred to in our report of even date.

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

P. Law

Partner

Membership No. F51790

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Kolkata : 7th May, 2004

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT
of Graphite India Limited and its subsidiary for the year ended 31st March, 2004

| | Schedule | Year ended 31st March, 2004 | (Rs. in Lakh) Year ended 31st March, 2003 |
|---|----------|--------------------------------|---|
| INCOME | | | |
| Sales/Income from Operations (Gross) | | 55,183.37 | 41,012.11 |
| Less : Excise Duty on Sales | | 2,801.58 | 2,206.13 |
| Sales/Income from Operations (Net) | | 52,381.79 | 38,805.98 |
| Other Income | 15 | 1,359.82 | 615.52 |
| | | <u>53,741.61</u> | <u>39,421.50</u> |
| EXPENDITURE | | | |
| Raw Materials Consumed | | 18,286.22 | 15,062.24 |
| Payments to and Provisions for Employees | 16 | 4,190.31 | 3,714.71 |
| Other Manufacturing, Selling and Administrative Expenses | 17 | 17,998.92 | 13,632.85 |
| (Increase)/Decrease in Work in Process and Finished Goods | 18 | 3,138.33 | (928.74) |
| | | <u>43,613.78</u> | <u>31,481.06</u> |
| PROFIT BEFORE INTEREST AND DEPRECIATION | | 10,127.83 | 7,940.44 |
| Interest | 19 | 1,283.74 | 2,315.81 |
| PROFIT BEFORE DEPRECIATION | | 8,844.09 | 5,624.63 |
| Depreciation | | 2,056.52 | 1,986.51 |
| PROFIT BEFORE TAXATION | | 6,787.57 | 3,638.12 |
| Provision for Taxation | | | |
| Current Tax | | 1,209.63 | 314.94 |
| Deferred Tax | | 205.00 | (12.45) |
| PROFIT AFTER TAXATION | | 5,372.94 | 3,335.63 |
| Balance brought forward from earlier year | | 8,165.24 | 5,537.23 |
| Transfer from Investment Allowance (Utilised) Reserve | | — | 13.98 |
| Transfer from Debenture Redemption Reserve | | — | 800.00 |
| PROFIT AVAILABLE FOR APPROPRIATION | | <u>13,538.18</u> | <u>9,686.84</u> |
| TRANSFER TO | | | |
| Capital Redemption Reserve | | 250.00 | 250.00 |
| Debenture Redemption Reserve | | 625.00 | — |
| General Reserve | | 7,500.00 | 390.27 |
| Dividend on 12.5% Preference Shares | | 15.49 | — |
| Proposed Dividend on | | | |
| 12.5% Preference Shares | | — | 46.75 |
| Equity Shares | | 1,175.17 | 734.48 |
| Dividend Tax | | 152.55 | 100.10 |
| Balance carried forward | | 3,819.97 | 8,165.24 |
| | | <u>13,538.18</u> | <u>9,686.84</u> |
| BASIC AND DILUTED EARNINGS PER SHARE (RS.) | 20 | 18.23 | 11.17 |
| NOTES ON ACCOUNTS | 21 | | |

This is the Consolidated Profit and Loss Account referred to in our report of even date

P. Law

Partner

Membership No. F51790

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Kolkata : 7th May, 2004

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

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

Schedules to Consolidated Financial Statements

| | | As at 31st March, 2004 | (Rs. in Lakh) As at 31st March, 2003 |
|--------------------------------|--|---------------------------|--|
| 1. SHARE CAPITAL | | | |
| Authorised | | | |
| 3,00,00,000 | Equity Shares of Rs.10/- each | 3,000.00 | 3,000.00 |
| 5,00,000 | Preference Shares of Rs.100/-each | 500.00 | 500.00 |
| | | <u>3,500.00</u> | <u>3,500.00</u> |
| Issued, Subscribed and Paid-up | | | |
| 2,93,79,245 | Equity Shares of Rs.10/- each fully paid up | 2,937.92 | 2,937.92 |
| | Add: Forfeited Shares | 0.17 | 0.17 |
| | | <u>2,938.09</u> | <u>2,938.09</u> |
| — | (Previous year - 5,00,000) 12.5% Redeemable Cumulative Preference Shares of Rs.50/- each (Face value of Rs.100/- each) | — | 250.00 |
| | | <u>2,938.09</u> | <u>3,188.09</u> |

Notes :

1. Out of the above Equity Shares, 1,91,14,030 Equity Shares have been allotted as fully paid up pursuant to Schemes of Amalgamation, without payment being received in cash.
2. 12.5% Redeemable Cumulative Preference Shares have been redeemed during the year.

| | | As at 31st March, 2003 | Additions during the year | Withdrawals during the year | (Rs. in Lakh) As at 31st March, 2004 |
|--------------------------------|---|---------------------------|---------------------------------|-----------------------------------|--|
| 2. RESERVES AND SURPLUS | | | | | |
| | Capital Reserve | 45.86 | — | — | 45.86 |
| | Capital Redemption Reserve | 325.00 | 250.00 | — | 575.00 |
| | Securities Premium Account | 5,179.18 | — | — | 5,179.18 |
| | Debenture Redemption Reserve | — | 625.00 | — | 625.00 |
| | Investment Allowance (Utilised) Reserve | 168.00 | — | — | 168.00 |
| | General Reserve | 17,625.18 | 7,500.00 | — | 25,125.18 |
| | Profit and Loss Account | 8,165.24 | — | 4,345.27 | 3,819.97 |
| | | <u>31,508.46</u> | <u>8,375.00</u> | <u>4,345.27</u> | <u>35,538.19</u> |

Schedules to Consolidated Financial Statements

| | As at 31st March, 2004 | (Rs. in Lakh) As at 31st March, 2003 |
|--|---------------------------|--|
| 3. SECURED LOANS | | |
| 7.21% Secured Redeemable Non-Convertible Debentures of Rs.10 lakh each | 5,000.00 | — |
| Rupee Term Loans from Financial Institutions | — | 3,628.00 |
| Foreign Currency Loan from a Financial Institution | 1,818.46 | 1,979.27 |
| External Commercial Borrowings from Banks | — | 127.56 |
| Rupee Term Loan from Banks | — | 4,041.67 |
| Short Term Foreign Currency Loan from a Financial Institution | 471.42 | 489.35 |
| Working Capital Loans from Banks (includes Foreign Currency Loan Rs.5598.45 Lakh; Previous year:Rs. 238.30 Lakh) | 7,061.11 | 7,160.38 |
| | <u>14,350.99</u> | <u>17,426.23</u> |
| Note : Particulars of securities have been indicated in Schedule 3 to the Accounts for the year ended 31st March, 2004 of Graphite India Limited i.e. Parent Company. | | |
| 4. UNSECURED LOANS | | |
| Fixed Deposits (Due within one year Rs. 24.43 Lakh, Previous year Rs. 34.53 Lakh) | 24.43 | 58.96 |
| Loan from Banks | | |
| Short Term | — | 1,000.00 |
| Others (Repayable within one year Rs. 18.33 Lakh; Previous year Rs. 0.82 Lakh) | 31.03 | 0.82 |
| Short Term Loan from Financial Institution | | |
| Rupee Loan | 900.00 | 1,000.00 |
| Foreign Currency Loan | 873.00 | — |
| Commercial Paper | — | 1,000.00 |
| Interest free loans from | | |
| State Industrial and Investment Corporation of Maharashtra Limited under - Sales Tax Incentive Scheme (Repayable within one year Rs. 32.29 Lakh, Previous year Rs. 31.95 Lakh) | 42.51 | 69.55 |
| Capital Incentive Scheme (Repayable within one year Rs. 7.47 Lakh, Previous year Rs. 1.87 Lakh) | 7.47 | 1,066.35 |
| | <u>1,878.44</u> | <u>4,195.68</u> |
| 5. DEFERRED TAX LIABILITIES (NET) | | |
| Deferred Tax Liabilities and Assets are attributable to the following items | | |
| Liabilities | | |
| Depreciation | 3,485.86 | 3,425.78 |
| | <u>3,485.86</u> | <u>3,425.78</u> |
| Less : | | |
| Assets | | |
| Expenses allowable for tax purpose on payment | 198.33 | 130.53 |
| Cost of Voluntary Retirement Schemes | 11.31 | 22.62 |
| Cost of Merger | 9.74 | 14.61 |
| Provision for Doubtful Debts | 10.21 | 206.42 |
| Others | — | 0.33 |
| | <u>229.59</u> | <u>374.51</u> |
| | <u>3,256.27</u> | <u>3,051.27</u> |

Schedules to Consolidated Financial Statements

6. FIXED ASSETS

| Description | GROSS BLOCK – AT COST | | | | DEPRECIATION | | | | (Rs. in Lakh) NET BLOCK | |
|--|--|---|---|-----------------------------|-----------------------------|--------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| | As at 31st March 2003 | Additions/ Adjustments during the year | Sales/ Adjustments during the year | As at 31st March 2004 | Up to 31st March 2003 | During the year | On Sales/ Adjustments | Up to 31st March 2004 | As at 31st March 2004 | As at 31st March 2003 |
| | Goodwill (arising on consolidation) | 55.20 | — | — | 55.20 | — | — | — | — | 55.20 |
| Freehold Land | 3,549.19 | — | — | 3,549.19 | — | — | — | — | 3,549.19 | 3,549.19 |
| Leasehold Land | 62.32 | — | — | 62.32 | 16.70 | 0.76 | — | 17.46 | 44.86 | 45.62 |
| Buildings | 9,465.82 | 365.64 | 58.74 | 9,772.72 | 1,812.91 | 270.34 | 8.25 | 2,075.00 | 7,697.72 | 7,652.91 |
| Plant and Machinery | 35,277.24 | 1,093.11 | 497.09 | 35,873.26@ | 12,778.92 | 1,679.88 | 205.77 | 14,253.03 | 21,620.23 | 22,498.32 |
| Machinery Spares | 68.19 | — | — | 68.19 | 54.55 | 13.10 | — | 67.65 | 0.54 | 13.64 |
| Office Equipment | 389.53 | 46.56 | 20.05 | 416.04 | 260.18 | 32.41 | 13.54 | 279.05 | 136.99 | 129.35 |
| Furniture and Fittings | 452.48 | 13.17 | 0.05 | 465.60 | 226.36 | 25.22 | 0.04 | 251.54 | 214.06 | 226.12 |
| Vehicles | 345.54 | 83.71 | 16.55 | 412.70 | 167.54 | 34.81 | 12.42 | 189.93 | 222.77 | 178.00 |
| TOTAL | 49,665.51 | 1,602.19 | 592.48 | 50,675.22 | 15,317.16 | 2,056.52 | 240.02 | 17,133.66 | 33,541.56 | 34,348.35 |
| Previous Year | 49,108.38 | 611.84 | 54.71 | 49,665.51 | 13,364.21 | 1,986.51 | 33.56 | 15,317.16 | | |
| Add: Capital Advances/Work-in-Progress – at cost | | | | | | | | | 1,757.36 | 1,158.70 |
| | | | | | | | | | 35,298.92 | 35,507.05 |

@ Includes Rs. 720.35 Lakh (Previous year Rs. 628.19 Lakh) being expenditure in respect of Outdoor Transmission Lines not owned by the Company.

7. INVESTMENTS

LONG TERM (AT COST OR UNDER)

| | As at 31st March, 2004 | (Rs. in Lakh) As at 31st March, 2003 |
|---|---------------------------|--|
| Fully paid up Equity Shares in Companies | 167.51 | 326.38 |
| Units of Mutual Funds | 830.72 | 629.20 |
| Others | | |
| 6.75% Tax free US64 Bonds (Acquired on conversion of 203280 units under 1964 Scheme of Unit Trust of India during the year) | 12.87 | 12.87 |
| 6 Year National Savings Certificate (Deposited with Sales Tax Authority) | 0.06 | 0.06 |
| | 1,011.16 | 968.51 |
| AGGREGATE AMOUNT OF INVESTMENTS : | | |
| Quoted | 94.95 | 253.68 |
| Unquoted | 916.21 | 714.83 |
| | 1,011.16 | 968.51 |
| AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS | 113.06 | 254.62 |
| REPURCHASE PRICE OF UNITS 1964 SCHEME IN UNIT TRUST OF INDIA | — | 11.08 |
| NET ASSETS VALUE OF UNITS OF MUTUAL FUNDS | 818.02 | 698.99 |

Schedules to Consolidated Financial Statements

| | As at 31st March, 2004 | (Rs. in Lakh) As at 31st March, 2003 |
|---|---------------------------|--|
| 8. INVENTORIES | | |
| – AT LOWER OF COST AND NET REALISABLE VALUE | | |
| Stores and Spare Parts | 694.43 | 654.95 |
| Loose Tools | 62.61 | 57.98 |
| Raw Materials | 2,899.48 | 2,210.87 |
| Work-in-Process (including Contract Work-in-Progress) | 7,086.72 | 8,314.30 |
| Finished Goods | 1,542.54 | 3,453.29 |
| | <u>12,285.78</u> | <u>14,691.39</u> |
| 9. SUNDRY DEBTORS | | |
| Unsecured | | |
| Debts outstanding for a period exceeding six months – | | |
| Considered Good | 915.54 | 970.28 |
| Considered Doubtful | 28.67 | 575.60 |
| Other Debts – | | |
| Considered Good | 13,613.81 | 11,671.43 |
| | <u>14,558.02</u> | <u>13,217.31</u> |
| Less: Provision for Doubtful Debts | 28.67 | 575.60 |
| | <u>14,529.35</u> | <u>12,641.71</u> |
| 10. CASH AND BANK BALANCES | | |
| Cash in hand | 34.03 | 40.16 |
| With Scheduled Banks on– | | |
| Current Accounts | 508.50 | 83.11 |
| Unpaid Dividend Accounts | 29.31 | 27.43 |
| Fixed Deposit Accounts | 19.33 | 25.69 |
| | <u>591.17</u> | <u>176.39</u> |
| 11. OTHER CURRENT ASSETS | | |
| Unsecured - Considered Good | | |
| Security and Other Deposits | | |
| Deposit with Electricity Authorities | 225.90 | 225.62 |
| Others (Including Rs.0.50 Lakh in Post Office Savings Bank Account - lodged with Excise Authority) | 559.60 | 608.70 |
| Interest Accrued on Deposits | 8.44 | 6.16 |
| | <u>793.94</u> | <u>840.48</u> |

Schedules to Consolidated Financial Statements

| | As at 31st March, 2004 | (Rs. in Lakh) As at 31st March, 2003 |
|--|---------------------------|--|
| 12. LOANS AND ADVANCES | | |
| Unsecured - Considered Good | | |
| Advances recoverable in cash or in kind or for value to be received | 1,754.28 | 1,737.97 |
| Accrued Export Entitlement | 2,619.31 | 2,054.01 |
| | <u>4,373.59</u> | <u>3,791.98</u> |
| | | |
| 13. LIABILITIES | | |
| Acceptances | 2,098.76 | 2,060.97 |
| Sundry Creditors – | | |
| Small Scale Units | 50.68 | 19.99 |
| Others | 5,731.89 | 4,910.07 |
| Advance from Customers | 276.80 | 117.47 |
| Other Liabilities | 153.11 | 102.58 |
| Investors Education and Protection Fund | | |
| shall be credited by the following amounts namely : | | |
| (a) Unpaid Dividends | 29.31 | 27.43 |
| (b) Unpaid Matured Deposits | 2.01 | 1.19 |
| (c) Unpaid Matured Debentures | 6.41 | 7.61 |
| (d) Unpaid Interest on above | 1.71 | 0.91 |
| Interest Accrued but not due on Loans | 125.74 | 167.55 |
| | <u>8,476.42</u> | <u>7,415.77</u> |
| | | |
| 14. PROVISIONS | | |
| Current Tax (Net of payments) | 1,186.28 | 1,043.72 |
| Proposed Dividend | 1,175.17 | 781.23 |
| Tax on Dividend | 150.57 | 100.10 |
| | <u>2,512.02</u> | <u>1,925.05</u> |

Schedules to Consolidated Financial Statements

| | 2003-2004 | (Rs. in Lakh) 2002-2003 |
|---|-----------------|----------------------------|
| 15. OTHER INCOME | | |
| Income from Investments | | |
| Long Term (Other than Trade) | | |
| Dividend | 5.29 | 0.16 |
| Interest | 1.15 | — |
| Current Investments | | |
| Profit on Sale of Investments | 1.56 | 0.93 |
| Interest on loans, deposits etc. | 32.85 | 29.58 |
| Claims Received | 12.25 | 16.41 |
| Sales Tax Incentive | 161.71 | 137.67 |
| Rent Receipt | 24.54 | 36.88 |
| Liabilities no longer required written back | 157.53 | 95.68 |
| Exchange Gain (Net) | 327.58 | 172.07 |
| Profit on sale of Fixed Assets (Net) | — | 52.76 |
| Bad Debts recovery | 24.31 | 5.07 |
| Rebate on prepayment of Loans - (Net of prepayment premium of Rs. 401.76 Lakh) | 514.16 | — |
| Miscellaneous Receipts | 96.89 | 68.31 |
| | <u>1,359.82</u> | <u>615.52</u> |
| 16. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES | | |
| Salaries, Wages and Bonus | 3,153.92 | 2,716.92 |
| Contribution to Provident and Pension Funds | 202.50 | 190.12 |
| Contribution to Superannuation Fund | 67.55 | 144.86 |
| Contribution to Gratuity Fund | 227.01 | 167.39 |
| Staff Welfare Expenses | 539.33 | 495.42 |
| | <u>4,190.31</u> | <u>3,714.71</u> |

Schedules to Consolidated Financial Statements

| | (Rs. in Lakh) | |
|---|------------------|-------------------|
| | 2003-2004 | 2002-2003 |
| 17. OTHER MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES | | |
| Stores and Spare Parts Consumed | 5,082.23 | 4,276.70 |
| Power, Electricity and Water Charges | 5,571.49 | 4,083.70 |
| Repairs and Maintenance - | | |
| Plant and Machinery | 447.13 | 306.31 |
| Buildings | 172.37 | 77.45 |
| Others | 87.37 | 88.82 |
| Rent | 14.76 | 16.15 |
| Rates and Taxes | 176.97 | 136.03 |
| Insurance | 377.43 | 341.75 |
| Commission to Selling Agents | 1,099.66 | 787.66 |
| Travelling and Conveyance | 341.97 | 325.74 |
| Directors' Remuneration (other than Executive Director) | 61.22 | 35.18 |
| Auditors' Remuneration - | | |
| Audit Fee | 8.10 | 6.60 |
| Tax Audit Fee | — | 0.04 |
| Other Matters | 4.84 | 3.11 |
| Service Tax | 1.03 | 0.67 |
| Out of Pocket Expenses | 0.44 | 0.41 |
| Sales Tax | 105.11 | 91.92 |
| Excise Duty on Stocks etc. - Charge / (Credit) | (114.57) | (57.13) |
| Bad Debts/Advances Written off (Net of provision for Doubtful Debts Written Back) | 61.12 | 85.02 |
| Freight and Transport | 2,177.60 | 1,459.37 |
| Bank Charges | 216.85 | 178.37 |
| Communication Expenses | 95.80 | 104.19 |
| Processing Charges | 99.04 | 58.96 |
| Contractors' Labour Charges | 548.51 | 426.42 |
| Amortisation of Payment under | | |
| Voluntary Retirement Scheme | 26.53 | 26.53 |
| Loss on Disposal of Fixed Assets (Net) | 272.28 | — |
| Miscellaneous Expenses | 1,063.64 | 772.88 |
| | <u>17,998.92</u> | <u>13,632.85</u> |
| 18. (INCREASE)/DECREASE IN WORK-IN-PROCESS AND FINISHED GOODS | | |
| Work-in-Process (including Contract Work-in-Progress) | | |
| Closing Stock | 7,086.72 | 8,314.30 |
| Deduct: Opening Stock | 8,314.30 | 6,307.20 |
| | <u>1,227.58</u> | <u>(2,007.10)</u> |
| Finished Goods | | |
| Closing Stock | 1,542.54 | 3,453.29 |
| Deduct: Opening Stock | 3,453.29 | 4,531.65 |
| | <u>1,910.75</u> | <u>1,078.36</u> |
| | <u>3,138.33</u> | <u>(928.74)</u> |

Schedules to Consolidated Financial Statements

| | (Rs. in Lakh) | |
|-----------------|-----------------|-----------------|
| | 2003-2004 | 2002-2003 |
| 19. INTEREST ON | | |
| Debentures | 296.73 | 166.42 |
| Term Loans | 591.11 | 1,493.46 |
| Others | 395.90 | 655.93 |
| | <u>1,283.74</u> | <u>2,315.81</u> |

| | As at 31st March, 2004 | As at 31st March, 2003 |
|---|---------------------------|---------------------------|
| 20. BASIC AND DILUTED EARNINGS PER SHARE | | |
| Basic | | |
| Number of Equity Shares at the beginning of the year | 29,379,245 | 29,379,245 |
| Number of Equity Shares at the end of the year | 29,379,245 | 29,379,245 |
| Weighted average number of Equity Shares outstanding during the year | 29,379,245 | 29,379,245 |
| Face value of each Equity Share (Rs.) | 10 | 10 |
| Profit after Tax available for Equity Shareholders | | |
| Profit after Taxation (Rs.in Lakh) | 5,372.94 | 3,335.63 |
| Less: Preference Dividend (Including Dividend Tax) (Rs.in Lakh) | 17.48 | 52.74 |
| | <u>5,355.46</u> | <u>3,282.89</u> |
| Basic Earnings per Share (Rs.) | 18.23 | 11.17 |
| Diluted Earnings per Share (Rs.) | 18.23 | 11.17 |

21. NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) CONSOLIDATED FINANCIAL STATEMENTS relate to Graphite India Limited, the Parent Company and its Subsidiary (the Group). The Consolidated Financial Statements are in conformity with the Accounting Standard – 21 issued by the Institute of Chartered Accountants of India (ICAI) and are prepared as set out below:

- i) The financial statements of the Parent Company and its Subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating inter-company balances and transactions, if any.
- ii) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent required and possible, in the same manner as the Parent Company's separate financial statements.
- iii) The excess of cost to the Parent Company of its investment in the subsidiary over the parent's portion of equity of the subsidiary at the date it became subsidiary is recognised in the financial statements as goodwill.

(b) OTHER SIGNIFICANT ACCOUNTING POLICIES are set out in the Notes on Accounts of the respective financial statements of the Parent Company and Carbon Finance Limited (CFL), the subsidiary.

2. The Consolidated Financial Statements represent consolidation of accounts of the Parent Company with its wholly owned Subsidiary, CFL, incorporated in India.

Schedules to Consolidated Financial Statements

21. NOTES ON ACCOUNTS (contd.)

3. Contingent Liabilities not provided in respect of :

As on 31st
March, 2004 As on 31st
March, 2003
(Rs.in Lakh)

Claims not acknowledged as debts

| | | |
|---|--------|--------|
| a) Disputed Excise Duty for which appeals are pending | 116.54 | 123.81 |
| b) Disputed Sales Tax demand for which appeals preferred by the Company | 21.17 | 123.58 |
| c) Others | 222.66 | 174.73 |

4. Particulars relating to Construction Contracts :

(Rs. In lakh)

| | |
|---|---------|
| a) Contract revenues recognised as revenue for the year ended 31st March, 2004 | 947.74 |
| b) Other information relating to Contract Work-in-Progress as on 31st March, 2004 | |
| i) Aggregate amount of cost incurred and recognised profits | 1128.26 |
| ii) The amount of retentions due from customers | 34.85 |
| iii) Gross amount due from customers for contract work as an asset (i.e. Contract Work-in-Progress) | 180.52 |

5. Particulars of Cancellable Operating Leases :

The Group has operating lease arrangements for certain office accommodations, furniture and fittings etc. with tenures ranging between one and three years. Terms of such leases include option for renewal on mutually agreed terms, security deposit etc. Operating lease rentals for the year debited to Profit and Loss Account amount to Rs.23.44 Lakh (Previous year Rs. 22.80 Lakh).

6. SEGMENT INFORMATION

A. Primary Segment Reporting (by Business Segments)

i) Composition of Business Segments

The Group's operations predominantly related to the following segments :

- Graphite and Carbon Segment, engaged in the production of Graphite Electrodes, Anodes and other miscellaneous Carbon and Graphite Products,
- Power Segment engaged in generation of Power, and
- Other Segment, engaged in manufacturing of Impervious Graphite Equipment (IGE) and Glass Reinforced Pipes (GRP) and investing in Shares and Securities.

ii) Inter Segment Transfer Pricing

Inter Segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks.

iii) Segment Revenues, Results and Other Information

As at/ for the year ended 31st March, 2004

| | Graphite and Carbon | | Power | | Others | | Total of Reportable Segments | |
|--|---------------------|-----------|-----------|-----------|----------|----------|------------------------------|-----------|
| | 2003-04 | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 |
| Sales/Income from Operations (Gross) | | | | | | | | |
| External Sales | 46,087.42 | 34,785.05 | 507.70 | 433.35 | 4,074.35 | 2,251.52 | 50,669.47 | 37,469.92 |
| Inter Segment Sales | 404.66 | 416.24 | 5,444.35 | 5,633.93 | — | 1.20 | 5,849.01 | 6,051.37 |
| Income from Operations (External) | 4,248.03 | 3,525.92 | — | — | 265.87 | 16.27 | 4,513.90 | 3,542.19 |
| Segment Revenues | 50,740.11 | 38,727.21 | 5,952.05 | 6,067.28 | 4,340.22 | 2,268.99 | 61,032.38 | 47,063.48 |
| Segment Results | 4,661.03 | 3,956.87 | 2,186.29 | 2,497.82 | 1,026.28 | 229.56 | 7,873.60 | 6,684.25 |
| Segment Assets | 50,008.99 | 50,039.73 | 10,615.20 | 11,200.89 | 5,824.22 | 5,130.59 | 66,448.41 | 66,371.21 |
| Segment Liabilities | 6,800.19 | 6,210.20 | 585.30 | 482.31 | 750.57 | 368.40 | 8,136.06 | 7,060.91 |
| Capital Expenditure | 2,044.37 | 337.47 | 23.66 | 596.67 | 55.87 | 80.56 | 2,123.90 | 1,014.70 |
| Depreciation and Amortisation | 1,180.59 | 1,166.15 | 602.12 | 579.51 | 212.87 | 177.05 | 1,995.58 | 1,922.71 |
| Non-cash Expenses other than Depreciation and Amortisation (Net) | 360.59 | 68.12 | — | — | 26.94 | 16.90 | 387.53 | 85.02 |

Schedules to Consolidated Financial Statements

21. NOTES ON ACCOUNTS (contd.)

iii) Segment Revenues, Results and Other Information (Contd.)

Reconciliation of Reportable Segments with the Financial Statements

(Rs.in Lakh)

| | Revenues | | Results Net Profit | | Assets | | Liabilities* | |
|------------------------------|------------------|------------------|--------------------|-----------------|------------------|------------------|------------------|------------------|
| | 2003-04 | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 |
| Total of Reportable Segments | 61,032.38 | 47,063.48 | 7,873.60 | 6,684.25 | 66,448.41 | 66,371.21 | 8,136.06 | 7,060.91 |
| Corporate - Unallocated / | | | | | | | | |
| Others (Net) | — | — | 197.71 | (730.32) | 2,502.01 | 2,339.34 | 22,338.08 | 26,953.09 |
| Inter Segment Sales | (5,849.01) | (6,051.37) | — | — | — | — | — | — |
| Interest Expenses | — | — | (1,283.74) | (2,315.81) | — | — | — | — |
| Taxes (Net) | — | — | (1,414.63) | (302.49) | — | — | — | — |
| | <u>55,183.37</u> | <u>41,012.11</u> | <u>5,372.94</u> | <u>3,335.63</u> | <u>68,950.42</u> | <u>68,710.55</u> | <u>30,474.14</u> | <u>34,014.00</u> |

* Excluding Shareholders Funds

B. Secondary Segment (Geographical)

| | Domestic | | Export | | Total | |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2003-04 | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 |
| Revenues (Gross) | 26,242.77 | 20,407.51 | 28,940.60 | 20,604.60 | 55,183.37 | 41,012.11 |
| Total Assets | 68,950.42 | 68,710.55 | — | — | 68,950.42 | 68,710.55 |
| Capital Expenditure | 2,200.85 | 1,042.19 | — | — | 2,200.85 | 1,042.19 |

7. RELATED PARTY DISCLOSURES

(In accordance with Accounting Standard 18 issued by the Institute of Chartered Accountants of India)

(i) RELATED PARTIES

| Name | Relationship |
|---|--------------------------|
| (a) Where Control exists Carbon Finance Limited (Formerly Carbon Enterprises Limited) | Subsidiary |
| (b) Others Mr. N Venkataramani, Executive Director | Key Management Personnel |

(ii) PARTICULARS OF TRANSACTIONS DURING THE YEAR ENDED 31ST MARCH, 2004

(Rs. in Lakh)

| Nature of Transactions | Key Management Personnel | |
|-------------------------|--------------------------|---------|
| | 2003-04 | 2002-03 |
| Directors' remuneration | 29.84 | 22.64 |

Balance Outstanding at the year-end

Sundry Creditors

– Others 15.00 11.22

8. Previous year's figures have been regrouped or rearranged, wherever necessary.

PRICE WATERHOUSE

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

CONSOLIDATED CASH FLOW STATEMENT
of Graphite India Limited and its subsidiary for the year ended 31st March, 2004

| | 2003-2004 | (Rs. in Lakh) 2002-2003 |
|--|-------------------|----------------------------|
| A. Cash Flows from Operating Activities | | |
| Profit before taxation | 6,787.57 | 3,638.12 |
| Adjustments for : | | |
| Depreciation | 2,056.52 | 1,986.51 |
| Foreign Exchange (Net) | (79.12) | (18.16) |
| Investment Income | (135.23) | (6.37) |
| Profit on Sale of Investments | (124.50) | 1.99 |
| Interest Expense | 1,283.74 | 2,315.77 |
| Interest Income | (34.00) | (29.58) |
| (Profit)/Loss on Disposal of Fixed Assets (Net) | 272.28 | (52.76) |
| Bad Debts/Advances Written off (Net of Provision for Doubtful Debts Written Back) | 61.12 | 85.02 |
| Liability no Longer Required Written Back | (157.53) | (95.68) |
| Provisions | 19.39 | 32.02 |
| Amortisation of Expenditure | 26.53 | 26.53 |
| Rebate on Prepayment of Loans (Net of Prepayment Premium) | (514.16) | — |
| | <u>9,462.61</u> | <u>7,883.41</u> |
| Investment Income Received | 129.94 | 6.21 |
| Operating Profit before Working Capital changes | <u>9,592.55</u> | <u>7,889.62</u> |
| Adjustments for : | | |
| (Increase)/Decrease in Trade and Other Receivables | (2,900.33) | (3,724.98) |
| (Increase)/Decrease in Inventories | 2,405.61 | (837.81) |
| Increase/(Decrease) in Trade Payables | 1,379.80 | 1,858.78 |
| Cash generated from Operations | <u>10,477.63</u> | <u>5,185.61</u> |
| Taxes (Paid)/Refund - Net | (1,030.85) | 106.81 |
| Payment made under Voluntary Retirement Scheme | — | (67.20) |
| NET CASH FROM OPERATING ACTIVITIES | <u>9,446.78</u> | <u>5,225.22</u> |
| B. Cash Flows from Investing Activities | | |
| Purchase of Fixed Assets | (2,267.60) | (1,041.00) |
| Proceeds on Sale of Fixed Assets | 80.18 | 73.91 |
| Purchase of Investments | (4,830.01) | (1,154.27) |
| Sale of Investments | 4,911.86 | 1,167.70 |
| Interest Received | 24.88 | 24.21 |
| Dividend Received | 5.29 | 0.14 |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(2,075.40)</u> | <u>(929.31)</u> |

Consolidated Cash Flow Statement (Contd.)

| | 2003-2004 | (Rs. in Lakh) 2002-2003 |
|---|-------------------|----------------------------|
| C. Cash Flows from Financing Activities | | |
| Redemption of Preference Shares | (250.00) | (250.00) |
| Proceeds from Borrowings (Net) | | |
| Long Term | 5,366.00 | 2,232.32 |
| Short Term | 2,418.16 | 3,497.52 |
| Repayment of Borrowings | | |
| Long Term | (8,333.23) | (4,117.69) |
| Short Term | (3,533.28) | (2,561.31) |
| Interest Paid (including Prepayment Premium) | (1,727.32) | (2,420.00) |
| Dividend Paid (including tax thereon Rs.102.08 Lakh; Previous year Rs. Nil) | (896.93) | (796.42) |
| NET CASH USED IN FINANCING ACTIVITIES | <u>(6,956.60)</u> | <u>(4,415.58)</u> |
| Net Cash Inflow/(Outflow) | <u>414.78</u> | <u>(119.67)</u> |
| Cash and Cash equivalents - as at March 31, 2003 (Schedule 10) | 176.39 | 296.06 |
| Cash and Cash equivalents - as at March 31, 2004 (Schedule 10) | 591.17 | 176.39 |
| Net Cash Inflow/ (Outflow) | <u>414.78</u> | <u>(119.67)</u> |

Notes :

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. The Schedule referred to above forms an integral part of the Cash Flow Statement.
3. Previous year's figures have been regrouped or rearranged, wherever necessary.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

P. Law
Partner
Membership No. F51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata : 7th May, 2004

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| | |
|--|--|
| 1. Name of the Subsidiary Company | Carbon Finance Limited (Formerly Carbon Enterprises Limited) |
| 2. Financial year of the Subsidiary Company | 31st March, 2004 |
| 3. Holding Company's Interest | Entire paid up equity share capital of 30,00,000 shares of Rs. 10/- each fully paid up |
| 4. (a) Net aggregate amount of the profit of the subsidiary company so far as it concerns the members of the Company not dealt with in the accounts of the Company | |
| (i) for subsidiary Company's above financial year | Rs. 240.65 Lakh |
| (ii) for the previous financial years of the subsidiary since it became subsidiary of the Company | Rs. 52.06 Lakh |
| (b) Net aggregate amount of the profit of the subsidiary company dealt with in the account of the Company | |
| (i) for subsidiary Company's above financial year | — |
| (ii) for the previous financial years of the subsidiary since it became subsidiary of the Company | — |

Place : Kolkata
Dated : 7th May, 2004

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

The Directors present their 12th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS

| | Rs. |
|--|------------|
| Profit before Taxation | 25,027,561 |
| Less : Provision for Taxation | 963,000 |
| Net Profit for the Year | 24,064,561 |
| Add : Balance brought forward from last year | 5,206,207 |
| Balance carried forward | 29,270,768 |

The Company earned net profit of Rs. 24,064,561 during the year as against loss of Rs 314,113 during the last year.

The name of the Company has been changed from Carbon Enterprises Limited to CARBON FINANCE LIMITED, with effect from 12th December, 2003.

DISCLOSURE U/S 217(1)(e) OF THE COMPANIES ACT, 1956

The Company's business does not entail consumption of energy, use of technology and foreign exchange earnings and outgo. As such, no particulars are required to be disclosed.

PARTICULARS OF EMPLOYEES

None of the employees is in receipt of remuneration for the year, which in aggregate was more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

DIRECTORS

Shri R. C. Lakhotia resigned from the Board of Directors of the Company with effect from 29th September, 2003 and in the casual vacancy so caused Sri N. Venkataramani was appointed as a Director of the Company with effect from 27th October, 2003.

Shri K.K Bangur retires by rotation and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors state –

1. That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the Directors had 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 as at March, 31, 2004 and of profit of the Company for the year ended 31st March, 2004.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the annual accounts on a going concern basis.

AUDITORS

Messrs. Lakhotia & Co., Chartered Accountants, Auditors of the Company also retire and are eligible for re-appointment.

On behalf of the Board

Kolkata
Dated : the 5th May, 2004

K. K. Bangur
Chairman

To the members of
CARBON FINANCE LIMITED
(Formerly Carbon Enterprises Limited)

We report that we have audited the attached Balance Sheet of CARBON FINANCE LIMITED (Formerly Carbon Enterprises Limited) as at 31st March, 2004 and its Profit & Loss Account for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.

01. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act'), we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
02. Further to our comments in the Annexure referred to in Paragraph 1 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 purpose of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet and the Profit & Loss Account dealt with by this Report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this Report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.
 - v) As per the information and explanations given to us, none of the directors of the Company is disqualified as on 31st March, 2004 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Act.
 - 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 the significant accounting policies and other notes forming part thereof given in Schedule 11 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a. in the case of Balance Sheet, of the state of affairs, of the Company as at 31st March, 2004;
 - b. in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

For LAKHOTIA & CO.
Chartered Accountants

Kolkata
Dated : 5th May, 2004

Naresh Lakhotia
Partner
Membership No. 51249

Statement referred to in our Report of even date to the member of Carbon Finance Limited (formerly Carbon Enterprises Limited) on the accounts for the year ended 31st March, 2004 :

- i The Company has neither granted nor taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Act. Accordingly, the paragraph 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Order, are not applicable.
- ii According to information and explanations given to us, there have been no transactions, exceeding the value of five lakh rupees in respect of any party, during the year in pursuance of contracts or arrangements which are required to be entered in the Register maintained under Section 301 of the Act. Accordingly, the paragraph 4(v)(b) of the Order is not applicable.
- iii The Company has not accepted deposits from the public.
- iv In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- v (a) According to the information and explanations given and books and records as produced and examined by us, the Company has been regular in depositing during the year undisputed statutory dues in respect of income-tax and other statutory dues, as applicable to it, with the appropriate authorities.
(b) As at 31st March, 2004, according to the records of the Company and the information and explanations given to us, a sum of Rs.37,146/-in respect of Income-tax has not been deposited on account of dispute pending with the Income-tax Appellate Tribunal at Kolkata.
- vi The Company has neither accumulated losses as at 31st March 2004 nor it has incurred any cash losses during the financial year ended on that date. However, in the immediately preceding financial year, the Company had incurred cash losses.
- vii The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- viii In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to it.
- ix The Company has maintained proper records of the transactions and contracts in respect of investments and timely entries have been made therein. All the shares, debentures and other investments are held by the Company in its own name.
- x The Company has not given any guarantee for the loans taken by others from banks or financial institutions.
- xi Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, the Company has not raised funds on short term basis and funds raised on long term basis have not been used for short term investments.
- xii The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.
- xiii The Company has not raised any money by public issue during the year.
- xiv During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practice in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For LAKHOTIA & CO.
Chartered Accountants

Kolkata
Dated : 5th May, 2004

Naresh Lakhotia
Partner
Membership No. 51249

BALANCE SHEET
as at 31st March, 2004

CARBON FINANCE LIMITED
(Formerly Carbon Enterprises Limited)

| | Schedule | As at 31st March, 2004 Rs. | As at 31st March, 2003 Rs. |
|--|----------|----------------------------------|----------------------------------|
| SOURCE OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share Capital | 1 | 30,000,000 | 30,000,000 |
| Reserves and Surplus | 2 | 133,126,743 | 109,062,182 |
| TOTAL | | <u>163,126,743</u> | <u>139,062,182</u> |
| APPLICATION OF FUNDS | | | |
| INVESTMENTS | 3 | 99,823,295 | 92,773,168 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Sundry Debtors | 4 | — | 182,325 |
| Cash and Bank Balances | 5 | 11,740,577 | 1,196,452 |
| Other Current Assets | 6 | 45,002,815 | 45,013,722 |
| Loans and Advances | 7 | 7,074,161 | 166,331 |
| | | <u>63,817,553</u> | <u>46,558,830</u> |
| Less : CURRENT LIABILITIES AND PROVISIONS | 8 | 514,105 | 269,816 |
| NET CURRENT ASSETS | | <u>63,303,448</u> | <u>46,289,014</u> |
| TOTAL | | <u>163,126,743</u> | <u>139,062,182</u> |
| NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES | 11 | | |

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For LAKHOTIA & CO
Chartered Accountants
Naresh Lakhota
Partner
Kolkata
Dated : 05.05.2004

K. C. Parakh
Director

S. Chaudhary
Director

N. Venkataramani
Director

K. K. Bangur
Director

PROFIT AND LOSS ACCOUNT
for the year ended 31st March, 2004

CARBON FINANCE LIMITED
(Formerly Carbon Enterprises Limited)

| | Schedule | For the year ended 31st March, 2004 Rs. | For the year ended 31st March, 2003 Rs. |
|--|----------|---|---|
| INCOME | | | |
| Profit on Sale of Investments | | 12,293,686 | — |
| Dividend on Long Term Investments — | | | |
| Trade (TDS Rs. Nil - Previous year Rs. 63, 659/-) | | 4,048,099 | 606,276 |
| Other than Trade | | 8,946,381 | 15,479 |
| Interest on Deposits and Others (T D S Rs. 22,042/- Previous year Rs. Nil) | | 56,861 | 47,993 |
| Miscellaneous Receipts | | — | 18,460 |
| | | <u>25,345,027</u> | <u>688,208</u> |
| EXPENDITURE | | | |
| Loss on Sale of Investments | | — | 292,711 |
| Administrative and Other Expenses | 9 | 317,466 | 695,208 |
| Provision for Doubtful Debts | | — | 20,000 |
| | | <u>317,466</u> | <u>1,007,919</u> |
| PROFIT / (LOSS) BEFORE TAXATION | | <u>25,027,561</u> | <u>(319,711)</u> |
| Provision for Taxation | | 963,000 | — |
| | | <u>24,064,561</u> | <u>(319,711)</u> |
| Provision for Income Tax Written Back | | — | 5,598 |
| PROFIT / (LOSS) FOR THE YEAR | | <u>24,064,561</u> | <u>(314,113)</u> |
| Balance brought forward | | 5,206,207 | 5,520,320 |
| Balance carried forward | | <u>29,270,768</u> | <u>5,206,207</u> |
| BASIC AND DILUTED EARNINGS PER SHARE | 11 | 8.02 | (0.11) |
| NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES | 11 | | |

The Schedules referred to above form an integral part of the Profit & Loss Account.
As per our report of even date annexed.

For LAKHOTIA & CO
Chartered Accountants
Naresh Lakhota
Partner

Kolkata
Dated : 05.05.2004

K. C. Parakh
Director

S. Chaudhary
Director

N. Venkataramani
Director

K. K. Bangur
Director

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2004

| | As at 31st March, 2004 Rs. | As at 31st March, 2003 Rs. |
|---|----------------------------------|----------------------------------|
| 1. SHARE CAPITAL | | |
| AUTHORISED | | |
| 3,000,000 Equity Shares of Rs.10/- each | <u>30,000,000</u> | <u>30,000,000</u> |
| ISSUED, SUBSCRIBED AND PAID-UP | | |
| 3,000,000 Equity Shares of Rs.10/- each fully paid up | <u>30,000,000</u> | <u>30,000,000</u> |
| | <u>30,000,000</u> | <u>30,000,000</u> |

Entire Equity Shares have been allotted as fully paid up pursuant to a Scheme of Amalgamation, without payment being received in cash.

| | | |
|-------------------------|--------------------|--------------------|
| 2. RESERVES AND SURPLUS | | |
| General Reserve | 103,855,975 | 103,855,975 |
| Profit and Loss Account | <u>29,270,768</u> | <u>5,206,207</u> |
| | <u>133,126,743</u> | <u>109,062,182</u> |

| | Face Value | As at 31st March, 2004 | | As at 31st March, 2003 | |
|------------------------------------|---------------|------------------------|-----------|------------------------|------------|
| | | Number | Rs. | Number | Rs. |
| 3. INVESTMENTS | | | | | |
| LONG TERM (AT COST OR UNDER) | | | | | |
| TRADE | | | | | |
| QUOTED | | | | | |
| Fully paid up equity shares in | | | | | |
| Guardian Leasing Limited | 10 | 526,000 | 2,630,000 | 730,000 | 3,650,000 |
| The Emerald Company Limited | 10 | 285,900 | 4,288,500 | 200,300 | 3,004,500 |
| The Bond Company Limited | 10 | 121,487 | 1,823,918 | 78,487 | 1,177,305 |
| Likhami Leasing Limited | 10 | — | — | 2,635,920 | 13,179,600 |
| GKW Limited | 10 | 623,400 | 748,080 | 623,400 | 748,080 |
| PTC Industries Ltd. | 10 | — | — | 29,000 | 823,600 |
| Uco Bank | 10 | 400 | 4,800 | — | — |
| UNQUOTED | | | | | |
| Fully paid up equity shares in | | | | | |
| H.L. Investment Company Ltd. | 10 | 131,428 | 7,256,139 | 131,428 | 7,256,139 |
| Nikhil Agrofarms Ltd. | 10 | — | — | 1,426 | 14,260 |
| Fully paid up Unsecured Zero | | | | | |
| Coupon Optionally Convertible | | | | | |
| Debentures in — GKW Cement Limited | 19.50 | — | — | 5,128,206 | — |

CARBON FINANCE LIMITED
(Formerly Carbon Enterprises Limited)

| | | As at 31st March, 2004 | | As at 31st March, 2003 | |
|---|------------|------------------------|----------------------------------|----------------------------------|------------|
| | Face Value | Number | Rs. | Number | Rs. |
| 3. INVESTMENTS (Contd.) | | | | | |
| OTHERS | | | | | |
| UNQUOTED | | | | | |
| Mutual Funds — | | | | | |
| Units of — | | | | | |
| Templeton India Growth Fund | 10 | — | — | 110,234.073 | 1,496,979 |
| Prudential ICICI Income Plan Growth | 10 | — | — | 385,406.193 | 6,258,996 |
| HDFC Income Fund Growth | 10 | — | — | 996,407.436 | 12,755,012 |
| Kotak Mahindra K Bond Unit | | | | | |
| Scheme 99 (Whole Sale Plan) Growth | 10 | — | — | 1,352,110.824 | 18,984,609 |
| Reliance Income Fund — Growth | 10 | 253,623.283 | 4,971,625 | 354,335.670 | 5,982,310 |
| Templeton India Income Builder Plan-A Growth | 10 | — | — | 778,687.180 | 14,841,778 |
| Prudential ICICI Short Term Plan — | | | | | |
| Cumulative Option | 10 | — | — | 247,350.495 | 2,600,000 |
| Reliance Growth Fund - Dividend Plan | 10 | 129,883.194 | 3,992,197 | — | — |
| HDFC Prudence Fund - Dividend Plan | 10 | 160,645.107 | 3,112,888 | — | — |
| DSP Merrill Lynch Opportunities Fund-Dividend | 10 | 184,124.323 | 2,649,476 | — | — |
| Franklin India - Monthly Income Plan - | | | | | |
| Quarterly Dividend Reinvestment | 10 | 1,271,275.160 | 15,075,331 | — | — |
| Birla Sun Life - Monthly Dividend Reinvestment | 10 | 1,385,791.306 | 15,798,795 | — | — |
| TIFM Tata Monthly Income Fund - Dividend | 10 | 1,756,778.964 | 20,481,564 | — | — |
| Birla Sun Life - Cap Fund Plan - | | | | | |
| Dividend Reinvestment | 10 | 395,917.498 | 6,602,564 | — | — |
| Franklin India - Monthly Income Plan - Growth | 10 | 426,674.369 | 6,500,000 | — | — |
| DSP Merrill Lynch Liquidity Fund - Growth | 10 | 97,518.480 | 1,500,000 | — | — |
| Sundaram Mutal Bond Saver Appreciation | 10 | 56,564.193 | 749,651 | — | — |
| HSBC Mutual Fund - Equity Fund Dividend | 10 | 83,489.985 | 1,637,767 | — | — |
| | | | <u>99,823,295</u> | <u>92,773,168</u> | |
| Aggregate amount of Investments - | | | | | |
| Quoted | | | 9,495,298 | 22,583,085 | |
| Unquoted | | | 90,327,997 | 70,190,083 | |
| | | | <u>99,823,295</u> | <u>92,773,168</u> | |
| Aggregate market value of quoted Investments | | | <u>11,305,525</u> | <u>22,676,595</u> | |
| Net Assets Value of Units of Mutual Fund | | | 81,802,430 | 69,898,749 | |
| | | | As at 31st March, 2004 Rs. | As at 31st March, 2003 Rs. | |
| 4. SUNDRY DEBTORS | | | | | |
| Unsecured | | | | | |
| Debts outstanding for a period exceeding six months — | | | | | |
| Considered Doubtful | | | 20,000 | 20,000 | |
| Other Debts | | | | | |
| Considered Good | | | — | 182,325 | |
| | | | <u>20,000</u> | <u>202,325</u> | |
| Less : Provision for doubtful debts | | | 20,000 | 20,000 | |
| | | | <u>—</u> | <u>182,325</u> | |

CARBON FINANCE LIMITED
(Formerly Carbon Enterprises Limited)

| | As at 31st March, 2004 Rs. | As at 31st March, 2003 Rs. |
|---|----------------------------------|----------------------------------|
| 5. CASH AND BANK BALANCES | | |
| With Scheduled Bank — | | |
| On Current Account | 11,377,395 | — |
| On Fixed Deposit Account | 363,182 | 1,196,452 |
| | <u>11,740,577</u> | <u>1,196,452</u> |
| 6. OTHER CURRENT ASSETS | | |
| Unsecured – Considered Good | | |
| Security Deposit | 45,000,600 | 45,000,000 |
| Interest Accrued on Deposits | 2,215 | 13,722 |
| | <u>45,002,815</u> | <u>45,013,722</u> |
| 7. LOANS AND ADVANCES | | |
| Unsecured - Considered Good | | |
| Advances Recoverable in Cash or in kind or for value to be received | 7,000,000 | — |
| Advance payment of Income Tax (Net of Provisions) | 74,161 | 166,331 |
| | <u>7,074,161</u> | <u>166,331</u> |
| 8. LIABILITIES | | |
| Sundry Creditors | 514,105 | 269,816 |
| | <u>514,105</u> | <u>269,816</u> |
| | 2003-2004 Rs. | 2002-2003 Rs. |
| 9. ADMINISTRATIVE AND OTHER EXPENSES | | |
| Filing Fee | 15,500 | 8,500 |
| Rates and Taxes | 5,100 | 4,510 |
| Directors Fee | 4,000 | 2,750 |
| Auditors' Remuneration — | | |
| Audit Fee | 10,800 | 10,500 |
| Tax Audit Fee | — | 4,200 |
| Other Matters | 4,260 | 9,188 |
| Legal & Professional Charges | 8,250 | 331,210 |
| Rent | 108,000 | 108,000 |
| Maintenance Charges | 136,950 | 205,000 |
| Miscellaneous Expenses | 24,606 | 11,350 |
| | <u>317,466</u> | <u>695,208</u> |

10. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

| | | | |
|--------------------|------------------|------------------|-------|
| State Code | 21 | Registration No. | 55850 |
| Balance Sheet Date | 31st March, 2004 | | |

2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RUPEES THOUSANDS)

| | | | |
|--------------|-----|-------------------|-----|
| Public Issue | Nil | Rights Issue | Nil |
| Bonus Issue | Nil | Private Placement | Nil |

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RUPEES THOUSANDS)

| | | | |
|-----------------------------|---------|---------------------------|---------|
| TOTAL LIABILITIES | 163,127 | TOTAL ASSETS | 163,127 |
| Source of Funds | | | |
| Paid-up Capital | 30,000 | Reserves and Surplus | 133,127 |
| Secured Loans | — | Unsecured Loans | — |
| Application of Funds | | | |
| Net Fixed Assets | — | Investments | 99,823 |
| Net Current Assets | 63,304 | Miscellaneous Expenditure | — |

4. PERFORMANCE OF COMPANY (AMOUNT IN RUPEES THOUSANDS)

| | | | |
|-----------------------------------|--------|-------------------------|--------|
| Turnover (including Other Income) | 25,345 | Total Expenditure | 317 |
| Profit before Tax | 25,028 | Profit/(Loss) after Tax | 24,065 |
| Earning per Share in Rs. | 8.02 | Dividend Rate % | — |

5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

| | |
|--------------------------|----------------|
| Item Code No. (ITC Code) | Not applicable |
| Product Description | Not applicable |

11. NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

- 11.1 The entire Equity Share Capital of the Company is held by Graphite India Limited, the Holding Company and its nominees.
11.2 Related Party Disclosures (In accordance with Accounting Standard 18 issued by the Institute of Chartered Accountants of India)

(i) RELATED PARTIES

| | |
|------------------------|-----------------|
| Name | Relationship |
| Graphite India Limited | Holding Company |

(ii) PARTICULARS OF TRANSACTIONS DURING THE YEAR ENDED 31st MARCH, 2004

| Nature of Transactions | Holding Company | |
|------------------------|-----------------|---------|
| | 2003-04 | 2002-03 |
| Purchase of Shares | Rs. 19.29 Lakh | |

11.3 EARNINGS PER SHARE

| | | | | |
|--|--|------------|--|-----------|
| Earning per share has been computed as under : | | 2003-2004 | | 2002-2003 |
| (a) Profit/(Loss) for the year (Rs.) | | 24,064,561 | | (314,113) |
| (b) No. of Equity shares | | 3,000,000 | | 3,000,000 |
| (c) Profit/(Loss) per share (Face Value Rs.10/- per share) (a)/(b) (Basic and diluted) | | 8.02 | | (0.11) |

11.4 NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES
SIGNIFICANT ACCOUNTING POLICIES

These accounts have been prepared on historical cost convention and Income and Expenditure have been recognised on accrual basis. Investments are stated at cost. Provision for diminution in the value, other than temporary, shall be made. Dividend income is accounted for in the year in which the same is declared by the respective Company. Interest Income is accounted for on accrual basis. Provision for taxation is made in accordance with the Provisions of Accounting Standard 22 for both current and deferred taxes. Deferred tax assets is recognised only when there is reasonable certainty of its being realised in the foreseeable future. Previous year's figures have been regrouped or rearranged where ever necessary.

For LAKHOTIA & CO.
Chartered Accountants
Naresh Lakhotia
Partner
Kolkata
Dated : 05.05.2004

K. C. Parakh
Director

S. Chaudhary
Director

N. Venkataramani
Director

K. K. Bangur
Director

**SCHEDULE TO THE BALANCE SHEET OF A
NON-BANKING FINANCIAL COMPANY**
(As required in terms of Paragraph 9BB of Non-Banking Financial
Companies Prudential Norms (Reserve Bank) Directions, 1998)

(Rs. in lakh)

PARTICULARS

Liabilities side :

| | Amount outstanding | Amount overdue |
|---|-----------------------|-------------------|
| (1) Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid : | | |
| (a) Debentures : Secured | Nil | Nil |
| : Unsecured | Nil | Nil |
| (other than falling within the meaning of public deposits) | | |
| (b) Deferred Credits | Nil | Nil |
| (c) Term Loans | Nil | Nil |
| (d) Inter-corporate loans and borrowing | Nil | Nil |
| (e) Commercial Paper | Nil | Nil |
| (f) Public Deposits* | Nil | Nil |
| (g) Other Loans (specify nature) | Nil | Nil |

* Please see Note 1 below

| | | |
|---|-----|-----|
| (2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) : | | |
| (a) In the form of unsecured debentures | Nil | Nil |
| (b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security | Nil | Nil |
| (c) Other public deposits | Nil | Nil |

* Please see Note 1 below

Assets Side :

| | Amount outstanding |
|--|--------------------|
| (3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]: | |
| (a) Secured | Nil |
| (b) Unsecured | Nil |
| (4) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities | |
| (i) Lease assets including lease rentals under sundry debtors : | |
| (a) Financial lease | Nil |
| (b) Operating lease | Nil |
| (ii) Stock on hire including hire charges under sundry debtors : | |
| (a) Assets on hire | Nil |
| (b) Repossessed Assets | Nil |
| (iii) Hypothecation loans counting towards EL/HP activities | |
| (a) Loans where assets have been repossessed | Nil |
| (b) Loans other than (a) above | Nil |

(Rs. in lakh)

| (5) Break-up of Investments : | Market value/Break-up or fair value or NAV | Book value (Net of Provisions) |
|--------------------------------|---|-----------------------------------|
| Current Investments : | | |
| 1. Quoted : | | |
| (i) Shares : (a) Equity | Nil | Nil |
| (b) Preference | Nil | Nil |
| (ii) Debentures and Bonds | Nil | Nil |
| (iii) Units of mutual funds | Nil | Nil |
| (iv) Government Securities | Nil | Nil |
| (v) Others (please specify) | Nil | Nil |
| 2. Unquoted : | | |
| (i) Shares : (a) Equity | Nil | Nil |
| (b) Preference | Nil | Nil |
| (ii) Debentures and Bonds | Nil | Nil |
| (iii) Units of mutual funds | Nil | Nil |
| (iv) Government Securities | Nil | Nil |
| (v) Others (please specify) | Nil | Nil |
| Long Term investments : | | |
| 1. Quoted : | | |
| (i) Shares : (a) Equity | 113.06 | 94.95 |
| (b) Preference | Nil | Nil |
| (ii) Debentures and Bonds | Nil | Nil |
| (iii) Units of mutual funds | Nil | Nil |
| (iv) Government Securities | Nil | Nil |
| (v) Others (please specify) | Nil | Nil |
| 2. Unquoted : | | |
| (i) Shares : (a) Equity | 78.16 | 72.56 |
| (b) Preference | Nil | Nil |
| (ii) Debentures and Bonds | Nil | Nil |
| (iii) Units of mutual funds | 818.02 | 830.72 |
| (iv) Government Securities | Nil | Nil |
| (v) Others (please specify) | Nil | Nil |

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :
Please see Note 2 below

| Category | Amount net of provisions | | |
|---------------------------------|--------------------------|-----------|-------|
| | Secured | Unsecured | Total |
| 1. Related Parties ** | | | |
| (a) Subsidiaries | Nil | Nil | Nil |
| (b) Companies in the same group | Nil | Nil | Nil |
| (c) Other related parties | Nil | Nil | Nil |
| 2. Other than Related Parties | Nil | Nil | Nil |
| Total | Nil | Nil | Nil |

(Rs. in lakh)

PARTICULARS

(7) Investor group-wise classification of all investments
(current and long term) in shares and securities
(both quoted and unquoted)

Please see Note 3 below

| Category | Market value/Break-up or fair value or NAV | Book value (Net of Provisions) |
|---------------------------------|---|-----------------------------------|
| 1. Related Parties ** | | |
| (a) Subsidiaries | Nil | Nil |
| (b) Companies in the same group | Nil | Nil |
| (c) Other Related Parties | Nil | Nil |
| 2. Other than Related Parties | 1009.24 | 998.23 |
| Total | 1009.24 | 998.23 |

** As per Accounting Standard of ICAI (Please see Note 3)

(8) Other Information

| Particulars | Amount |
|---|--------|
| (i) Gross Non-Performing Assets | |
| (a) Related Parties | Nil |
| (b) Other than Related Parties | Nil |
| (ii) Net Non-Performing Assets | |
| (a) Related Parties | Nil |
| (b) Other than Related Parties | Nil |
| (iii) Assets acquired in satisfaction of debt | Nil |

Notes :

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break-up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

LAKHOTIA & CO

K. C. Parakh
Director

S. Chaudhary
Director

N. Venkataramani
Director

K. K. Bangur
Director