

GRAPHITE INDIA LIMITED

BALANCE SHEET as at 31st March, 2003

	Schedule	As at 31st March, 2003	(Rs. in Lakh) As at 31st March, 2002
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	3,188.09	3,438.09
Reserves and Surplus	2	31,456.41	28,998.96
		<u>34,644.50</u>	<u>32,437.05</u>
LOAN FUNDS			
Secured Loans	3	13,871.14	17,656.48
Unsecured Loans	4	4,195.68	2,720.76
		<u>18,066.82</u>	<u>20,377.24</u>
TOTAL		<u>52,711.32</u>	<u>52,814.29</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	49,610.31	49,053.18
Less : Depreciation		15,317.16	13,364.21
Net Block		34,293.15	35,688.97
Capital Advances/Work-in-Progress - at cost		1,158.70	728.34
		<u>35,451.85</u>	<u>36,417.31</u>
INVESTMENTS			
	6	1,434.54	1,445.31
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	14,691.39	13,853.58
Sundry Debtors	8	9,084.80	7,554.94
Cash and Bank Balances	9	164.43	284.48
Other Current Assets	10	390.34	407.03
Loans and Advances	11	3,791.98	3,013.98
		<u>28,122.94</u>	<u>25,114.01</u>
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	7,413.07	5,702.62
Provisions	13	1,926.71	1,448.37
		<u>9,339.78</u>	<u>7,150.99</u>
NET CURRENT ASSETS		<u>18,783.16</u>	<u>17,963.02</u>
DEFERRED TAX LIABILITY (NET)	14	(3,051.27)	(3,063.72)
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Payments under Voluntary Retirement Scheme		93.04	52.37
TOTAL		<u>52,711.32</u>	<u>52,814.29</u>
Capital Commitments (Net of Advances)			
Estimated amount of contracts remaining to be executed		322.83	764.91
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
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata : 7th May, 2003

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

GRAPHITE INDIA LIMITED

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

	Schedule	Year ended 31st March, 2003	(Rs. in Lakh) Year ended 31st March, 2002
INCOME			
Sales/Income from Operations	20	41,008.17	36,844.22
Other Income	15	826.81	761.65
		<u>41,834.98</u>	<u>37,605.87</u>
EXPENDITURE			
Raw Materials Consumed	21	15,062.24	13,640.41
Payments to and Provisions for Employees	16	3,714.71	3,517.43
Other Manufacturing, Selling and Administrative Expenses	17	13,894.16	13,672.48
Excise Duty		2,149.00	2,062.24
(Increase)/Decrease in Work in Process and Finished Goods	18	(928.74)	(3,583.92)
		<u>33,891.37</u>	<u>29,308.64</u>
PROFIT BEFORE INTEREST AND DEPRECIATION		7,943.61	8,297.23
Interest	19	2,315.77	2,797.19
PROFIT BEFORE DEPRECIATION		5,627.84	5,500.04
Depreciation		1,986.51	1,750.93
PROFIT BEFORE TAXATION		3,641.33	3,749.11
Provision for Taxation			
Current Tax		315.00	515.00
Deferred Tax		(12.45)	(135.69)
PROFIT AFTER TAXATION		3,338.78	3,369.80
Balance brought forward from earlier year		5,482.03	585.71
Balance incorporated on amalgamation		—	2,613.23
Transfer from Investment Allowance (Utilised) Reserve		13.98	185.00
Transfer from Debenture Redemption Reserve		800.00	55.00
PROFIT AVAILABLE FOR APPROPRIATION		9,634.79	6,808.74
TRANSFER TO			
Debenture Redemption Reserve		—	187.50
General Reserve		390.27	342.23
Capital Redemption Reserve		250.00	—
Proposed Dividend on			
12.5% Preference Shares		46.75	62.50
Equity Shares		734.48	734.48
Dividend Tax		100.10	—
Balance carried forward		8,113.19	5,482.03
		<u>9,634.79</u>	<u>6,808.74</u>
BASIC AND DILUTED EARNINGS PER SHARE (RS.)	22	11.18	11.26
NOTES ON ACCOUNTS	31		

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

P. Law

Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata : 7th May, 2003

K. C. Parakh
Sr. Vice President-Finance

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

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

		As at 31st March, 2003	(Rs. in Lakh) As at 31st March, 2002
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	(Previous year 1,24,85,549) Equity Shares of Rs.10/- each fully paid up	2,937.92	1,248.55
	Add: Forfeited Shares	0.17	0.17
		<u>2,938.09</u>	<u>1,248.72</u>
5,00,000	(Previous year - Nil) 12.5% Redeemable Cumulative Preference Shares of Rs.50/- each (Face value of Rs.100/- each)	250.00	—
Share Capital Suspense Account			
1,68,93,696	Equity Shares of Rs.10/- each to be issued as fully paid up pursuant to the Scheme of Amalgamation, without payment being received in cash	—	1,689.37
5,00,000	12.5% Redeemable Cumulative Preference Shares of Rs.100/- each to be issued as fully paid up pursuant to the Scheme of Amalgamation, without payment being received in cash	—	500.00
		<u>3,188.09</u>	<u>3,438.09</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 of Rs.100/- each have been allotted as fully paid up pursuant to a Scheme of Amalgamation, without payment being received in cash.
3. 12.5% Redeemable Cumulative Preference Shares have been redeemed during the year to the extent of Rs. 50/- each and the balance is redeemable on 29th September, 2003.

		As at 31st March, 2002	Additions during the year	Withdrawals during the year	(Rs. in Lakh) As at 31st March, 2003
2. RESERVES AND SURPLUS					
	Capital Reserve	45.86	—	—	45.86
	Capital Redemption Reserve	75.00	250.00	—	325.00
	Securities Premium Account	5,179.18	—	—	5,179.18
	Debenture Redemption Reserve	800.00	—	800.00	—
	Investment Allowance (Utilised) Reserve	181.98	—	13.98	168.00
	General Reserve	17,234.91	390.27	—	17,625.18
	Profit and Loss Account	5,482.03	2,631.16	—	8,113.19
		<u>28,998.96</u>	<u>3,271.43</u>	<u>813.98</u>	<u>31,456.41</u>

Schedules to the Accounts

	Note	As at 31st March, 2003	(Rs. in Lakh) As at 31st March, 2002
3. SECURED LOANS			
15% Secured Redeemable Non - Convertible Debentures of Rs.100/- each		—	1,500.00
17% Secured Redeemable Non-Convertible Debentures of Rs.100/- each		—	94.52
Rupee Term Loans from Financial Institutions	(a)	3,628.00	4,769.27
Foreign Currency Loan from a Financial Institution	(a)	1,979.27	—
External Commercial Borrowings from Banks	(a)	127.56	749.36
Rupee Term Loan from Banks	(a)	4,041.67	4,760.00
Short Term Foreign Currency Loan from a Financial Institution	(b)	489.35	522.00
Working Capital Loans from Banks (includes Foreign Currency Loan Rs.238.30 Lakh; Previous Year:Rs. 859.21 Lakh)	(b)	3,605.29	5,259.96
Interest accrued and due on above		—	1.37
		<u>13,871.14</u>	<u>17,656.48</u>

Notes :

Nature of Security

- (a) (i) Rupee Term Loan, Foreign Currency Loan and External Commercial Borrowings from Financial Institutions/Banks (other than Corporate Rupee Loan of Rs.3,000 Lakh) 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.
- (ii) Corporate Rupee Loan of Rs.3,000 Lakh from a bank is secured by way of second/ subservient mortgage over certain immovable properties and also by way of second / subservient hypothecation of Company's certain movable assets, both present and future, ranking pari-passu amongst related second chargeholders.
- (b) 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.

4. UNSECURED LOANS			
Fixed Deposits (Due within one year Rs. 34.53 Lakh, Previous year Rs. 154.84 Lakh)		58.96	212.37
Short Term Loan from Banks		1,000.00	—
Short Term Foreign Currency Loan from a Financial Institution		—	553.19
Short Term Rupee Loan from a Financial Institution		1,000.00	1,000.00
Commercial Paper		1,000.00	—
Hire Purchase Liability (Repayable within one year Rs. 0.82 Lakh, Previous year Rs. 11.80 Lakh)		0.82	25.41
Interest free loans from			
State Industrial and Investment Corporation of Maharashtra Limited under -			
Sales Tax Incentive Scheme (Repayable within one year Rs. 31.95 Lakh, Previous year Rs.9.91 Lakh)		69.55	103.80
Capital Incentive Scheme (Repayable within one year Rs. 1.87 Lakh, Previous year Rs.11.48 Lakh)		1,066.35	825.99
		<u>4,195.68</u>	<u>2,720.76</u>

Schedules to the Accounts

Description	GROSS BLOCK – AT COST			DEPRECIATION			(Rs. in Lakh) NET BLOCK			
	As at 31st March 2002	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31st March 2003	Up to 31st March 2002	During the year	On Sales/ Adjustments	Up to 31st March 2003	As at 31st March 2003	As at 31st March 2002
5. FIXED ASSETS										
Freehold Land	3,549.19	—	—	3,549.19	—	—	—	—	3,549.19	3,549.19
Leasehold Land	62.32	—	—	62.32	15.93	0.77	—	16.70	45.62	46.39
Buildings	9,372.52	98.54	5.24	9,465.82	1,551.16	262.57	0.82	1,812.91	7,652.91	7,821.36
Plant and Machinery	34,851.05	436.27	10.08	35,277.24	(a,b) 11,160.72	1,627.73	9.53	12,778.92	22,498.32	23,690.33
Machinery Spares	68.19	—	—	68.19	40.91	13.64	—	54.55	13.64	27.28
Office Equipment	375.35	31.29	17.11	389.53	240.73	29.57	10.12	260.18	129.35	134.62
Furniture and Fittings	450.83	4.22	2.57	452.48	205.20	23.08	1.92	226.36	226.12	245.63
Vehicles	323.73	41.52	19.71	345.54	(c) 149.56	29.15	11.17	167.54	178.00	174.17
TOTAL	49,053.18	611.84	54.71	49,610.31	13,364.21	1,986.51	33.56	15,317.16	34,293.15	35,688.97
Previous Year	13,345.66	35,816.38 (d)	108.86	49,053.18	11,701.11 (e)	1,750.93	87.83	13,364.21	1,158.70	728.34
Add: Capital Advances/Work-in-Progress – at cost									1,158.70	728.34
									35,451.85	36,417.31

Notes :

- Includes Rs. 628.19 Lakh (Previous year Rs. 628.19 Lakh) being expenditure in respect of Outdoor Transmission Lines not owned by the Company.
- Includes Rs. Nil (Previous year Rs. 69.25 Lakh) being adjustments in rupee equivalent of long term loans arising from change in exchange rates.
- Includes Rs. 5.00 Lakh (Previous year Rs. 40.64 Lakh) being assets acquired under Hire Purchase Scheme prior to 1st April, 2001.
- Includes Rs. 35183.55 Lakh acquired on amalgamation.
- Includes Rs. 6635.08 Lakh incorporated on amalgamation.

	Number	Face Value (Rs.)	As at 31st March, 2003	(Rs. in Lakh) As at 31st March, 2002
6. INVESTMENTS				
LONG TERM (AT COST OR UNDER)				
OTHER THAN TRADE				
QUOTED				
FULLY PAID UP EQUITY SHARES IN				
Industrial Development Bank of India	10,720	10.00	—	1.72
(Sold during the year)				
The Emerald Company Limited	85,600	10.00	12.84	12.84
The Bond Company Limited	43,000	10.00	6.45	6.45
Likhani Leasing Limited	1,71,200	10.00	8.56	8.56
UNQUOTED				
FULLY PAID UP EQUITY SHARES IN				
SUBSIDIARY COMPANIES				
Carbon Enterprises Limited	30,00,000	10.00	1,393.76	1,393.76
ZERO COUPON DEBENTURES IN				
GKW Cements Limited	89,74,359	19.50	—	—
OTHERS				
QUOTED				
Units of Morgan Stanley Growth Fund	1,00,000	10.00	—	9.05
(Sold during the year)				
UNQUOTED				
Units 1964 Scheme of Unit Trust of India	2,03,280	10.00	12.87	12.87
6 Year National Savings Certificate			0.06	0.06
(Deposited with Sales Tax Authority)				
			1,434.54	1,445.31
AGGREGATE AMOUNT OF INVESTMENTS :				
Quoted			27.85	38.62
Unquoted			1,406.69	1,406.69
			1,434.54	1,445.31
AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS			27.85	38.19
REPURCHASE PRICE OF UNITS 1964 SCHEME IN				
UNIT TRUST OF INDIA			11.08	12.83

Schedules to the Accounts

	As at 31st March, 2003	(Rs. in Lakh) As at 31st March, 2002
7. INVENTORIES		
– AT LOWER OF COST AND NET REALISABLE VALUE		
Stores and Spare Parts	654.95	739.77
Loose Tools	57.98	58.64
Raw Materials	2,210.87	2,216.32
Work-in-process	8,314.30	6,307.20
Finished Goods	3,453.29	4,531.65
	<u>14,691.39</u>	<u>13,853.58</u>
8. SUNDRY DEBTORS		
Unsecured		
Debits outstanding for a period		
exceeding six months –		
Considered Good	961.31	1,556.52
Considered Doubtful	575.40	572.57
Other Debts –		
Considered Good	8,123.49	5,998.42
Considered Doubtful	—	186.29
	<u>9,660.20</u>	<u>8,313.80</u>
Less : Provision for doubtful debts	575.40	758.86
	<u>9,084.80</u>	<u>7,554.94</u>
9. CASH AND BANK BALANCES		
Cash in hand	40.16	21.10
With Scheduled Banks on–		
Current Accounts	83.11	105.27
Unpaid Dividend Accounts	27.43	26.87
Fixed Deposit Accounts	13.73	126.97
Margin Money Account	—	4.27
	<u>164.43</u>	<u>284.48</u>
10. OTHER CURRENT ASSETS		
Unsecured - Considered Good		
Security and Other Deposits		
Deposit with Electricity Authorities	219.56	217.97
Others	164.76	178.54
(Including Rs.0.50 Lakh in Post Office Savings Bank Account - lodged with Excise Authority)		
Interest Accrued on Deposits	6.02	10.52
	<u>390.34</u>	<u>407.03</u>

Schedules to the Accounts

	As at 31st March, 2003	(Rs. in Lakh) As at 31st March, 2002
11. LOANS AND ADVANCES		
Unsecured - Considered Good		
Advances recoverable in cash or in kind or for value to be received	1,737.97	1,469.04
Accrued Export Entitlement	2,054.01	1,544.94
	<u>3,791.98</u>	<u>3,013.98</u>

12. LIABILITIES		
Acceptances *	2,060.97	874.20
Sundry Creditors –		
Small Scale Units	19.99	36.15
Others	4,906.99	4,235.81
Advance from Customers	117.47	179.28
Other Liabilities	102.58	71.15
Investor Education and Protection Fund		
shall be credited by the following amounts namely:**		
(a) Unpaid dividends	27.43	26.87
(b) Unpaid application money received by the companies for allotment of securities and due for refund	0.38	0.44
(c) Unpaid Matured Deposits	1.19	1.43
(d) Unpaid Matured Debentures	7.61	6.02
(e) Unpaid Interest on above	0.91	0.88
Interest Accrued but not due on loans	167.55	270.39
	<u>7,413.07</u>	<u>5,702.62</u>
* Secured by way of hypothecation of stocks and book debts in favour of Company's Bankers	729.72	874.20
** No amount is due for actual credit at the Balance sheet date		

13. PROVISIONS		
Current Tax (Net of payments)	1,045.38	651.39
Proposed Dividend	781.23	796.98
Tax on Dividend	100.10	—
	<u>1,926.71</u>	<u>1,448.37</u>

Schedules to the Accounts

	As at 31st March, 2003	(Rs. in Lakh) As at 31st March, 2002
14. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities and Assets are attributable to the following items		
Liabilities		
Depreciation	3,425.78	3,509.47
	<u>3,425.78</u>	<u>3,509.47</u>
Less		
Assets		
Expenses allowable for tax purpose on payment	130.53	111.47
Cost of Voluntary Retirement Schemes	22.62	34.76
Cost of Merger	14.61	19.96
Provision for Doubtful Debts	206.42	278.88
Others	0.33	0.68
	<u>374.51</u>	<u>445.75</u>
	<u>3,051.27</u>	<u>3,063.72</u>

	2002-2003	(Rs. in Lakh) 2001-2002
15. OTHER INCOME		
Dividend on Long Term Investments from		
Trade Investments	—	16.58
Other than Trade Investments *	0.16	3.72
Interest on loans, deposits and others *	29.58	22.63
Claims Received	16.41	98.31
Sales Tax Incentive	137.67	101.80
Rent Receipt	36.88	36.88
Liabilities no longer required written back	95.68	215.40
Exchange Gain (Net)	172.07	149.08
Profit on sale of Investment	0.93	37.49
Profit on sale of Fixed Assets (Net)	52.76	5.98
Provision for Doubtful Debts written back	211.29	—
Bad Debts recovery	5.07	—
Miscellaneous Receipts	68.31	73.78
	<u>826.81</u>	<u>761.65</u>
* Includes tax deducted at source	1.08	0.64

16. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages and Bonus	2,716.92	2,622.54
Contribution to Provident and Pension Funds	190.12	186.46
Contribution to Superannuation Fund	144.86	47.03
Contribution to Gratuity Fund	167.39	134.95
Staff Welfare Expenses	495.42	526.45
	<u>3,714.71</u>	<u>3,517.43</u>

Schedules to the Accounts

	(Rs. in Lakh)	
	2002-2003	2001-2002
17. OTHER MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES		
Stores and Spare Parts Consumed	4,276.70	4,006.93
Power, Electricity and Water Charges	4,083.70	3,690.68
Repairs and Maintenance -		
Plant and Machinery	306.31	325.08
Buildings	77.45	128.07
Others	86.77	111.51
Rent	15.07	17.55
Rates and Taxes	135.98	127.76
Insurance	341.75	310.33
Commission to Selling Agents	787.66	740.50
Travelling and Conveyance	325.74	306.50
Directors' Remuneration (other than Executive Director)	35.18	45.95
Auditors' Remuneration -		
Audit Fee	6.50	6.50
Tax Audit Fee	—	0.60
Other Matters	3.02	3.98
Service Tax	0.67	0.49
Out of Pocket Expenses	0.41	0.36
Sales Tax	91.92	96.22
Provision for Doubtful Debts	27.82	758.86
Bad Debts/Advances Written off	268.29	180.38
Freight and Transport	1,459.37	1,254.85
Bank Charges	178.37	202.82
Communication Expenses	104.19	125.64
Processing Charges	58.96	69.24
Contractors' Labour Charges	426.42	339.25
Amortisation of Expenditure under Voluntary Retirement Scheme	26.53	13.09
Miscellaneous Expenses	769.38	809.34
	<u>13,894.16</u>	<u>13,672.48</u>
18. (INCREASE)/DECREASE IN WORK-IN-PROCESS AND FINISHED GOODS		
Work-in-Process		
Closing stock	8,314.30	6,307.20
Deduct: Opening stock	6,307.20	5,201.66
	<u>(2,007.10)</u>	<u>(1,105.54)</u>
Finished Goods		
Closing stock	3,453.29	4,531.65
Deduct: Opening stock	4,531.65	2,053.27
	<u>1,078.36</u>	<u>(2,478.38)</u>
	<u>(928.74)</u>	<u>(3,583.92)</u>
19. INTEREST ON		
Debentures	166.42	249.75
Term Loans	1,493.46	1,755.51
Others	655.89	791.93
	<u>2,315.77</u>	<u>2,797.19</u>

Schedules to the Accounts

	2002-2003		2001-2002	
	M.T.	(Rs. in Lakh)	M.T.	(Rs. in Lakh)
20. SALES/INCOME FROM OPERATIONS				
Sales including excise duty				
Graphite Electrodes, Anodes and				
Miscellaneous Graphite Products	39,194	32,220.54	32,136	29,512.49
Carbon Paste	4,958	735.50	4,729	653.88
Calcined Petroleum Coke	13,787	1,682.04	10,564	1,093.07
Electricity (MU)	12	433.35	13	441.16
Impervious Graphite Equipment and Spares	266	1,368.70	246	1,567.41
GRP/FRP Pipes and Tanks	603	882.82	330	374.73
Others		146.97		143.97
		<u>37,469.92</u>		<u>33,786.71</u>
Processing/Service Charges		15.00		8.65
Export Entitlement		3,523.25		3,048.86
		<u>41,008.17</u>		<u>36,844.22</u>

21. RAW MATERIALS CONSUMED				
Raw Petroleum Coke	41,208	2,991.79	37,735	2,092.81
Calcined Petroleum Coke	23,080	6,503.34	23,720	6,342.76
Pitch	16,126	2,721.63	15,319	2,745.96
Extrusion Oil (Kilo Litres)	254	46.76	259	48.95
Furnace Oil (Kilo Litres)	22,173	2,377.22	23,292	2,028.73
Others		421.50		390.13
		<u>15,062.24</u>		<u>13,649.34</u>
Less: Materials Capitalised		—		8.93
		<u>15,062.24</u>		<u>13,640.41</u>

	As at 31st March, 2003	As at 31st March, 2002
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)	3,338.78	3,369.80
Less : Preference Dividend (Rs.in Lakh)	52.74	62.50
(Including Dividend Tax)		
	<u>3,286.04</u>	<u>3,307.30</u>
Basic Earnings per Share (Rs.)	11.18	11.26
Diluted Earnings per Share (Rs.)	11.18	11.26

Schedules to the Accounts

	2002-2003	(Rs. in Lakh) 2001-2002
23. C.I.F. VALUE OF IMPORTS		
Raw Materials	5,546.95	5,757.32
Components and Spare parts	12.68	15.60
Capital Goods	—	2.20

24. EXPENDITURE IN FOREIGN CURRENCY		
ON ACCOUNT OF		
Travelling	115.24	98.09
Commission	635.94	595.47
Export Sales Expenses	75.16	64.53
Interest	30.19	91.47
Others	47.56	25.28

25. EARNINGS IN FOREIGN CURRENCY		
Export of Goods on F.O.B. Basis	19,924.21	18,998.54
Others	1.98	3.26

	2002-2003		2001-2002	
	(Rs. in Lakh)	%	(Rs. in Lakh)	%
26. CONSUMPTION OF				
a) Raw Materials				
Imported	7,229.99	48	6,785.25	49
Indigenous	7,832.25	52	6,855.16	51
	<u>15,062.24</u>	<u>100</u>	<u>13,640.41</u>	<u>100</u>
b) Stores and Spares				
Imported	18.49	1	25.00	1
Indigenous	4,258.21	99	3,981.93	99
	<u>4,276.70</u>	<u>100</u>	<u>4,006.93</u>	<u>100</u>

	2002-2003 For 2001-2002	2001-2002 For 2000-2001
27. AMOUNT REMITTED IN FOREIGN CURRENCY		
On account of Dividend excluding		
payments to mandatees in India (Rs.in Lakh)	55.15	58.17
Number of Shares held by Non-Resident Shareholders		
in respect of which dividends were remitted	2,720,844	2,326,824
Number of Non-Resident Shareholders	59	61

Schedules to the Accounts

	2002-2003		2001-2002	
	M.T.		M.T.	
28. PARTICULARS REGARDING CAPACITY, PRODUCTION AND STOCKS				
i) Capacity per annum as approved by Central Government				
Graphite Electrodes, Anodes and Miscellaneous Graphite Products		41,000		40,000
Carbon Paste		15,000		15,000
Nuclear Graphite		3,162		3,162
Impervious Graphite Equipment and Spares		650		650
Metallic Heat Exchangers		2,000		2,000
GRP/FRP Pipes and Tanks (Refer Note below)		15,500		15,500
Calcined Petroleum Coke		Not applicable		Not applicable
Electricity (MU)		Not applicable		Not applicable
Note: Approved capacity of GRP/FRP Pipes and Tanks shown above covers registered capacity of 5,000 units per annum of Portable Water Filtration Units.				
ii) Installed Capacity per annum (As certified by Company's Technical Expert)				
Graphite Electrodes, Anodes and Miscellaneous Graphite Products		35,000		33,000
Carbon Paste		19,800		19,800
Impervious Graphite Equipment and Spares		650		650
GRP/FRP Pipes and Tanks		10,000		10,000
Calcined Petroleum Coke		25,000		25,000
Electricity (MU)		134		134
iii) Actual Production/Generation				
Graphite Electrodes, Anodes and Miscellaneous Graphite Products		37,769		35,447
Carbon Paste		4,778		5,118
Impervious Graphite Equipment and Spares		287		255
GRP/FRP Pipes and Tanks		703		368
Calcined Petroleum Coke *		30,707		26,212
Electricity (MU) *		115		134
* Includes captive consumption				
Graphite Electrodes, Anodes and Miscellaneous Graphite Products		215		200
Calcined Petroleum Coke		16,920		15,648
Electricity (MU)		108		116
		2002-2003		2001-2002
		M.T.	(Rs. in Lakh)	M.T.
				(Rs. in Lakh)
iv) Opening Stock				
Graphite Electrodes, Anodes and				
Miscellaneous Graphite Products		6,584	4,241.02	3,473
Carbon Paste		763	99.63	374
Impervious Graphite Equipment and Spares		21	68.22	12
GRP/FRP Pipes and Tanks		82	55.60	44
Electricity (MU)		5	55.77	1.58
Others			11.41	5.98
			<u>4,531.65</u>	<u>* 2,053.27</u>
* Includes Rs.1222.05 Lakh acquired on amalgamation				
v) Closing Stock				
Graphite Electrodes, Anodes and				
Miscellaneous Graphite Products		4,944	3,109.06	6,584
Carbon Paste		583	79.89	763
Impervious Graphite Equipment and Spares		42	138.74	21
GRP/FRP Pipes and Tanks		182	106.73	82
Electricity (MU)			2.78	5
Others			16.09	11.41
			<u>3,453.29</u>	<u>4,531.65</u>

Schedules to the 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	3,641.33
Add:	Managerial Remuneration	57.82
	Provision for Doubtful Debts	27.82
	Amortisation of Expenditure under Voluntary Retirement Scheme	26.53
	Provision for Wealth Tax	6.00
		<u>118.17</u>
		3,759.50
Less:	Profit on sale of investments	0.93
	Profit on sale of fixed assets	59.86
	Provision for Doubtful Debts no longer required written back	211.29
		<u>272.08</u>
	Net Profit under Section 198	<u>3,487.42</u>
DIRECTORS' REMUNERATION		
Executive Director		
	Salary	6.00
	Commission @ 5% of Rs. 3,487.42 = 174.37	
	Restricted to maximum amount payable	8.50
	Contribution to Provident and Other Funds	2.12
	Other Benefits	6.02
		<u>22.64</u>
Other Directors		
	Sitting fees	1.18
	Commission @ 1% of Rs. 3,487.42 = 34.87	
	Restricted to maximum amount payable	34.00
		<u>35.18</u>
	Total for the year	<u>57.82</u>

Schedules to the 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, 2003
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 *	65,102.37
	Total Assets	65,102.37
	Sources of Funds	
	Paid-up Capital	3,188.09
	Reserves and Surplus	31,456.41
	Secured Loans	13,871.14
	Unsecured Loans	4,195.68
	Application of Funds	
	Net Fixed Assets	35,451.85
	Investments	1,434.54
	Net Current Assets	18783.16
	Miscellaneous Expenditure	93.04
	Accumulated Losses	Nil
	* Includes Owners' Funds - Rs. 34644.50 Lakh	
	Deferred Tax Liability (Net) Rs. 3051.27 Lakh	
4	PERFORMANCE OF COMPANY (AMOUNT IN RUPEES LAKH)	
	Turnover (including Other Income)	41,834.98
	Total Expenditure	38,193.65
	Profit before Tax	3,641.33
	Profit after Tax	3,338.78
	Earnings per Share in Rs.	11.18
	Dividend Rate %	25
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	Impervious Graphite Equipment and Spares
	Item Code No.(ITC Code)	271312.00
	Product Description	Calcined Petroleum Coke

Schedules to the 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 which is in conformity with the requirements of 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) INVESTMENTS (Long Term) are stated at cost less write down for any permanent diminution in carrying 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. LONG TERM CONTRACTS :

Revenue in respect of construction contracts is recognized on the basis of percentage of completion method. Anticipated Loss on such contracts is provided for in the period of incurrence (Refer Note 4 below).

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.

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.

Schedules to the Accounts

31. NOTES ON ACCOUNTS (contd.)

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. NON-RECURRING REVENUE EXPENSES :

Major non-recurring revenue expenditure 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, 2003	As on 31st March, 2002
	(Rs.in Lakh)	
A. Claims not acknowledged as debts		
a) Disputed Excise Duty for which appeals are pending	123.81	124.02
b) Disputed Sales Tax demand for which appeals preferred by the Company	123.58	133.25
c) Others	174.73	209.32
B. Bill discounted	3,555.09	2,227.18
3. Research and Development Expenditure of revenue nature of Rs. 71.33 Lakh (Previous year Rs. 57.79 Lakh)		
4. As indicated in Note 1 (F) above, revenue recognition policy in respect of certain contracts has been changed from completion contract method to percentage of completion method during the year. However, such change has no impact on the profit for the year or year-end net assets.		
5. Particulars of Cancellable Operating Leases :		
The Company has operating lease arrangements for certain office accommodation, 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.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, 2003 is 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.		

Schedules to the Accounts

31. NOTES ON ACCOUNTS (contd.)

7. 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.

iii) Segment Revenues, Results and Other Information

As at/ for the year ended 31st March, 2003

	Graphite and Carbon		Power		Others		Total of Reportable Segments	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
Sales/Income from Operations								
External Sales	34,785.05	31,403.41	433.35	441.16	2,251.52	1,942.14	37,469.92	33,786.71
Inter Segment Sales	416.24	224.84	5,633.93	5,526.56	1.20	—	6,051.37	5,751.40
Income from Operations (External)	3,525.92	3,051.44	—	—	12.33	6.07	3,538.25	3,057.51
Segment Revenues	38,727.21	34,679.69	6,067.28	5,967.72	2,265.05	1,948.21	47,059.54	42,595.62
Segment Results	3,956.87	4,053.06	2,497.82	2,910.43	232.73	243.15	6,687.42	7,206.64
Segment Assets	46,484.64	43,967.47	11,200.89	11,264.47	3,738.94	3,736.42	61,424.47	58,968.36
Segment Liabilities	6,210.20	4,505.39	482.31	323.74	365.70	383.34	7,058.21	5,212.47
Capital Expenditure	337.47	680.43	596.67	381.45	80.56	85.58	1,014.70	1,147.46
Depreciation and Amortisation	1,166.15	1,121.41	579.51	577.11	177.05	(2.14)	1,922.71	1,696.38
Non-cash Expenses other than Depreciation and Amortisation (Net)	68.12	929.49	—	—	16.70	9.75	84.82	939.24

Reconciliation of Reportable Segments with the Financial Statements

	Revenues		Results Net Profit		Assets		Liabilities*	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
Total of Reportable Segments	47,059.54	42,595.62	6,687.42	7,206.64	61,424.47	58,968.36	7,058.21	5,212.47
Corporate - Unallocated /								
Others (Net)	—	—	(730.32)	(660.34)	3,677.90	4,060.64	23,399.66	25,379.48
Inter Segment Sales	(6,051.37)	(5,751.40)	—	—	—	—	—	—
Interest Expenses	—	—	(2,315.77)	(2,797.19)	—	—	—	—
Taxes (Net)	—	—	(302.55)	(379.31)	—	—	—	—
	41,008.17	36,844.22	3,338.78	3,369.80	65,102.37	63,029.00	30,457.87	30,591.95
* Excluding Shareholders Funds								

Schedules to the Accounts

31. NOTES ON ACCOUNTS (contd.)

B. Secondary Segment (Geographical)

	Domestic		Export		Total	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
Revenues	20,403.57	17,173.41	20,604.60	19,670.81	41,008.17	36,844.22
Total Assets	65,102.37	63,029.00	—	—	65,102.37	63,029.00
Capital Expenditure	1,042.19	1,173.57	—	—	1,042.19	1,173.57

8. 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	Subsidiary
(b) Others Mr. N Venkataramani, Executive Director	Key Management Personnel

(ii) PARTICULARS OF TRANSACTIONS DURING THE YEAR ENDED 31ST MARCH, 2003

(Rs. in Lakh)

Nature of Transactions	Key Management Personnel	
	2002-03	2001-02
Directors' remuneration	22.64	45.83

Balance Outstanding at the year-end

Sundry Creditors

– Others 11.22 9.72

9. 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
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CASH FLOW STATEMENT for the year ended 31st March, 2003

	2002-2003	(Rs. in Lakh) 2001-2002
A. Cash Flows from Operating Activities		
Profit before taxation	3,641.33	3,749.11
Adjustments for :		
Depreciation	1,986.51	1,750.93
Foreign Exchange (Net)	(18.16)	(42.51)
Investment Income	(0.16)	(20.30)
Profit on Sale of Investments	(0.93)	(37.49)
Interest Expense	2,315.77	2,797.19
Interest Income	(29.58)	(22.63)
Profit on Sale of Fixed Assets (Net)	(52.76)	(5.98)
Bad Debts/Advances Written Off	268.29	180.38
Provision for Doubtful Debts (Net)	(183.47)	758.86
Liability no Longer Required Written Back	(95.68)	(215.40)
Provisions	32.02	30.34
Amortisation of Expenditure	26.53	13.09
Operating Profit before Working Capital changes	7,889.71	8,935.59
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	(2,394.53)	3,220.66
(Increase)/Decrease in Inventories	(837.81)	(3,114.16)
Increase/(Decrease) in Trade Payables	1,857.50	(613.74)
Cash generated from Operations	6,514.87	8,428.35
Taxes (Paid)/Refund - Net	106.81	(193.02)
Payment made under Voluntary Retirement Scheme	(67.20)	(65.46)
NET CASH FROM OPERATING ACTIVITIES	6,554.48	8,169.87
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(1,041.00)	(1,197.59)
Proceeds of Sale of Fixed Assets	73.91	25.77
Investment in Subsidiaries of Erstwhile Graphite India Limited	—	(277.00)
Investment in Other Securities	—	(1,478.41)
Sale of Investments	11.70	1,768.45
Interest Received	24.21	18.91
Dividend Received	0.14	20.30
NET CASH USED IN INVESTING ACTIVITIES	(931.04)	(1,119.57)

CASH FLOW STATEMENT (Contd.)

	2002-2003	(Rs. in Lakh) 2001-2002
C. Cash Flows from Financing Activities		
Redemption of Preference Shares	(250.00)	—
Proceeds from Borrowings		
Long Term	2,232.32	1,718.90
Short Term	3,497.52	2,035.60
Repayment of Borrowings		
Long Term	(4,117.69)	(4,199.02)
Short Term	(3,889.22)	(2,920.14)
Interest Paid	(2,420.00)	(2,905.70)
Dividend Paid (including tax thereon Rs.Nil – previous year Rs.68.99 Lakh)	(796.42)	(736.46)
NET CASH USED IN FINANCING ACTIVITIES	<u>(5,743.49)</u>	<u>(7,006.82)</u>
Net Cash Inflow/(Outflow)	<u>(120.05)</u>	<u>43.48</u>
Cash and Cash equivalents - as at March 31,2002 (Schedule 9)	284.48	128.56
Add : Cash and Cash equivalents taken over consequent over amalgamation	—	112.44
	<u>284.48</u>	<u>241.00</u>
Cash and Cash equivalents - as at March 31,2003 (Schedule 9)	164.43	284.48
Net Cash Inflow/ (Outflow)	<u>(120.05)</u>	<u>43.48</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
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata : 7th May, 2003

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

N. Venkataramani
Executive Director

K. K. Bangur
Chairman

Two-year FINANCIAL DATA

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

RATIOS

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