

GRAPHITE INDIA LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Subsidiary Company	Carbon Enterprises Limited
2. Financial year of the Subsidiary Company	31st March, 2003
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/(loss) 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. 3.15 Lakh)
(ii) for the previous financial years of the subsidiary since it became subsidiary of the Company	Rs. 55.20 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, 2003

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

CARBON ENTERPRISES LIMITED

DIRECTORS' REPORT

The Directors present their Eleventh Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2003.

After taking into account the provision for Income Tax written back Rs. 5,598/-, credit balance brought forward Rs. 55,20,320/- and loss for the year Rs. 3,14,113/- there remains a credit balance of Rs. 52,06,207/- which is being carried forward.

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, 2003 and of the loss of the Company for that year;
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, for 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.

DIRECTORS :

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

AUDITORS :

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

On behalf of the Board

Dated : 5th May, 2003

K. K. Bangur
Chairman

CARBON ENTERPRISES LIMITED

AUDITORS' REPORT

To the members of
CARBON ENTERPRISES LTD.

We have audited the attached Balance Sheet of CARBON ENTERPRISES LIMITED as at 31st March, 2003 and its Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
2. 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 Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) As per the information and explanations given to us, none of the directors of the Company is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes forming part thereof given in Schedule 11 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003
 - b. in the case of the Profit & Loss Accounts of the loss of the Company for the year ended on that date.

For LAKHOTIA & CO.
Chartered Accountants

Kolkata
Dated : 5th May, 2003

Naresh Lakhota
Partner

CARBON ENTERPRISES LIMITED

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in our report of even date to the members of Carbon Enterprises Limited on the accounts for the year ended 31st March, 2003.

- i) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- ii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iii) The Company has not accepted deposits from the public.
- iv) The Company has an internal audit system commensurate with its size and nature of its business.
- v) There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
- vi) No personal expenses have been charged to revenue account.
- vii) The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- viii) 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.

For LAKHOTIA & CO.
Chartered Accountants

Kolkata
Dated : 5th May, 2003

Naresh Lakhotia
Partner

CARBON ENTERPRISES LIMITED

BALANCE SHEET as at 31st March, 2003

	Schedule	As at 31st March, 2003 Rs.	As at 31st March, 2002 Rs.
SOURCE OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	30,000,000	30,000,000
Reserves and Surplus	2	109,062,182	109,376,295
TOTAL		139,062,182	139,376,295
APPLICATION OF FUNDS			
INVESTMENTS	3	92,773,168	93,238,663
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	4	182,325	20,000
Cash and Bank Balances	5	1,196,452	1,158,462
Other Current Assets	6	45,013,722	45,001,125
Loans and Advances	7	166,331	100,682
		46,558,830	46,280,269
Less : CURRENT LIABILITIES AND PROVISIONS	8	269,816	142,637
NET CURRENT ASSETS		46,289,014	46,137,632
TOTAL		139,062,182	139,376,295
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 : 5th May, 2003

K. C. Parakh
Director

S. Chaudhary
Director

R. C. Lakhota
Director

K. K. Bangur
Director

CARBON ENTERPRISES LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2003

	Schedule	For the year ended 31st March, 2003 Rs.	For the year ended 31st March, 2002 Rs.
INCOME			
Profit on Sale of Investments		—	50,928
Dividend on Long Term Investments —			
Trade (TDS Rs. 63, 659/- Previous year -Nil)		606,276	4,858,348
Other than Trade		15,479	760,572
Interest on Deposits and others (T D S Nil - Previous year Rs. 16,088)		47,993	142,356
Miscellaneous Receipts		18,460	134,268
		<u>688,208</u>	<u>5,946,472</u>
EXPENDITURE			
Loss on Sale of Investments		292,711	—
Administrative and Other Expenses	9	691,485	426,152
Provision for Doubtful Debts		20,000	—
Interest		3,723	—
		<u>1,007,919</u>	<u>426,152</u>
PROFIT / (LOSS) BEFORE TAXATION		(319,711)	5,520,320
Provision for Income Tax Written Back		5,598	—
PROFIT / (LOSS) FOR THE YEAR		(314,113)	5,520,320
Balance brought forward		5,520,320	—
Balance carried forward		<u>5,206,207</u>	<u>5,520,320</u>
BASIC AND DILUTED EARNINGS PER SHARE	11	(0.11)	1.84
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 : 5th May, 2003

K. C. Parakh
Director

S. Chaudhary
Director

R. C. Lakhota
Director

K. K. Bangur
Director

CARBON ENTERPRISES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2003

	As at 31st March, 2003 Rs.	As at 31st March, 2002 Rs.
1. SHARE CAPITAL		
Authorised		
3,000,000 Equity Shares (Previous year 3,000,000) of Rs.10/- each	30,000,000	30,000,000
Issued, Subscribed and Paid-up		
3,000,000 Equity Shares (Previous year Nil) of Rs.10/- each fully paid up	30,000,000	—
Share Capital Suspense Account	—	30,000,000
	<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	5,206,207	5,520,320
	<u>109,062,182</u>	<u>109,376,295</u>

	As at 31st March, 2003			As at 31st March, 2002	
	Face Value	Number	Rs.	Number	Rs.
3. INVESTMENTS					
LONG TERM (AT COST OR UNDER)					
TRADE					
QUOTED					
Fully paid up equity shares in					
Guardian Leasing Limited	10	730,000	3,650,000	730,000	3,650,000
The Emerald Company Limited	10	200,300	3,004,500	200,300	3,004,500
The Bond Company Limited	10	78,487	1,177,305	78,487	1,177,305
Likhami Leasing Limited	10	2,635,920	13,179,600	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	29,000	823,600
UNQUOTED					
H.L. Investment Company Ltd.	10	131,428	7,256,139	134,728	7,438,332
Nikhil Agrofarms Ltd.	10	1,426	14,260	1,426	14,260
Fully paid up Unsecured Zero					
Coupon Optionally Convertible					
Debentures in — GKW Cement Limited	19.50	5,128,206	—	5,128,206	—

CARBON ENTERPRISES LIMITED

	Face Value	As at 31st March, 2003		As at 31st March, 2002	
		Number	Rs.	Number	Rs.
3. INVESTMENTS (Contd.)					
OTHERS					
UNQUOTED					
Mutual Funds —					
Units of —					
Templeton India Growth Fund	10	110,234.073	1,496,979	116,913.484	1,518,706
Prudential ICICI P-22 Income Plan Growth	10	385,406.193	6,258,996	386,509.429	6,300,104
HDFC Income Fund Growth	10	996,407.436	12,755,012	1,000,000.000	12,847,000
Kotak Mahindra K Bond Unit					
Scheme 99 (Whole Sale Plan) Growth	10	1,352,110.824	18,984,609	883,860.704	12,449,178
Reliance Income Fund — Growth	10	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	—	—
Pioneer ITI — Income Builder Growth Plan	10	—	—	780,741.704	14,919,974
Reliance Monthly Income Plan — Growth	10	—	—	400,000.000	4,865,480
Grindlays Super Saver —					
IF STP Dividend Option	10	—	—	257,984.173	2,594,805
Reliance Income Fund —					
Half Yearly Dividend Plan	10	—	—	101,172.497	1,079,591
Kotak Mahindra K Bond					
Whole Sale Plan Dividend	10	—	—	646,207.230	6,628,148
			92,773,168		93,238,663
Aggregate amount of Investments —					
Quoted			22,583,085		22,583,085
Unquoted			70,190,083		70,655,578
			92,773,168		93,238,663
Aggregate market value of quoted Investments			22,676,595		25,899,255
Net Assets Value of Units of Mutual Fund			69,898,749		62,658,685

	As at 31st	
	March, 2003	March, 2002
	Rs.	Rs.
4. SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months —		
Considered Good	—	20,000
Considered Doubtful	20,000	—
Other Debts		
Considered Good	182,325	—
	202,325	20,000
Less : Provision for doubtful debts	20,000	—
	182,325	20,000

CARBON ENTERPRISES LIMITED

	As at 31st March, 2003 Rs.	As at 31st March, 2002 Rs.
5. CASH AND BANK BALANCES		
Cash in hand	—	1,365
With Scheduled Bank —		
On Current Account	—	630,664
On Fixed Deposit Account	1,196,452	526,433
	<u>1,196,452</u>	<u>1,158,462</u>

6. OTHER CURRENT ASSETS		
Unsecured – Considered Good		
Security Deposit	45,000,000	45,000,000
Interest Accrued on Deposits	13,722	1,125
	<u>45,013,722</u>	<u>45,001,125</u>

7. LOANS AND ADVANCES		
Unsecured - Considered Good		
Advance payment of Income Tax (Net of Provisions)	166,331	100,682
	<u>166,331</u>	<u>100,682</u>

8. LIABILITIES		
Sundry Creditors	269,816	142,637
	<u>269,816</u>	<u>142,637</u>

	2002-2003 Rs.	2001-2002 Rs.
9. ADMINISTRATIVE AND OTHER EXPENSES		
Filing Fee	8,500	241,900
Rates and Taxes	4,510	5,000
Auditors' Remuneration —		
Audit Fee	10,500	10,500
Tax Audit Fee	4,200	6,300
Other Matters	9,188	1,575
Legal & Professional Charges	331,210	11,000
Rent	108,000	27,000
Maintenance Charges	205,000	54,316
Pre-operative Expenses Written Off	—	11,204
Preliminary Expenses Written Off	—	16,410
Miscellaneous Expenses	10,377	40,947
	<u>691,485</u>	<u>426,152</u>

CARBON ENTERPRISES LIMITED

10. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE			
1. REGISTRATION DETAILS			
State Code	21	Registration No.	55850
Balance Sheet Date	31st March, 2003		
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	139,062	TOTAL ASSETS	139,062
Source of Funds			
Paid-up Capital	30,000	Reserves and Surplus	109,062
Secured Loans	—	Unsecured Loans	—
Application of Funds			
Net Fixed Assets	—	Investments	92,773
Net Current Assets	46,289	Miscellaneous Expenditure	—
4. PERFORMANCE OF COMPANY (AMOUNT IN RUPEES THOUSANDS)			
Turnover (including Other Income)	688	Total Expenditure	1,008
Profit before Tax	—	Profit/(Loss) after Tax	(320)
Earning per Share in Rs.	(0.11)	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 EARNINGS PER SHARE

Earning per share has been computed as under :	2002-2003	2001-2002
(a) Profit/(Loss) for the year (Rs.)	(314,113)	5,520,320
(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)	(0.11)	Rs. 1.84

11.3 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.

Signature to Schedules 1 to 11.

For LAKHOTIA & CO.
Chartered Accountants

Naresh Lakhota
Partner

Kolkata

Dated : 5th May, 2003

K. C. Parakh
Director

S. Chaudhary
Director

R. C. Lakhota
Director

K. K. Bangur
Director

NOTES

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