



**36TH ANNUAL REPORT
2003-04**

CONTENTS

Goa Carbon Limited	Page No.
Notice	2
Report of Directors' and Management Discussion and Analysis	4
Report on Corporate Governance	14
Auditors' Report	23
Accounts	26
General Business Profile	42
Statement regarding Subsidiary Companies	43
Financial Highlights	44
Paradeep Carbons Limited	
Directors' Report	47
Auditors' Report	51
Accounts	54
General Business Profile	65
Consolidated Accounts	
Auditors' Report	67
Accounts	68

**BOARD OF DIRECTORS**

Mr. Shrinivas V. Dempo *Executive Chairman*
Mr. Dara P. Mehta
Dr. W. R. Correa
Mr. P. G. Kakodkar
Mr. Soiru V. Dempo
Mr. Keki M. Elavia
Dr. A. B. Prasad *Managing Director*

COMPANY SECRETARY

Mr. P. S. Mantri

VICE PRESIDENT (Finance)

Mr. R. G. Nayak

SR. GENERAL MANAGER (Works) – Goa Plant

Mr. A. S. Sardesai

GENERAL MANAGER (Operations) – Bilaspur Plant

Mr. C. R. Mundhara

REGISTERED OFFICE

Dempo House, Campal
Panaji, Goa – 403 001

REGISTRARS & SHARE TRANSFER AGENTS

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai – 400 078

WORKS

1. St. Jose de Areal, Margao, Goa – 403 601
2. 34 - 40, Sector B, Sirgitti Industrial Area
Bilaspur 495 004, Chhattisgarh State

WHOLLY-OWNED SUBSIDIARY COMPANY

Paradeep Carbons Limited

BANKERS

Bank of India
ICICI Bank Ltd.

AUDITORS

M/s. Fraser & Ross, Chennai
Chartered Accountants

SOLICITORS

M/s. Little & Co., Mumbai



Notice

NOTICE is hereby given that the THIRTY SIXTH ANNUAL GENERAL MEETING of the Members of GOA CARBON LIMITED will be held at the Registered Office of the Company at Dempo House, Campal, Panaji, Goa – 403 001, on Thursday, the 16th September, 2004 at 10.30 a.m. to transact the following business:

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2004 and Profit and Loss Account for the year ended on that date as also the reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Dr. W. R. Correa, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Keki M. Elavia, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Members and Share Transfer Books in respect of Equity Shares of the Company will remain closed from Friday, the 10th September, 2004 to Thursday, the 16th September, 2004 (Both days inclusive).
3. Members are requested to notify immediately any change of address to their Depository Participants (DP's) in respect of their electronic share accounts and to the Company's Share Transfer Agent, Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, for shares held in physical form.
4. The dividend on equity shares, as recommended by the Board if approved at the ensuing Annual General Meeting of the Company, will be paid within 30 days from the date of declaration to those members or their mandatees whose names appear on the Company's Register of Members:
 - a) as beneficial owners as at the end of business on 9th September, 2004, as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of shares held by electronic form, and
 - b) as members in the Register of Members of the Company after giving effect of valid share transfers in physical form lodged with the Company on or before 9th September, 2004.
5. Those Members who have so far not encashed their dividend warrants for the below mentioned financial years are requested to claim or approach the Company for the payment as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to the introduction of Section 205 C by the Companies (Amendment) Act, 1999 on the dates as mentioned thereagainst.



Financial year ended	Due date of transfer
31-03-1997	14-11-2004
31-03-1998	07-11-2005
31-03-1999	14-11-2006
31-03-2000	11-06-2007
31-03-2001	23-10-2008
31-12-2001	30-07-2009
31-03-2003	20-10-2010

Pursuant to Section 205 A of the Companies Act, 1956, the unclaimed dividend for the year 1995-96 has been transferred on 13-11-2003 to the Investors Education and Protection Fund established under Section 205 C of the Companies Act, 1956.

6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion of/change in such bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants (DP's).

RE-APPOINTMENT OF DIRECTORS:

Dr. W. R. Correa and Mr. Keki M. Elavia, Directors of the Company, are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The information/data for these directors under the Corporate Governance Code of the Listing Agreement are given in the Corporate Governance Section of this Annual Report.

By Order of the Board of Directors

Registered Office:

Dempo House, Campal
Panaji, Goa – 403 001

Dated : 30th July, 2004

P. S. MANTRI
Company Secretary



Directors' Report

Your Directors have pleasure in presenting the Thirty-Sixth Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 2004.

OPERATING RESULTS :

The Company's performance for the year under review was satisfactory considering the challenges and sluggish market conditions. Your Company's performance during the year under review is summarized below:

FINANCIAL RESULTS :

		12 Months ended 31-3-2004 Rs. in Lacs		15 Months ended 31-3-2003 Rs. in Lacs
Profit before tax for the period		135.71		515.23
Less : Provision for Tax				
Current	64.10		54.41	
Deferred	(15.60)	48.50	41.51	95.92
		87.21		419.31
Less : Provision for Tax in respect of earlier year		5.75		-
		81.46		419.31
Balance b/f from P & L A/c of previous years		185.03		97.34
Available for appropriations		266.49		516.65
Appropriations :				
Proposed Dividend		46.00		161.00
Corporate Tax on Dividend		6.01		20.62
Transfer to General Reserve		-		150.00
Balance carried to Balance Sheet		214.48		185.03
		266.49		516.65

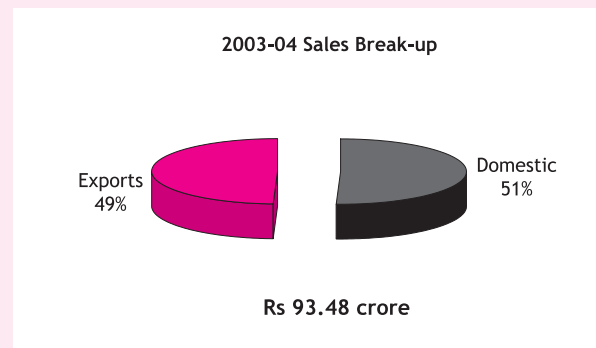
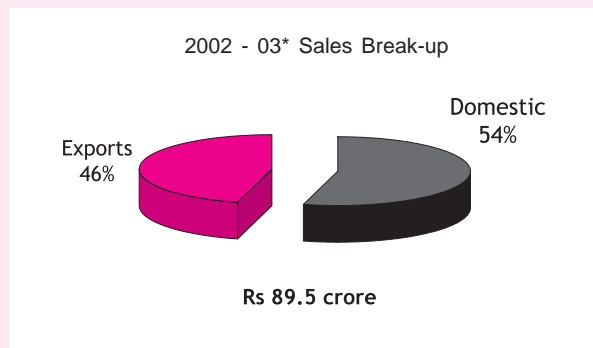
DIVIDEND :

In view of the substantial reduction in the profitability of the Company, your Directors are constrained to recommend dividend at a lower rate of 10 percent (Re. 1/- per Equity Share) for the year ended 31st March, 2004 as compared to 35 percent (Rs. 3.50 per equity share) for the 15 months period ended 31st March, 2003.

OPERATIONS :

The sales turnover of the Company for the year under review was Rs. 9348.15 lacs (12 months) as compared to Rs. 10891.20 lacs (15 months) during the previous period. Production of CPC was 99200 MT compared to 118057 MT during the previous 15 months period.

The sales turnover of CPC was 101431 MT (including exports 58909 MT) for the year under review as compared to 123569 MT (including exports 62983 MT) for 15 months of previous period. The export turnover of the Company was Rs. 4620.27 lacs in the year under review as against Rs. 5114.99 lacs during 15 months of previous period.



* The financial period ended on March 2003 comprises 15 months from 1 January 2002 to 31 March 2003

Even though there was an increase in the sales turnover of the Company for the year under review, on annualised basis the profitability for the year has been affected drastically due to steep increase in FOB prices as well as ocean freight for RPC, without corresponding rise in price of CPC. The Company is making all-round efforts to get the prices compensated for the rise in cost of its finished product. The Company is optimistic that improvement in CPC price and various cost reduction measures taken by the company will give positive results in the current year.

SUBSIDIARIES :

During the year under review, your company acquired additional 2480000 equity shares of Paradeep Carbons Limited bringing its holding to 100 percent in the share capital of the said Company. Thus, Paradeep Carbons Limited has now become a wholly owned subsidiary of your company.

In line with Section 212 of the Companies Act, 1956, the audited statement of accounts along with the report of the Board of Directors and Auditors Report of Paradeep Carbons Limited is annexed.

Your Company's wholly owned offshore subsidiary viz., GCL International Ltd., Mauritius has been voluntarily liquidated.

ENVIRONMENT AND SOCIAL CONCERN :

Your Company continues its efforts for the betterment of environment through energy conservation, waste minimization and by installing modern devices for pollution control. Incinerator/Combustion Chamber of the kiln for Goa Plant has been enlarged, modified and upgraded. This has resulted in much lower level of emission, better combustion and reduction in furnace oil per MT of CPC produced. Surveillance Audit for ISO 9002 was successfully completed through BVQI at Goa recently. The Company has also taken up ISO 14001 accreditation, which is likely to be completed during the current year.

PUBLIC DEPOSITS :

The Company has not accepted any public deposits during the year under review.

HUMAN RESOURCES :

Industrial relations continue to be cordial throughout the year under review. Your Company is pleased to report that it has signed Wage Settlement with the Workers Union on 26th July, 2004, which will be valid till December, 2006.

DIRECTORS :

We regret to report that Director Mr. Prabhakar S. Angle expired on 22nd June, 2004. Late Prabhakar S. Angle had been associated with the Company as a Director from 19-3-1982. During his tenure he has rendered valuable services to the Company. He was a well-known economist. Your Directors place on record their deep appreciation of the valuable services rendered by him during his tenure as a Director of the Company.

In accordance with Article 140 of the Articles of Association of your Company, Dr. W. R. Correa and Mr. Keki M. Elavia retire by rotation and being eligible offer themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors based on the information and representations received from the operating management confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability;
- (iv) the directors have prepared the annual accounts on a going concern basis.

AUDITORS :

You are requested to appoint Auditors for the current financial year and fix their remuneration. The retiring Auditors, M/s. Fraser & Ross, Chartered Accountants, are eligible for re-appointment.

AUDITORS' REPORT :

The observations made in the Auditors' Report are dealt with in notes forming part of the accounts, which are self-explanatory.

PARTICULARS OF EMPLOYEES :

The Company has no employee in the category specified under Section 217 (2A) of the Companies Act, 1956.

PARTICULARS OF CONSERVATION OF ENERGY ETC. :

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo required under Section 217 (1) (e) of the Companies Act, 1956 is set out in Annexure of this Report and forms part of it.

CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report and Report on Corporate Governance are annexed.

Auditors certificate certifying the Company's compliance with the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement is also annexed.

ACKNOWLEDGEMENT :

Your Directors wish to acknowledge and thank the Central Government, Government of Goa and Chhattisgarh and all regulatory bodies for their support and guidance.

Your Directors thank the esteemed shareholders, customers, business associates, Bankers and other business constituents of the Company for their valued co-operation.

Your Directors also wish to place on record their appreciation of the dedication and contribution of all the employees of the Company.

For and on behalf of the Board of Directors

SHRINIVAS V. DEMPO
Executive Chairman

Panaji, Dated : 30th day of July, 2004

Annexure to the Directors' Report

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY ETC. AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

(A) Conservation of Energy	Goa Plant	Bilaspur Plant
(a) Energy conservation measures	<p>Consumption of electrical energy per MT of Calcined Petroleum Coke (CPC) produced during the year has been marginally higher at 18.78 kwh as against 17 kwh during corresponding period of previous year. The higher consumption was primarily due to environment/pollution control equipments installed/upgraded.</p> <p>Around 69874 kwh units of electrical energy has been saved due to adequate installation and monitoring of power factor.</p> <p>The furnace oil consumption per ton of CPC produced was higher at 12.3 lts. as against 8.13 lts. during the previous year mainly due to customers' specific requirement of higher densities and consequent enhanced heat treatment of coke.</p>	<p>Consumption of electrical energy per MT of Calcined Petroleum Coke (CPC) produced has been reduced from 15.38 units in the previous year to 13.96 units during the year. This lower consumption was achieved due to improvement in the kiln operation period.</p> <p>The furnace oil consumption per MT of CPC produced has been reduced significantly from 28.41 ltr. to 10.51 ltr. by installation of Tertiary Air Blower System.</p>
(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.	<p>Consumption of energy is being monitored on regular basis. Capacitor Banks are being revamped from time to time to improve Power factor. Possibility of installation of VVF drive is being looked into. This may reduce energy consumption.</p>	
(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.	<p>No significant impact on energy consumption is expected. However, these measures may improve the quality of power.</p>	
(d) Total energy consumption and energy consumption per unit of production as per Form – A of the Annexure in respect of industries specified in the schedule thereto.	<p>Not applicable to our industry.</p>	



Annexure to the Directors' Report (Contd.)

(B) Technology Absorption

- (e) Efforts made in technology absorption as per Form – B of the Annexure. Please refer to the enclosure.

(C) Foreign Exchange Earnings and Outgo

- (f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans. The Company's export to internationally renowned aluminium majors as per long term contract still continues.
- (g) Total foreign exchange used and earned. Foreign Exchange used during the year 2003 – 04 for importing raw material, interest on foreign currency loans and travel expenses of employees for official work, etc. was equivalent to Rs. 51.97 crores.
Foreign Exchange earned during the year 2003 – 04 by exporting finished product was equivalent to Rs. 46.20 crores.

FORM - B

(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption

Research and Development (R & D)

1. Specific area in which R & D carried out by the Company
2. Benefits derived as a result of the above R & D
3. Future plan of action
4. Expenditure on R & D
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R & D expenditure as a percentage of total turnover

As reported above, the Company has been able to reduce the Furnace Oil consumption significantly from 28.41 Ltr/Tonne of CPC produced to 10.51 Ltr/Tonne in case of Bilaspur Plant by installation of Tertiary Air Blower System. However, Furnace Oil per Tonne of CPC produced was higher at 12.3 Ltr as against 8.13 Ltr in case of Goa Plant mainly due to specific requirement of higher densities by certain customers. The Company is continuously making efforts for the reduction of consumption of Furnace Oil.

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.
3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.
 - a) Technology imported
 - b) Year of Import
 - c) Has Technology been fully absorbed ?
 - d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

The Company is trying to improve the production efficiency and has been able to achieve an improvement during the year under review.

Not applicable



Management Discussion and Analysis

The year 2003-04 was an extremely challenging as well as difficult year for Calcined Petroleum Coke (CPC) industry due to the demanding economic scenario. In spite of this, the Goa Carbon team has demonstrated positive performance and competence to drive growth in sales turnover.

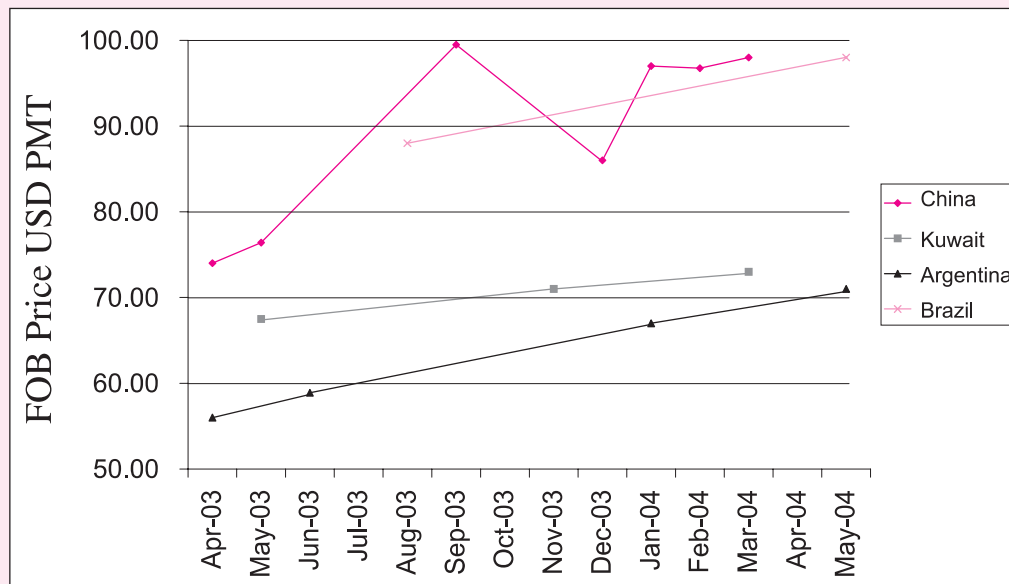
The Company reviewed short, medium and long term business prospects of petroleum coke. Even though Petroleum Coke business is having good demand there are pressures on margins and profitability. The growth of Petroleum Coke business is linked with the growth of basic aluminium metal production, steel industry and manufacture of titanium dioxide. It is reported that the growth of aluminium metal production is expected to be in the range of 6-8%. The steel industry worldwide is looking up although some of the aluminium smelters in India are closing due to prohibitive power tariffs. The overall global growth is expected to be positive. There are number of Brownfield expansions happening and some of them are at the completion stage. Considering all these factors, the management is of the firm view that the Petroleum Coke business is promising in the long term.

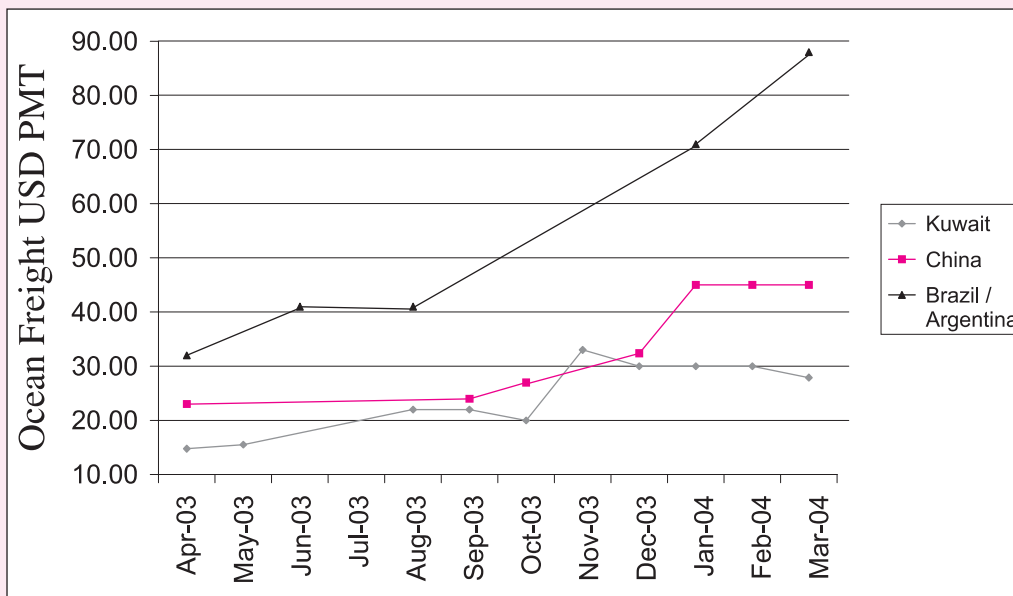
Goa Carbon has integrated all its acquisitions by merger of one of its erstwhile subsidiary viz. Vishwalakshmi Petro Products Limited last year and by increasing its Equity stake to 100 per cent in its subsidiary viz. Paradeep Carbons Limited (PCL) so as to make it a wholly owned subsidiary. This has been done to realize maximum operational efficiency and to meet the buyers requirement of CPC on all India basis.

RAW MATERIAL :

Raw Petroleum Coke (RPC), commonly known as Green Coke, continues to be the main raw material for the Company. RPC is produced in India by the Petroleum Refineries located mainly in the eastern parts of India. Since the delivered cost of RPC to Goa from Indian refineries is cost prohibitive, the Goa Plant mainly imports RPC from China, Kuwait or other countries depending on the FOB price and freight rates so as to convert final product, at a competitive price. The Company's Bilaspur Plant mainly uses RPC available from eastern parts of India and to some extent by importing through Paradeep Port. PCL has an advantage of using RPC from refineries based in eastern parts of India as well as imported from other countries.

During the year under review, the performance of the Company was affected adversely due to sudden and steep increase in FOB prices of RPC as well as ocean freight. The increase in cost is not reasonably compensated in the sale price of CPC.





Requirement of the CPC quality differs from customer to customer and therefore blending of various qualities of RPC is the essence of this industry. To meet the challenge of quality requirements, the company is discussing with low sulphur green coke producers directly and is quite hopeful that during the year 2004-2005 and onwards major requirement of low sulphur green coke will be met directly from the producers than through the traders. This will reduce the delivered cost of raw materials.

RESEARCH AND DEVELOPMENT :

Research and Development is an ongoing process at GCL. Your company's thrust is always on innovation and discovering new or improvised methods, concepts so as to improve the product quality, achieve cost effectiveness and optimum utilization of capacity.

The management reviewed the non-availability of low sulphur anode grade green coke and reached a conclusion that it has become necessary now to opt for blending of various types of green coke prior to calcination to achieve consistent quality of CPC. Therefore, the company has now decided to install an additional silo for Goa plant for blending. This will provide more flexibility of using superior as well as average quality green coke on regular basis. This will also help better control on size fractions as specified by various buyers. Another area for cost effectiveness is the saving on fuel oil and emission of fumes. The incinerator/combustion chamber at the Goa plant has already been enlarged, modified and upgraded for complete combustion of the flue gases and thereby achieving reduction in furnace oil consumption per tonne of CPC produced. Further, the emissions are much lower and well below the norms specified by regulatory authorities. Thus, the Goa plant is now more eco-friendly than earlier.

At the Paradeep plant, the company is planning to install steel silos to store CPC for loading directly on the tippers for transportation to domestic and export customers. This will reduce to some extent bagging cost, storage charges and avoid contamination. The Bilaspur plant is now directly loading the tippers and supplying to BALCO. This has resulted in reduction in bagging cost incurred by the Company and saving in the handling cost by BALCO.

HUMAN RESOURCES :

Your Company takes all initiatives keeping in mind overall organizational development with a strong emphasis on enhancing employees' productivity, efficiency as well as accountability. Customer satisfaction by meeting quality requirements is our primary objective. For achieving cost effectiveness and optimum capacity utilization, the employees are trained from time to time by involving them in various training programmes and seminars to keep them upto date on information.

The Company enjoys cordial relations with the workers and has not lost a single working day during the period under review.



SUBSIDIARIES :

Paradeep Carbons Limited

The Paradeep plant has reported a loss for the financial year ended 31st March, 2004. This was mainly due to the non-utilization of the plant's capacity of 125,000 tonnes CPC per year and also due to unprecedented increase in FOB prices and ocean freights on RPC while prices of CPC remained firm during this period. However, the management is of the view that during current year the plant's capacity will be utilized more and operations are expected to be better.

GCL International Limited

As reported in the last Annual Report, the operations of the Wholly Owned Offshore Subsidiary viz. GCL International Limited, Mauritius were wound up and the Company liquidated.

EXPORTS :

Your Company is continuously exploring opportunities in the global market for exporting its product. During the year under review, the export turnover of Rs. 4620.27 lacs almost accounts for 49 percent of the total turnover. PCL has also exported 23090 MT of CPC to one of the renowned aluminium majors during the year under review. Your company has identified the key growth global markets and is exploring for opportunities in those countries. Your company's state-of-the-art manufacturing facilities present opportunities for leading global aluminium smelters to out source part of their requirements from the Company.

INTERNAL CONTROL SYSTEM :

Your Company has a proper and adequate system of internal controls to ensure that all assets are protected and safeguarded. Your company has well documented operating procedures and authorisations which itself have adequate built in control. Adequate checks are built in to cover all financial transactions with systematic delegation of authority. The company's ISO system provides better level of system based checks and controls.

The internal control is supported by extensive internal and external audits and review by management.

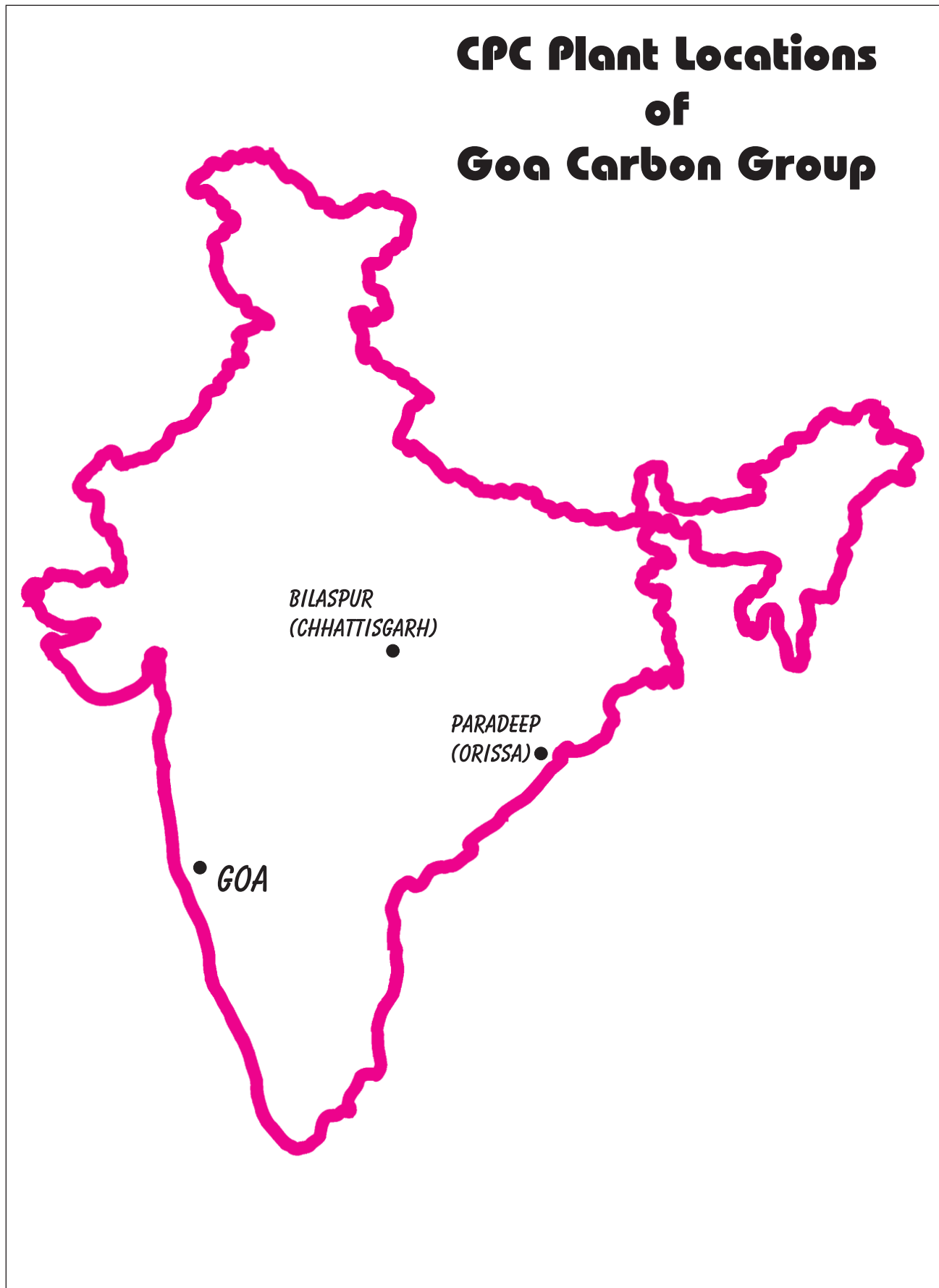
OUTLOOK FOR 2004-05 :

Although the market environment remains to be challenging, the Company through its continuous customer centric initiative, is confident of driving growth to maintain its leadership in the industry. Operational efficiency, cost effectiveness, increase in export market and optimum utilization of production capacity will be major factors for the business growth and profitability for the year ahead.

CAUTIONARY STATEMENT :

Some of the statements given in the above management discussions & analysis about company's projections, estimates or expectations may be 'forward looking statement' within the meaning of local laws and regulations. Actual results may differ substantially from those expressed or implied statements. The major forces which can affect the company's operations include a down trend in the industry, Mega Merger/take over/consolidation of Aluminium majors and subsequently their policies for resourcing CPC, significant changes in political and economic policies as well as tax laws, import duties, litigations or labour relations.

CPC Plant Locations of Goa Carbon Group





Report on Corporate Governance

Introduction

Your Company has complied in all material respects with the requirements of Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchange.

A report on the implementation of the Corporate Governance Code of the Listing Agreement by the Company is furnished below:

A. MANDATORY REQUIREMENTS

1. Company's philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages the attainment of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders, towards the ultimate goal of creating wealth and enhancing shareholders value.

2. Board of Directors

As on March 31, 2004, the Board consisted of eight Directors, two of whom are Executive Directors. The remaining six Directors are Non-Executive Directors, with five of them being Independent Directors.

The constitution of the Board is given below :

Name of Director	Executive/Non-Executive/ Independent ¹	No. of other Directorships	Membership of other Board Committees
Shrinivas V. Dempo	Executive Chairman	24 ²	–
Dara. P. Mehta	Independent Director	19 ³	3
Prabhakar S. Angle *	Independent Director	1	2
Dr. W. R. Correa	Independent Director	2	1
P. G. Kakodkar	Independent Director	9	7
Soiru V. Dempo	Non-Executive Director	11	2
Keki M. Elavia	Independent Director	7	6
Dr. A. B. Prasad	Managing Director – Executive	3	2

¹ An Independent Director is a director who apart from receiving directors remuneration, does not have any material pecuniary relationship or transactions with the Company, its promoters or its management or its subsidiaries, which in the judgement of the Board may affect their independence of judgement.

² Includes directorships held in 21 private limited companies.

³ Includes 8 companies in which Mr. Dara P. Mehta is an Alternate Director.

* Prabhakar S. Angle passed away on 22nd June 2004.

Attendance of Directors at Board Meetings and Annual General Meeting

The Board met 5 times during the financial year, on the following dates:

26th April, 2003

21st July, 2003

20th September, 2003

20th October, 2003

23rd January, 2004



The attendance at the Board Meetings and Annual General Meeting were as under:

Name of Director	Board Meetings Attended	AGM
Shrinivas V. Dempo	5	✓
Dara P. Mehta	3	–
Prabhakar S. Angle	4	–
Dr. W. R. Correa	4	✓
P. G. Kakodkar	2	–
Soiru V. Dempo	5	✓
Keki M. Elavia	5	✓
Dr. A. B. Prasad	5	✓

3. Remuneration of Directors

Details of remuneration paid/payable to directors for the year ended March 31, 2004 are as follows:

(Figures in Rupees)

Director	Loans and Advances from the Company	Sitting fees ^a	Salary & Perquisites	Commission	Total
Shrinivas V. Dempo	Nil	Nil	Nil	4,98,821	4,98,821
Dara P. Mehta	Nil	15,000	Nil	Nil	15,000
Prabhakar S. Angle	Nil	42,000	Nil	Nil	42,000
Dr. W. R. Correa	Nil	16,000	Nil	Nil	16,000
P. G. Kakodkar	Nil	9,000	Nil	Nil	9,000
Soiru V. Dempo	Nil	43,000	Nil	Nil	43,000
Keki M. Elavia	Nil	24,000	Nil	Nil	24,000
Dr. A. B. Prasad	Nil	Nil	10,35,754	Nil	10,35,754

^a includes sitting fees paid for Committee Meetings

4. Audit Committee

During the financial year 2003-04, five Audit Committee Meetings (including one adjourned meeting) were held, one of which was before finalisation of accounts and the others before approval of the Quarterly Financial Results by the Board. The dates on which the said meetings were held are as follows:

25th April, 2003 21st July, 2003 18th October, 2003*
 20th October, 2003 23rd January, 2004

* Meeting was adjourned to 20th October, 2003

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name	Designation	Non-Executive/ Independent	Profession	Committee Meetings Attended ^o
Dara P. Mehta	Chairman	Independent Director	Solicitor	4
Keki M. Elavia	Member	Independent Director	Chartered Accountant	5
Prabhakar S. Angle	Member	Independent Director	Businessman	5
P. G. Kakodkar ^a	Member	Independent Director	Banking Consultant	–

^o Including adjourned meeting.

^a Mr. P. G. Kakodkar was appointed on the Committee w.e.f. 30th July, 2004.



The terms of reference of the Audit Committee include the following:

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services;
- c) Approving fees for non-audit consulting/services provided by the firms of Statutory Auditors;
- d) Reviewing with Management the periodic financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices;
 - Major accounting entries based on exercise of judgement by management;
 - Significant adjustments arising out of audit;
 - The going concern assumption;
 - Compliance with accounting standards;
 - Compliance with stock exchange and legal requirements concerning financial statements;
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company at large;
- e) Reviewing with the management, external and internal auditors, the adequacy of internal control systems and recommending improvements to the management;
- f) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- g) Discussing with internal auditor and significant findings and follow-up thereon;
- h) Reviewing the findings of any internal investigations by the internal auditor into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- i) Discussing with external auditors before the audit commences, the nature and scope of audits as well as conduct post-audit discussions to ascertain any area of concern;
- j) Reviewing the Company's financial and risk management policies;
- k) Initiating investigations into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

5. Share Transfer & Investors' Grievance Committee

The Share Transfer & Investor Grievance Committee comprises of two Independent Directors and the Managing Director. The Committee, inter alia, approves the transmission/transfer of shares, issue of new/duplicate share certificates and oversees and reviews all matters connected with securities transfer. The Committee also looks into the redressal of shareholders' and investors' complaints/grievances. The Share Transfer & Investor Grievance Committee met 22 times during the financial year and the attendance of members at the meetings was as follows:

Name of the Member	Status	Number of meetings attended
Prabhakar S. Angle	Chairman	22
Soiru V. Dempo	Member	22
Dr. A. B. Prasad	Member	19
P. G. Kakodkar ^a	Member	–

^a Mr. P. G. Kakodkar was appointed on the Committee w.e.f. 30th July, 2004.

The total number of letters/complaints received and replied to the satisfaction of shareholders during the financial year were 740. There were no outstanding letters/complaints as on 31st March, 2004.

6. General Meetings

	Date	Venue
33rd Annual General Meeting*	17th September, 2001	Dempo House, Campal, Panaji – Goa 403 001
34th Annual General Meeting	24th June, 2002	- As above -
35th Annual General Meeting**	20th September, 2003	- As above -

* One special resolution was passed at this meeting.

** One special resolution was passed at this meeting and the approval of the shareholders was sought through postal ballot as required under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 for which a separate ballot paper and other communication was circulated to the members.

7. Note on Directors appointment/re-appointment

Dr. W. R. Correa and Mr. Keki M. Elavia are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

(a) Dr. W. R. Correa is Ph.D. in Electronics Engineering. He has been on the Board of the Company since September 1987. He is a Trustee of the Breach Candy Hospital, Breach Candy Medical Research Centre, Children of the World, Mumbai. Presently, he is on the Board of the following other companies:

Sr. No.	Name of the Company	Designation / Membership of Board Committees
1.	Bhansali Engineering Polymers Limited	Director
2.	Birla Kennametal Limited	Director & Member of the Shareholders/ Investors Grievance Committee

(b) Mr. Keki M. Elavia is a fellow of the Institute of Chartered Accountants of India and is a senior partner of Kalyaniwalla & Mistry, Chartered Accountants, Mumbai. Presently, he is on the Board of the following other companies:

Sr. No.	Name of the Company	Designation / Membership of Board Committees
1.	NRB Bearings Limited	Alternate Director & Member of the Audit Committee and Chairman of the Share Transfer & Investor Grievance Committee
2.	Grover Vineyards Limited	Alternate Director
3.	Uni Abex Alloy Products Limited	Director & Chairman of the Audit Committee
4.	Mazars Business Solutions Private Limited	Director
5.	Uni Deritend Limited	Director & Chairman of the Audit Committee
6.	Uni Klinger Limited	Director
7.	Paradeep Carbons Limited	Director & Chairman of the Audit Committee

8. Disclosures

- During the year under review, except for the transactions reported elsewhere in the Annual Report, there were no transactions between the Company and Promoters, Directors or Management, their subsidiaries or relatives, etc. that had a potential conflict with the interests of the Company at large.
- The Company has complied with the requisite regulations relating to capital markets. There were no penalties or strictures imposed on the Company by any of the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other Statutory authority, on any matter related to capital markets, during the last three years.



9. Means of Communication

The quarterly results are normally published in the Financial Express. Half-yearly results are not sent to shareholders.

Pursuant to Clause 51 of the Listing Agreement, the Company files quarterly results, shareholding pattern statement etc. on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC). The information filed by the Company can be accessed in the EDIFAR website viz. www.sebiedifar.nic.in or through a link in the website of SEBI viz. www.sebi.gov.in

The annual and quarterly results are posted by the Company on its website www.goacarbon.com

No presentations have been made to institutional investors or to analysts.

Management Discussion & Analysis form part of this Annual Report.

10. General Shareholder Information

a) Annual General Meeting

- Date and Time 16th September, 2004 at 10.30 a.m.
- Venue Dempo House, Campal, Panaji – Goa 403 001

b) Financial Calendar

- Financial reporting for
- Quarter ending June 30, 2004 July 2004
 - Quarter ending September 30, 2004 October 2004
 - Quarter ending December 31, 2004 January 2005
 - Quarter ending March 31, 2005 April 2005
 - Annual General Meeting for the year ending March 31, 2005 September 2005

c) Date of Book Closure

Friday, the 10th September 2004 to Thursday, 16th September 2004 (both days inclusive), for payment of dividend

d) Dividend Payment Date

Last week of September, 2004

e) Registered Office

Dempo House, Campal,
Panaji – Goa 403 001

f) Listing on Stock Exchanges at

The Stock Exchange, Mumbai
The Mangalore Stock Exchange

g) Stock Code – Physical

509567

Demat ISIN Number for NSDL & CDSL

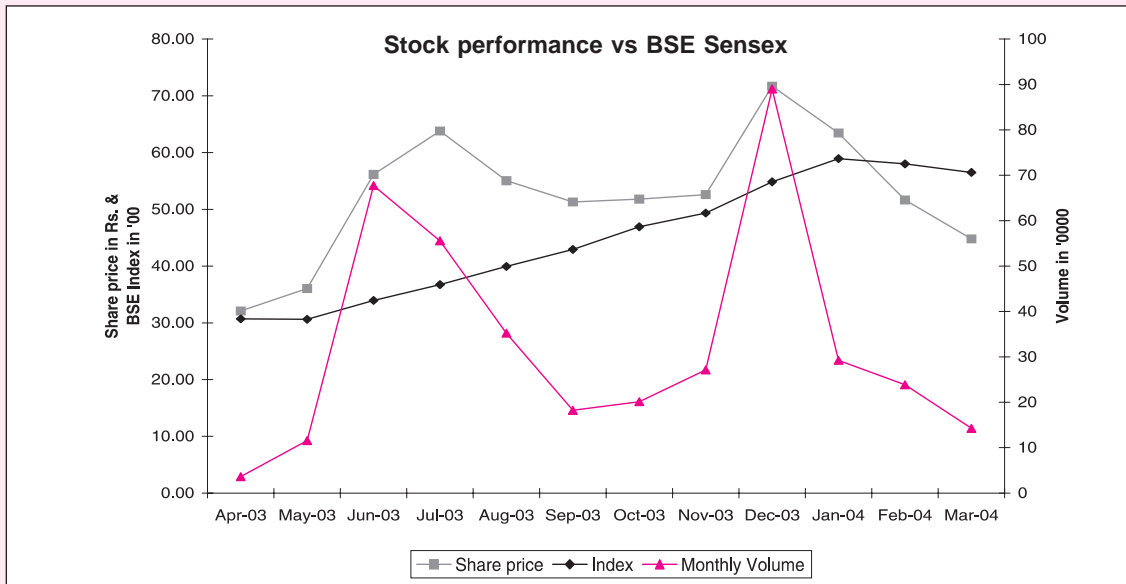
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h) Stock market data

	The Stock Exchange, Mumbai		
	High Rs.	Low Rs.	Monthly Volume
April 2003	35.70	28.50	36309
May 2003	38.80	33.30	115726
June 2003	74.90	37.40	677465
July 2003	78.90	48.70	555628
August 2003	60.60	49.50	352284
September 2003	58.50	44.10	182271
October 2003	57.60	46.00	201311
November 2003	59.50	45.70	271314
December 2003	87.80	55.60	889773
January 2004	77.70	49.20	292366
February 2004	60.70	42.60	238689
March 2004	50.40	39.20	142640

i) **Stock performance vs BSE Sensex**

The performance of the Company's Equity Shares relative to the BSE Sensitive Index (BSE Sensex) is given in the chart below:

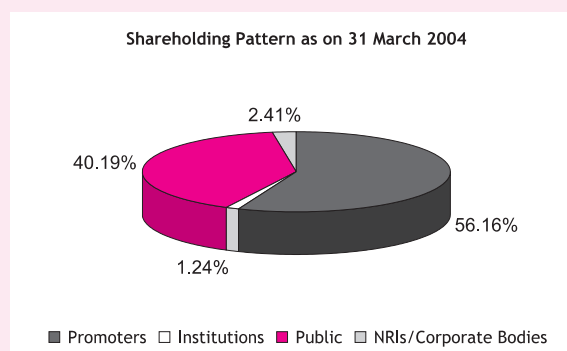


j) **Registrars & Share Transfer Agents**

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai 400 078
Ph.: (022) 5555 5454 Fax: (022) 5555 5353
Email: isrl@intimespectrum.com

k) **Distribution of Equity Shareholding as on 31st March, 2004**

Slab of shareholdings	Shareholders	%	Amount in Rs.	%
Upto 5000	14,141	96.71	1,20,22,120	26.14
5001 to 10000	298	2.04	23,95,230	5.21
10001 to 20000	98	0.67	14,91,570	3.24
20001 to 30000	29	0.19	7,38,090	1.60
30001 to 40000	18	0.12	6,76,930	1.47
40001 to 50000	8	0.06	3,65,120	0.79
50001 to 100000	19	0.13	12,69,420	2.76
100001 and above	11	0.08	2,70,41,520	58.79
Total	14,622	100.00	4,60,00,000	100.00





i) **Categories of Equity Shareholders as on 31st March, 2004**

	Category	No. of Shares held	Percentage of shareholding
A	Promoter's holding		
	1. – Indian Promoters	2580070	56.0885
	– Foreign Promoters	NIL	NIL
	2. Persons acting in concert	3640	0.0791
	Sub-Total	2583710	56.1676
B	Non-Promoters holding		
	3. Institutional Investors		
	a. Mutual Funds and UTI	650	0.0141
	b. Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institutions/ Non-government Institutions)	830	0.0181
	c. Foreign Institutional Investors	55000	1.1957
	Sub-Total	56480	1.2279
	4. Others		
	a. Private Corporate Bodies	103461	2.2492
	b. Indian Public	1841272	40.0276
	c. Non-Resident Indians/Overseas Bodies Corporate	8269	0.1797
	d. Clearing Members	6808	0.1480
	Sub-Total	1959810	42.6045
	GRAND TOTAL	4600000	100.0000

m) **Dematerialisation of shares**

As on 31st March, 2004, 26.41% of the Company's paid-up capital representing 12,14,930 shares were held in dematerialized form as compared to 19.28% of the Company's paid-up capital representing 8,87,036 shares as on 31st March, 2003. The Company's shares are compulsorily traded in dematerialized form.

n) **Share Transfer System**

Physical transfer of shares are processed by M/s. Intime Spectrum Registry Limited, Mumbai, the Share Transfer Agents and approved by the Share Transfer & Investors Grievance Committee, usually at fortnightly intervals. Transfer of shares is effected and the share certificates are sent to the transferees within 20 days from the date of receipt, provided the relevant documents are complete in all respects. Total number of shares (physical form) transferred during the financial year was 46,669. As at 31st March, 2004 no equity shares were pending for transfer.

The Company conducts a Secretarial Audit by Practising Company Secretary on a quarterly basis in accordance with SEBI requirements. The Secretarial Audit Reports, which have been submitted to the Stock Exchanges within the stipulated period, inter alia confirms that the equity shares of the Company held in dematerialized form and in physical form tally with the issued and paid-up equity share capital of the Company.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, Certificates on half-yearly basis, have been issued by a Practising Company Secretary for due compliance of share transfer formalities by the Company.

o) **Insider Trading Regulations**

The Company has established procedures for prohibition and regulation of insider trading in its shares, in accordance with the directions of the Securities & Exchange Board of India. Mr. P. S. Mantri, Company Secretary, is the Compliance Officer for the purpose.

p) **Plant Locations**

Goa Plant :

St. Jose de Areal
Goa – 403 730

Bilaspur Plant :

34-40, Sector B, Sirgitti Industrial Area
Bilaspur – 495 004

Paradeep Plant :

Paradeep Carbons Limited (Wholly-owned Subsidiary of the Company)
Vill. Udayabata, P.O. Paradeepgarh
Dist. Jagatsinghpur
Orissa – 754 142

q) **Address for Correspondence**

Correspondence for transfer/dematerialisation of shares and all other matters relating to shares except payment/revalidation of dividend on shares should be addressed to the Company's Registrars & Share Transfer Agents at the following address:

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West), Mumbai – 400 078
Ph.: (022) 5555 54 54
Fax: (022) 5555 5353
Email: isrl@intimespectrum.com

For payment/revalidation of dividend on shares, kindly address correspondence to:

Secretarial Department
Goa Carbon Limited
Dempo House, Campal
Panaji – Goa 403 001
Tel.: (0832) 2226281 to 2226286
Fax : (0832) 2427192
Email: legal@goacarbon.com

B. NON-MANDATORY REQUIREMENTS

1. Remuneration Committee

The Remuneration Committee comprises of 3 Directors viz. Mr. P. G. Kakodkar (Chairman), Dr. W. R. Correa and Mr. Soiru V. Dempo.

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Executive Directors.

The Remuneration Committee met once on 21st July, 2003 during the financial year. Except for Dr. W. R. Correa, the other members attended the meeting.

2. Details of public funds obtained in the last three years

The Company has not accepted/renewed any Fixed Deposits during the last 3 years.



CORPORATE GOVERNANCE CERTIFICATE

To the Members of Goa Carbon Limited

We have examined the compliance of conditions of corporate governance by Goa Carbon Limited, for the period ended on 31st March, 2004, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

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

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For FRASER & ROSS
Chartered Accountants

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

Chennai, Dated: 30th July, 2004



Report of the Auditors to the Shareholders

1. We have audited the attached Balance Sheet of Goa Carbon Limited as at 31st March, 2004, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the Directors are 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 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 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, 2004;
 - b) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For FRASER & ROSS
Chartered Accountants

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

Chennai, Dated 30th July, 2004



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

- 1) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) Physical verification of Fixed Assets has been carried out in a phased manner as determined by the management, whereby all assets have been verified during the year. The programme of verification is reasonable considering the nature of assets and size of the Company and no material discrepancies were noticed on such verification.
c) The Company has not disposed off any major part of its fixed assets during the year.
- 2) a) The Company has carried out a physical verification of raw material, finished goods and stores & spares as at 31st March, 2004. In our opinion, the frequency of verification is reasonable. The physical verification of raw materials and finished goods was carried out on technical measurement basis.
b) 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) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
- 3) a) The Company has granted a loan to its wholly owned Subsidiary Company, a Company listed in the Register maintained under Section 301 of the Companies Act, 1956, and has not accrued any interest for the year. In our opinion, the terms and conditions against which the loan has been granted is not prima facie prejudicial to the interest of the Company. In respect of this loan granted to the wholly owned Subsidiary Company, the maximum amount involved during the year and year-end balance was Rs. 2,192.08 lakhs and Rs. 872.62 lakhs respectively.
b) The Company has taken loans from two Companies covered in the Register maintained under Section 301 of the Companies Act, 1956. In our opinion, the rate of interest and other terms and conditions on which these loans have been taken are not prima facie prejudicial to the interest of the Company. The maximum amount involved during the year and year-end balance in respect of these loans was Rs. 800 lakhs and Rs. 500 lakhs respectively.
- 4) 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 with regard to purchases of raw materials including components, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal controls.
- 5) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, 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 arrangement entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable.
- 6) The Company has not accepted any deposits from the public during the year.
- 7) In our opinion, the Company has an Internal audit system commensurate with its size and nature of its business.
- 8) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956, in respect of the Company's product.



- 9) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, employees' state insurance (ESI), income tax, custom duty, excise duty and other statutory dues applicable to it.
b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, customs duty, excise duty and cess, which are outstanding as on 31st March, 2004 for a period of more than six months from the date they became payable.
c) According to the information and explanation given to us, there are no dues in respect of sales tax, income tax, customs duty, wealth tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute, except for the dues referred to in Note B (1) of Schedule 16 to the accounts.
- 10) The Company does not have any accumulated losses and has not incurred cash losses either during the current financial year or the immediately preceding financial year.
- 11) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- 12) Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- 13) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15) According to information and explanations given to us, the Company has given guarantee for loans taken by its wholly owned Subsidiary Company from banks, the terms and conditions whereof are not prejudicial to the interest of the Company.
- 16) The Company has not obtained any term loans during the year.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- 18) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company has not issued any debentures.
- 20) The Company has not raised any money through public issues during the year.
- 21) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

FOR FRASER & ROSS
Chartered Accountants

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

Chennai, Dated 30th July, 2004



BALANCE SHEET AS AT 31ST MARCH, 2004

Rupees in lacs

	Schedule	As at 31-3-2004	As at 31-3-2003
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	460.00	460.00
Reserves and Surplus	2	2,005.41	1,975.96
		2,465.41	2,435.96
LOAN FUNDS			
Secured Loans		6,136.25	3,854.13
Unsecured Loans		500.00	300.00
Deferred Tax Liability		158.83	174.44
TOTAL		9,260.49	6,764.53
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	2,323.79	3,013.24
Less: Depreciation		1,444.48	1,767.63
Net Block		879.31	1,245.61
Capital work-in-progress		20.62	–
		899.93	1,245.61
INVESTMENTS	5	1,028.67	880.75
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	2,865.26	3,000.35
Sundry Debtors	7	1,856.93	1,761.62
Cash and Bank Balances	8	1,966.74	659.02
Loans and Advances	9	1,461.21	1,507.34
		8,150.14	6,928.33
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	10	540.62	1,887.81
Provisions	11	277.63	403.66
		818.25	2,291.47
NET CURRENT ASSETS		7,331.89	4,636.86
Preliminary expenses to the extent not written off		–	1.31
TOTAL		9,260.49	6,764.53
Accounting Policies & Notes to the Accounts	16		

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS
Chartered Accountants

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

R. G. NAYAK
Vice President – Finance

P. S. MANTRI
Secretary

SHRINIVAS V. DEMPO *Executive Chairman*

Dr. A. B. PRASAD *Managing Director*

Panaji, Dated 30th July, 2004



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

Rupees in lacs

	Schedule	Year ended 31-3-2004	15 months ended 31-3-2003
INCOME			
Sales		10,104.35	11,814.81
Less: Excise duty		756.20	923.61
		9,348.15	10,891.20
Decrease in stock of finished goods		(28.31)	(250.95)
Other Income	12	385.89	227.80
		9,705.73	10,868.05
EXPENDITURE			
Raw Material Consumed	13	7,577.14	8,060.47
Manufacturing and other expenses	14	1,450.42	1,687.22
Finance Charges	15	418.50	431.33
Depreciation		122.65	168.99
Goodwill on Amalgamation written off		-	4.58
Preliminary expenses amortised		1.31	0.23
		9,570.02	10,352.82
PROFIT BEFORE TAX		135.71	515.23
Less: PROVISION FOR TAX			
Current		64.10	54.41
Deferred		(15.60)	41.51
		48.50	95.92
PROFIT FOR THE YEAR AFTER TAX		87.21	419.31
Less: Provision for tax in respect of earlier years		5.75	-
		81.46	419.31
Add: Balance brought forward from previous year		185.03	97.34
PROFIT AVAILABLE FOR APPROPRIATION		266.49	516.65
Less: Appropriations			
Proposed Dividend		46.00	161.00
Corporate Tax on Dividend		6.01	20.62
Transfer to General Reserve		-	150.00
		52.01	331.62
Surplus carried to Schedule 2		214.48	185.03
Earnings (Basic and diluted) per share (face value of Rs. 10/- each) Rs.		1.77	9.12
Accounting policies & Notes to the Accounts	16		

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS
Chartered Accountants

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

R. G. NAYAK
Vice President – Finance

P. S. MANTRI
Secretary

SHRINIVAS V. DEMPO Executive Chairman

Dr. A. B. PRASAD Managing Director

Panaji, Dated 30th July, 2004



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

Rupees in lacs

	12 Months ended 31-3-2004		15 Months ended 31-3-2003	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		135.71		515.23
Adjustment for:				
Depreciation	122.65		168.99	
Finance charges	418.50		431.33	
Preliminary expenses amortised	1.31		0.23	
Provision for diminution in value of Investments	–		7.90	
Investments written off	0.91		–	
Loss on assets sold/scrapped	2.82		0.32	
Goodwill written off	–		4.58	
Bad debts written off	2.75		13.65	
Provision for doubtful debts	–		1.64	
Profit on Sale of Assets	(1.23)		(0.99)	
Provision for doubtful debts written back	–		(26.70)	
Interest received	(32.41)		(38.56)	
Unrealised Exchange (Gain)/Loss (net)	(156.53)		(59.14)	
Dividend received	(1.01)	357.76	(1.49)	501.76
Operating Profit before working capital changes		493.47		1,016.99
Adjustment for:				
(Increase)/Decrease in inventories	135.09		(470.06)	
(Increase)/Decrease in trade & other receivables	(1,477.70)		(1,096.64)	
Increase/(Decrease) in Current Liabilities	(1,158.53)	(2,501.14)	155.02	(1,411.68)
Cash flow from operations		(2,007.67)		(394.69)
Direct taxes paid (net)		(28.05)		(76.82)
Net cash used in operating activities		(2,035.72)		(471.51)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(64.07)		(123.92)	
Purchase of Investments	(71.24)		(40.42)	
Sale of fixed assets	6.15		3.38	
Interest received	31.35		38.56	
Advances to Subsidiary	60.70		(145.99)	
Dividend received	1.01		1.49	
Net cash used in investing activities		(36.10)		(266.90)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004 (Contd.)

Rupees in lacs

	12 Months ended 31-3-2004		15 Months ended 31-3-2003	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long/short term borrowings from Banks	2,623.94		1,415.09	
Proceeds from unsecured borrowings	500.00		850.00	
Repayment of long/short term borrowings from Banks	(153.16)		(74.00)	
Repayment of unsecured borrowings	(300.00)		(850.00)	
Finance charges paid	(403.27)		(450.80)	
Dividends paid	(157.43)		(87.50)	
Corporate tax on dividend paid	(20.62)		-	
Net cash flow from financing activities		2,089.46		802.79
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)		17.64		64.38
CASH AND CASH EQUIVALENTS BEGINNING OF THE YEAR	90.08		22.70	
CASH AND CASH EQUIVALENTS OF THE AMALGAMATING COMPANY AT THE BEGINNING OF THE YEAR	-	90.08	3.00	25.70
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR		107.72		90.08

Note: Cash and Cash Equivalents represent Cash and Bank balances in current accounts.

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS
Chartered Accountants

SHRINIVAS V. DEMPO *Executive Chairman*

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

R. G. NAYAK
Vice President – Finance

Dr. A. B. PRASAD *Managing Director*

P. S. MANTRI
Secretary

Panaji, Dated 30th July, 2004



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1 : SHARE CAPITAL

Rupees in lacs

	As at 31-3-2004	As at 31-3-2003
Authorised		
2,20,00,000 Equity Shares of Rs. 10/- each	2,200.00	2,200.00
3,00,000 Preference Shares of Rs. 100/- each	300.00	300.00
	2,500.00	2,500.00
Issued and Subscribed		
46,00,000 Equity Shares of Rs. 10/- each fully paid (Of the above shares, 34,50,000 shares have been allotted as fully paid-up by way of Bonus Shares by Capitalisation of Capital Redemption Reserve and General Reserve)	460.00	460.00

SCHEDULE 2 : RESERVES AND SURPLUS

	As at 31-3-2004	As at 31-3-2003
General Reserve		
As per last Balance Sheet	1,790.93	2,044.79
Less: Deferred Tax Liability	-	75.84
Accumulated loss of the erstwhile subsidiary Vishwalakshmi Petro Products Limited as on 31-12-2001	-	328.02
	1,790.93	1,640.93
Add: Transfer from Profit & Loss Account	-	150.00
Surplus as per Profit & Loss Account	214.48	185.03
	2,005.41	1,975.96

SCHEDULE 3 : LOAN FUNDS

	As at 31-3-2004	As at 31-3-2003
SECURED LOANS		
Term Loan from Bank of India		
Rupee Loan	0.38	254.86
Dual Currency Swing Loan	1,003.77	902.45
	1,004.15	1,157.31
Add: Interest accrued and due (Secured by mortgage of all fixed assets including land and buildings and plant and machinery, pledge of all equity shares held in Paradeep Carbons Limited, second charge on pari-passu basis on all immovable assets including land and buildings of Paradeep Carbons Limited and hypothecation of movable and other immovable assets)	1.58	-
	1,005.73	1,157.31
Working capital advances from banks (Secured by hypothecation of all tangible movable assets, raw materials, finished goods, stores, spare parts and book debts and pledge of fixed deposit receipts)	5,130.52	2,696.82
	6,136.25	3,854.13
[Term loans include Rs. 240.68 lacs (Rs. 199.01 lacs) repayable within one year]		
UNSECURED LOANS		
Short term deposits from body corporates	500.00	300.00
	6,636.25	4,154.13

SCHEDULE 4 : FIXED ASSETS

Rupees in lacs

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK				
	As at 31-3-2003	Taken over on amalgamation	Additions	Deductions	As at 31-3-2004	Upto 31-3-2003	Taken over on amalgamation	For the year	Deductions	Upto 31-3-2004	As at 31-3-2004	As at 31-3-2003	
Land (Freshhold)	5.00	-	-	-	5.00	-	-	-	-	-	5.00	5.00	
Land (Leasehold)	17.26	-	-	-	17.26	2.15	-	0.31	-	2.46	14.80	15.11	
Plant and Machinery & Kiln	1,030.80	-	7.50	16.15	1,022.15	577.37	-	70.27	14.03	633.61	388.54	453.43	
Plant and Machinery leased out	1,161.49	-	-	698.40	463.09	789.51	-	-	419.04	370.47	92.62	371.98	
Buildings	511.12	-	15.22	0.11	526.23	238.05	-	24.70	0.12	262.63	263.60	273.07	
Laboratory Equipments	43.41	-	-	0.19	43.22	25.85	-	2.44	0.15	28.14	15.08	17.56	
Elect. Fittings & Equipments	103.94	-	1.99	0.02	105.91	50.70	-	7.69	0.02	58.37	47.54	53.24	
Furniture, Office Equipments and Computers	98.25	-	9.88	3.92	104.21	64.16	-	10.44	3.10	71.50	32.71	34.09	
Vehicles	41.97	-	8.86	14.11	36.72	19.84	-	6.80	9.34	17.30	19.42	22.13	
TOTAL	3,013.24	-	43.45	732.90	2,323.79	1,767.63	-	122.65	445.80	1,444.48	879.31	1,245.61	
Capital Work-in-progress at cost (including advances)												20.62	-
Previous Year	2,168.56	733.34	127.20	15.86	3,013.24	1,517.77	94.02	168.99	13.15	1,767.63	899.93	1,245.61	

Note: Buildings include residential flats costing Rs. 12.98 lacs (Previous year Rs. 12.98 lacs) in respect of which registration in the name of the Company is pending.





SCHEDULE 5 : INVESTMENTS (Long-term)

Rupees in lacs

	As at 31-3-2004		As at 31-3-2003	
Quoted (Non Trade)				
13,500 (13,500) Fully paid up Equity Shares of Rs. 10/- each in ICICI Bank Limited		4.05		4.05
Unquoted (Trade)				
In wholly owned Subsidiary Companies:				
Nil (30,000) Fully paid up Equity Shares of US\$ 1 each in GCL International Limited (Under liquidation)		–	13.13	
1,50,00,000 (1,25,20,000) Fully paid up Equity Shares of Rs. 10/- each in Paradeep Carbons Limited (Note B 3)	1,024.62	1,024.62	875.38	888.51
		1,028.67		892.56
Less: Provision for diminution in value of unquoted Investments		–		11.81
		1,028.67		880.75

	Book value		Market value	
	31-3-2004	31-3-2003	31-3-2004	31-3-2003
Aggregate of Quoted Investments	4.05	4.05	39.95	18.08
Aggregate of Unquoted Investments	1,024.62	876.70		
	1,028.67	880.75		

SCHEDULE 6 : INVENTORIES

	As at 31-3-2004	As at 31-3-2003
Raw Materials [Including in-transit Rs. 1.72 lacs (Rs. 1,243.89 lacs)]	2,319.33	2,407.43
Finished Goods	448.05	476.37
Stores & Spares	97.88	116.55
	2,865.26	3,000.35

SCHEDULE 7 : SUNDRY DEBTORS (Unsecured)

	As at 31-3-2004	As at 31-3-2003
Outstanding for a period exceeding six months		
Considered good	0.03	11.01
Considered doubtful	7.81	7.81
	7.84	18.82
Other Debts		
Considered good	1,856.90	1,750.61
	1,864.74	1,769.43
Less: Provision	7.81	7.81
	1,856.93	1,761.62


SCHEDULE 8 : CASH AND BANK BALANCES

Rupees in lacs

	As at 31-3-2004	As at 31-3-2003
Cash on hand	1.93	1.44
Balances with Scheduled Banks:		
In Current Accounts	105.79	88.64
In Unpaid Dividend Accounts	18.15	14.58
In Fixed Deposits (Fixed deposit receipts pledged with the Banks as security for facilities availed from them)	1,840.87	554.36
	1,966.74	659.02

SCHEDULE 9 : LOANS & ADVANCES (Unsecured, considered good)

	As at 31-3-2004	As at 31-3-2003
Advances and loans to subsidiary companies [Maximum amount due at any time during the year Rs. 2,192.08 lacs (Rs. 933.32 lacs)]	872.62	933.32
Advances recoverable in cash or in kind or for value to be received	411.12	354.54
Interest accrued on Deposits	7.13	6.07
Advance payment of Income tax and tax deducted at source	161.36	204.43
Balance with Customs & Excise authorities	8.98	8.98
	1,461.21	1,507.34

SCHEDULE 10 : CURRENT LIABILITIES

	As at 31-3-2004		As at 31-3-2003	
Acceptances	-		354.82	
Sundry Creditors				
Due to small scale industrial undertakings [Amount due for more than 30 days Nil (Nil)]	-		1.09	
Due to others	407.40		1,114.56	
Due to a Director	4.99	412.39	26.97	1,497.44
Interest accrued but not due on loans		17.46		3.81
Unpaid Dividend (Represents dividend warrants issued but remained unrepresented to the banks and there is no amount due and outstanding to be credited to Investor Education and Protection Fund)		18.15		14.58
Deposits from lessee		92.62		371.98
		540.62		1,887.81



SCHEDULE 11 : PROVISIONS

Rupees in lacs

	As at 31-3-2004	As at 31-3-2003
Taxation	199.43	200.37
Leave encashment	23.51	21.67
Gratuity	2.68	-
Proposed Dividend	46.00	161.00
Corporate Tax on Dividend	6.01	20.62
	277.63	403.66

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

SCHEDULE 12 : OTHER INCOME

	Year ended 31-3-2004	15 months ended 31-3-2003
Interest (Gross)		
From Banks	31.89	37.85
From others	0.52	0.71
[Tax deducted at source Rs. 5.35 lacs (Rs. 15.94 lacs)]		
	32.41	38.56
Lease income	0.96	1.81
Dividend from Non-trade Investments	1.01	1.49
Miscellaneous Receipts (Gross)	30.42	14.42
[Tax deducted at source Rs. 0.11 lac (Rs. 0.48 lac)]		
Exchange gain (net)	289.59	134.96
Provision for doubtful debts written back	-	26.70
Profit on Sale of Raw Materials	30.27	8.87
Profit on Sale of Assets	1.23	0.99
	385.89	227.80

SCHEDULE 13 : RAW MATERIAL CONSUMED

	Year ended 31-3-2004	15 months ended 31-3-2003
Opening Stock	1,163.54	1,693.94
Add: Purchases	9,009.49	7,550.51
	10,173.03	9,244.45
Less: Cost of Sales	278.28	20.44
	9,894.75	9,224.01
Less: Closing Stock	2,317.61	1,163.54
	7,577.14	8,060.47


SCHEDULE 14 : MANUFACTURING & OTHER EXPENSES

Rupees in lacs

	Year ended 31-3-2004	15 months ended 31-3-2003	
Salaries, Wages, Bonus & Commission	302.83		326.44
Contribution to Provident Fund, Superannuation Fund, Gratuity, Family Pension Fund and ESI	35.05		37.81
Staff Welfare Expenses	35.56		44.65
Excise duty	12.89		23.36
Fuel, Power and Water	233.97		300.50
Repairs & Maintenance			
Plant & Machinery	90.63		81.92
Buildings	39.65		29.65
Others	21.03	151.31	22.17
Packing & Forwarding	342.05		441.14
Selling & Distribution expenses	53.24		43.85
Rent	26.52		26.53
Rates & Taxes	4.13		4.95
Travelling Expenses	68.41		99.41
Insurance	22.11		24.59
Loss on assets sold/scrapped	2.82		0.32
Bad debts written off	2.75		13.65
Provision for doubtful debts	-		1.64
Provision for diminution in value of investments	-		7.90
Investments written off (Net of Rs. 0.41 lac realisable on liquidation)	12.72		-
Less: Transfer from Provision	11.81	0.91	-
Auditors' Remuneration:			
Audit fees	2.25		2.63
Tax Audit	0.60		0.57
Certification & other matters	2.07		0.35
Expenses	0.42	5.34	0.13
Directors' sitting fees	1.49		1.48
Miscellaneous expenses	149.04		151.58
	1,450.42		1,687.22

SCHEDULE 15 : FINANCE CHARGES

	Year ended 31-3-2004	15 months ended 31-3-2003
Interest on term loans	51.92	105.95
Interest on working capital borrowings/unsecured loans [Net of interest charged to a subsidiary company Rs. Nil (Rs. 76.01 lacs)] [Tax deducted at source Rs. Nil (Rs. 17.82 lacs)]	272.78	207.69
Bank charges and commission	93.80	117.69
	418.50	431.33



SCHEDULE 16 : ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2004

A. Significant Accounting Policies :

- (1) System of Accounting :
Financial statements are prepared on historical cost convention based on accrual basis of accounting and applicable Accounting Standards.
- (2) Fixed Assets :
 - (i) Fixed Assets are stated at cost.
 - (ii) Depreciation :
 - (a) Depreciation is provided on all assets other than those given on lease on the written down value method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
 - (b) Leasehold Land is depreciated over the period of lease.
 - (c) Fixed Assets leased out are depreciated over the primary period of lease on straight line method.
- (3) Investments :
Long term investments are stated at cost and provision for diminution is made if such diminution is other than temporary in nature.
- (4) Inventories:
Inventories are valued at the lower of cost (net of cenvat where applicable) and net realisable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In respect of raw materials, cost is determined on specific identification. In respect of stores and spares, cost is determined on First-in First-out basis. In the case of finished goods, cost includes appropriate production overheads and excise duty.
- (5) Revenue Recognition :
Revenue from sales is recognised on despatch of goods and includes excise duty where applicable.
- (6) Insurance Claims :
Insurance claims are accounted on settlement.
- (7) Retirement Benefits :
Liability in respect of Gratuity to the eligible employees determined by the Life Insurance Corporation of India (LIC) on the basis of actuarial valuation as at the year end is funded with LIC and contribution thereof is absorbed in the accounts. Gratuity liability in respect of other employees has been determined as per the Payment of Gratuity Act and provided for. Contribution to Provident Fund, Superannuation and Pension Fund are charged to Profit and Loss account. Liability to leave encashment determined on the basis of actuarial valuation as on the Balance Sheet date is provided for.
- (8) Foreign Currency Transactions :
 - (i) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. The transactions outstanding at the year end are translated at the rate of exchange prevailing at the year end and profit or loss other than that relating to fixed assets is recognised in the Profit and Loss Account.
 - (ii) The foreign currency transactions entered into by the Company under Forward Contracts are accounted on the date of transaction and the difference between the forward contract rate and the exchange rate on the date of transactions is recognised in the Profit and Loss Account over the period of contract.
- (9) Borrowing Costs :
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. All other borrowing cost are charged to revenue.
- (10) Income Tax :
Current tax is determined in accordance with Income Tax Act on the income chargeable to tax. Deferred tax is recognised on all timing differences subject to consideration of prudence.



SCHEDULE 16 (Contd.)

7. Remuneration to Executive Chairman and Managing Director:

Rupees. in lacs

	Year ended 31-3-2004	15 months ended 31-3-2003
Commission to Executive Chairman	4.99	26.97
Managing Director:		
Salary	6.00	7.50
Contribution to Provident and other funds	1.94	2.42
Perquisites	2.42	3.03
	10.36	12.95
Total	15.35	39.92
COMPUTATION OF NET PROFIT UNDER SECTION 349 OF THE COMPANIES ACT, 1956 FOR COMMISSION TO EXECUTIVE CHAIRMAN		
Profit before tax for the year	135.71	515.23
Add: Directors sitting fees	1.49	1.48
Managerial remuneration	15.35	39.92
Provision for doubtful debts	-	1.64
Provision for diminution in value of investments	0.91	7.90
	153.46	566.17
Less: Provision for doubtful debts written back	-	26.70
	153.46	539.47
Overall limit 10%	15.35	53.95
Commission restricted to	4.99	26.97

8. Donations given to political parties are as under:

	Year ended 31-3-2004	15 months ended 31-3-2003
Name of the political Party		
Bharatiya Janata Party	-	1.75
Goa Pradesh Congress Party	-	1.75
Nationalist Congress Party	-	0.50
Maharashtrawadi Gomantak Party	-	0.50

9. Previous period's figures have been regrouped wherever necessary to conform to the classification for the year.

10. Figures in the Profit & Loss Account for the year relate to 12 months as against previous period's figures which relate to 15 months and hence are not comparable.



SCHEDULE 16 (Contd.)

11. Additional information pursuant to the provisions of paragraph 3, 4C, and 4D of Part II of Schedule VI to the Companies Act, 1956.

	Quantity MT	Year ended 31-3-2004 Rs. in lacs	%	Quantity MT	15 months ended 31-3-2003 Rs. in lacs	%
a) Particulars of installed capacity, production, stocks and turnover						
Installed Capacity Calcined (being a technical Petroleum matter, accepted by Coke auditors as certified by management)	140,000 (per annum)			1,40,000 (per annum)		
Production Calcined Petroleum Coke	99,200			118,057		
Opening stock (- do -)	6,270	476.37		11,531	699.98	
Stock taken over from erstwhile VPPL (- do -)	-	-		251	27.34	
Closing stock (- do -)	4,039	448.05		6,270	476.37	
Turnover * (- do -) * Includes samples sent to customers, handling losses and difference in Draft Survey for bulk exports.	101,431	9,348.15		123,569	10,891.20	
b) Raw material consumed						
Imported Raw Petroleum Coke	113,434	5,911.20	78.01	124,294	5,624.44	69.74
Indigenous (- do -)	19,845	1,665.94	21.99	33,470	2,436.03	30.22
c) Value of stores & spare parts consumed for repair jobs						
Imported		-	-		-	-
Indigenous		46.88	100.00		72.73	100.00
d) Value of imports on CIF basis						
Raw material		6,419.15			4,858.89	
Stores & spare parts		-			-	
Capital goods		-			-	
e) Amount remitted during the year in foreign currency on account of dividend						
		-			-	
f) Earnings in foreign currency (FOB value of exports)		4,620.27			5,114.99	
g) Expenditure in foreign currency						
i) Travelling		13.76			37.71	
ii) Interest		77.01			44.16	
iii) Analysis fee, subscriptions etc.		8.51			10.43	



SCHEDULE 16 (Contd.)

12. Disclosures in respect of Related Parties pursuant to Accounting Standard 18 issued by the Institute of Chartered Accountants of India :

i) List of related parties:

Names of the related parties

V.S. Dempo & Co. Private Limited

Paradeep Carbons Limited

Marmagoa Shipping & Stevedoring Co. Pvt. Ltd.

Aparant Iron & Steel Pvt. Ltd.

Dempo Industries Pvt. Ltd.

Dempo Travels Pvt. Ltd.

Dempo Marketing Co. Pvt. Ltd.

Vasantrao Dempo Education and Research Foundation

Mr. Shrinivas V. Dempo (Executive Chairman)

Dr. A. B. Prasad (Managing Director)

Nature of relationship

Ownership, directly and indirectly of more than 50% of the voting power.

Wholly owned subsidiary company

Common Key Management Personnel

Key Management Personnel

ii) Transactions with the related parties:

	Enterprise having ownership of more than 50% Rs. in lacs	Subsidiary Rs. in lacs	Enterprise with Common Key Management Personnel Rs. in lacs	Key Management Personnel Rs. in lacs
Loans taken:				
Taken during the year	500.00 (456.58)		– (459.74)	
Repaid during the year	300.00 (456.58)		– (459.74)	
Loans and advances given:				
Given during the year		2,423.48 (1,651.30)		
Returned during the year		2,484.18 (1,430.75)	– (100.00)	
Purchase of goods		557.98 (659.09)	1.21 (4.46)	
Sale of goods		247.14 (–)		
Purchase of services:				
Stevedoring and other related charges including reimbursements of port dues etc.	153.45 (123.87)		319.35 (356.34)	
Rent	7.15 (4.13)			
Reimbursement of air travel tickets			31.78 (57.36)	
Reimbursement of other expenses	9.57 (11.48)		0.49 (4.99)	
Donations			3.00 (7.50)	
Remuneration				15.35 (40.00)
Reimbursement of salaries			3.14 (4.84)	
Credit balances as at 31-3-2004	212.60 (5.58)		300.00 (300.00)	4.99 (26.97)
Debit balances as at 31-3-2004		872.62 (933.32)		

**SCHEDULE 16 (Contd.)**

13. Earnings per share:

	12 months ended 31-3-2004	15 months ended 31-3-2003
i) Profit after tax as per Profit & Loss Account (Rs. in lacs)	81.46	419.31
ii) Number of Equity Shares	4,600,000	4,600,000
iii) Basic and diluted earnings per share in rupees	1.77	9.12

14. Segment reporting:

The Company is engaged in manufacture and sale (both domestic and export) of Calcined Petroleum Coke which constitutes single business segment. As per management's perspective, the risks and returns from its sales do not materially vary geographically. Accordingly there are no business/geographical segments to be reported under Accounting Standard (AS) 17 issued by the Institute of Chartered Accountants of India.

15. Disclosure pursuant to Clause 32 of the Listing Agreement with the Stock Exchanges :

Particulars	Name of the Company	Balance as on 31-3-2004 Rs. in lacs	Maximum amount outstanding at any during the year Rs. in lacs
Interest free loans given to wholly owned subsidiary company	Paradeep Carbons Limited	872.62	2192.08

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS

Chartered Accountants

M. K. ANANTHANARAYANAN

Partner

Membership No. 19521

R. G. NAYAK

Vice President – Finance

SHRINIVAS V. DEMPO

Executive Chairman

Dr. A. B. PRASAD

Managing Director

P. S. MANTRI

Secretary

Panaji, Dated 30th July, 2004



**Additional information pursuant to the provisions of Part – IV of Schedule VI of Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile :**

I. Registration Details :

Registration No. State Code

Balance Sheet Date

II. Capital raised during the year (Amount in Rs. thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

	Total Liabilities	Total Assets
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="9"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="9"/>
Sources of Funds	Paid-up Capital	Reserves & Surplus
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="1"/>
	Secured Loans	Unsecured Loans
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
	Deferred Tax Liability	
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="3"/>	
Application of Funds	Net Fixed Assets	Investments
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="7"/>
	Net Current Assets	Misc. Expenditure
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="9"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
	Accumulated Losses	
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	

IV. Performance of Company (Amount in Rs. thousands)

Turnover (including income from leasing & other income)	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="4"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="3"/>
Profit (+)/Loss(-) Before Tax	Profit (+)/Loss(-) After Tax
<input type="text" value=""/> <input type="text" value=""/> <input "="")="" type="text" value="("/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input "="")="" type="text" value="("/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/>
Earning per share in Rs.	Dividend Rate %
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/>

V. Generic Names of Three Principal Products/Services of Company

Item Code No. (ITC Code)

Product description



STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956

Rupees in lacs

Name of the Subsidiary Company	Extent of interest in the Subsidiary at the end of financial year of the Subsidiary			Net aggregate amount of the Subsidiary's Profits/ (Losses) so far as it concerns members of the Holding Company			
				Profits/(Losses) not dealt with in the Holding Company's Accounts		Profits dealt with or (Losses) provided for in the Holding Company's Accounts	
	Subsidiary's Financial year ended on	No. of shares held	% of total paid-up capital	For the financial year of the Subsidiary	For the previous financial years since it became the Holding Company's Subsidiary	For the financial year of the Subsidiary	For the previous financial years since it became the Holding Company's Subsidiary
Paradeep Carbons Limited	31-3-2004	15,000,000	100.00	(285.22)	(646.10)	Nil	Nil

For and on behalf of the Board of Directors
SHRINIVAS V. DEMPO *Executive Chairman*

R. G. NAYAK
Vice President – Finance

P. S. MANTRI
Secretary

Dr. A. B. PRASAD *Managing Director*

Panaji, Dated 30th July, 2004



FINANCIAL HIGHLIGHTS FOR LAST FIVE YEARS

Rupees in lacs

	2003-04	1-1-02 to 31-3-03	1-4-01 to 31-12-01	2000-01	1999-2000
Sales	9,348.15	10,891.20	3,754.29	4,468.67	3,898.68
Other Income	385.89	227.80	47.33	168.22	126.06
(A)	9,734.04	11,119.00	3,801.62	4,636.89	4,024.74
Raw materials & manufacturing expenses	9,057.18	10,003.45	3,387.21	4,090.61	3,435.71
Finance charges	418.50	431.33	84.11	116.62	97.08
(B)	9,475.68	10,434.78	3,471.32	4,207.23	3,532.79
Gross Profit (A – B) (C)	258.36	684.22	330.30	429.66	491.95
Depreciation	122.65	168.99	59.96	170.71	178.22
Provision for Taxation	54.25	95.92	53.99	65.50	47.50
(D)	176.90	264.91	113.95	236.21	225.72
Net Profit (C – D)	81.46	419.31	216.35	193.45	266.23
Dividend declared	10%	35%	17%	15%	20%

WHAT THE COMPANY OWNED					
Net Fixed Assets	899.93	1,245.61	654.07	712.41	861.50
Investments	1,028.67	880.75	1,452.81	209.46	209.46
Current Assets, Loans & Advances	8,150.14	6,928.33	4,942.40	3,544.73	3,527.09
Preliminary expenses to the extent not written off	–	1.31	–	–	–
	10,078.74	9,056.00	7,049.28	4,466.60	4,598.05
WHAT THE COMPANY OWED					
Secured Loans	6,136.25	3,854.13	1,856.10	1,009.85	1,234.07
Unsecured Loans	500.00	300.00	300.00	70.00	–
Deferred tax liability	158.83	174.44	57.09	–	–
Current Liabilities & Provisions	818.25	2,291.47	2,233.96	859.42	954.06
	7,613.33	6,620.04	4,447.15	1,939.27	2,188.13
NET WORTH OF THE COMPANY					
Equity Share Capital	460.00	460.00	460.00	460.00	460.00
Reserves & Surplus	2,005.41	1,975.96	2,142.13	2,067.33	1,949.92
	2,465.41	2,435.96	2,602.13	2,527.33	2,409.92

Figures for the period of 1-1-2002 to 31-3-2003 and 2003-04 include the figures of erstwhile Vishwalakshmi Petro Products Limited which has been amalgamated with the Company effective from 1-1-2002.

Annual Report
of
Paradeep Carbons Limited
(Wholly-owned Subsidiary Company)

PARADEEP CARBONS LIMITED

Annual Report & Accounts for the year ended 31-03-2004

BOARD OF DIRECTORS

Mr. Shrinivas V. Dempo *Chairman*
Mr. Keki M. Elavia
Mr. Sandeep Mehta
Adv. P. K. Das
Dr. T. R. Ramachandran
Dr. A. B. Prasad *Managing Director*

VICE PRESIDENT (Operations)

Mr. Rakesh Garg

BANKERS

Bank of India
Bank of Baroda

AUDITORS

M/s Fraser & Ross, Chennai
Chartered Accountants

REGISTERED OFFICE

Neelkanth Apartment
Ground Floor
FCC Factory Road
College Square
Cuttack – 753 003, Orissa

CORPORATE OFFICE

Dempo House, Campal
Panaji, Goa – 403 001

WORKS

Vill. Udayabata
P.O. Paradeepgarh
Dist. Jagatsinghpur
Orissa – 754 142

Directors' Report

Your Directors have pleasure in presenting the Eighth Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS :

	Year ended 31-03-2004 (Rs. in lacs)	Year ended 31-03-2003 (Rs. in Lacs)
Sales	6,595.07	2,955.87
Profit/(Loss) before Interest, Depreciation and Taxation	280.46	65.05
Less : Finance charges	440.37	455.02
Loss before Depreciation	159.91	389.97
Add : Depreciation	125.31	116.65
Loss for the year	285.22	506.62
Add : Loss brought forward from previous year	1,063.87	557.25
Loss carried to Balance Sheet	1,349.09	1,063.87

DIVIDEND :

In view of the loss, your directors regret their inability to recommend any dividend for the year.

SHARE CAPITAL :

During the year under review an additional 24,80,000 shares of Rs.10/- each were acquired by Goa Carbon Limited, the Holding Company. The Holding Company now holds 1,50,00,000 Equity Shares of your Company consisting of 100 per cent of Equity Capital, and your company is now wholly owned subsidiary of Goa Carbon Limited.

OPERATIONS :

The sales turnover of the Company for the year under review was Rs. 6,595.07 lacs as compared to Rs. 2,955.87 lacs during the previous year. Production of CPC was 66412 MT compared to 43076 MT during the previous year.

The sales turnover of CPC was 75507 MT (including exports 23090 MT) for the year under review as compared to 37092 MT (including exports 21000 MT) for the previous year. The sales turnover has resulted into substantial increase in the sales value for the year under review as compared to previous year. The export turnover of the Company was Rs. 1,554.04 lacs for the year under review as against Rs. 1,464.91 lacs for the previous year. However, profitability for the year under review has been affected adversely due to steep increase in FOB prices and ocean freight for Raw Petroleum Coke.

Your Directors are optimistic as regards the performance of the current year due to comparative price hike in CPC.

DIRECTORS :

Mr. Keki M. Elavia was appointed as Additional Director on 17-12-2003. Mr. Elavia holds office under Section 260 of the Companies Act, 1956 upto the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a notice in writing from a member proposing his candidature for the office of Director.

Mr. Sandeep Mehta and Dr. T. R. Ramachandran retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- (iii) the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability;
- (iv) the directors have prepared the annual accounts on a going concern basis.

PERSONNEL :

The labour relations continue to be cordial during the year under review.

The Company has no employee in the category specified under Section 217 (2A) of the Companies Act, 1956.

PARTICULARS OF CONSERVATION OF ENERGY ETC. :

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo required under Section 217 (1) (e) of the Companies Act, 1956 is enclosed.

AUDITORS' REPORT :

The observations made in the Auditors' Report are dealt with in notes forming part of the accounts which are self-explanatory.

AUDITORS :

Auditors of the Company, M/s. Fraser & Ross, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

ACKNOWLEDGEMENT :

Your Directors place on record the assistance and support received from the holding Company Goa Carbon Limited.

Your Directors place on record its appreciation for the support given by the Central and State Government authorities of Orissa and other statutory bodies, Financial Institutions and Banks during the year under review.

Your Directors also wish to place on record their appreciation for the contribution of all the employees of the Company.

For and on behalf of the Board of Directors

SHRINIVAS V. DEMPO
CHAIRMAN

Panaji, Dated 29th July, 2004

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY ETC. AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

(A) Conservation of Energy

- (a) Energy conservation measures
- Though the Electrical energy consumption during the year was 17.20 KWH as compared to 14.30 KWH of the previous year, the cost per MT was reduced to Rs. 73.13 as compared to the previous year cost of Rs. 75.07 due to higher production and smooth running of Plant. Consumption of Fuel i.e. Furnace Oil per MT of CPC was 13.49 Ltrs. as compared to the previous years consumption of 11.44 Ltrs./MT.
- The consumption of energy is being monitored regularly. The modification of the total electrical system i.e. PCC, MCC and PLC for automation has been completed and all electrical safety measures have been taken. The entire plant is being operated through PLC from Control Room.
- (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy
- It has been proposed to have an independent dedicated Industrial Feeder Line for Electricity Supply from CESCO, Paradeepgarh to avoid frequent power failure as well as fluctuation in voltages. The estimated cost involved in installation of the line (about 2.2 km) including the Govt. fees will be about 6.8 lacs.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods
- The energy consumption is expected to reduce considerably after having the independent feeder as mentioned in (b) above.
- (d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure in respect of industries specified in the schedule thereto
- Not applicable to our Industry.

(B) Technology Absorption

- (e) Efforts made in technology absorption as per Form-B of the Annexure.
- Please refer to the enclosure.

(C) Foreign Exchange Earnings and Outgo

- (f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans
- The Company exported to one of the global aluminium majors during the year under review and is continuously making efforts to develop new export markets.
- (g) Total foreign exchange used and earned
- Foreign Exchange used for importing raw material, interest on foreign currency loans etc. was equivalent to Rs. 4,902.51 lakhs.
- Foreign Exchange earned during the year under review by exporting finished product was equivalent to Rs. 1,554.04 lakhs.

FORM - B

(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption

Research and Development (R & D)

1. Specific area in which R & D carried out by the Company.
2. Benefits derived as a result of the above R & D.
3. Future plan of action.
4. Expenditure on R & D
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R & D expenditure as a percentage of total turnover

The Plant has been able to reduce the cost per Ton consumption of Electric Energy by Rs. 1.49 per MT of CPC production.

The Company aims to achieve higher capacity utilisation during the year 2004-05. The Company will be shortly installing equipment for testing of Mercury Density at the Laboratory.

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.
3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.
 - a) Technology imported
 - b) Year of Import
 - c) Has Technology been fully absorbed ?
 - d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

The total production during the year 2003-04 was 66412 MT, which was up by about 54% i.e. 23336 MT higher than previous year's production. There is continual improvement to achieve higher production during 2004-05.

Not applicable

Report of the Auditors

TO THE MEMBERS OF PARADEEP CARBONS LIMITED

1. We have audited the attached Balance Sheet of PARADEEP CARBONS LIMITED as at 31st March, 2004 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from all directors as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the directors are 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 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 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, 2004;
 - b) In the case of the Profit and Loss Account, of the Loss of the Company 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.

For FRASER & ROSS
Chartered Accountants

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

Chennai, Dated 29th July, 2004

Annexure to the Auditors' Report

(Referred to in our report of even date)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) Physical verification of Fixed Assets has been carried out in a phased manner as determined by the management, whereby all assets have been verified during the year. The programme of verification is reasonable considering the nature of assets and size of the Company and no material discrepancies were noticed on such verification.
c) The Company has not disposed off any major part of its fixed assets during the year.
2. a) The Company has carried out a physical verification of raw material, finished goods and stores & spares as at 31st March, 2004. In our opinion, the frequency of verification is reasonable. The physical verification of raw materials and finished goods was carried out on technical measurement basis.
b) 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) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
3. a) 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.
b) The Company has taken interest free loan from its Holding Company, a Company listed in the Register maintained under Section 301 of the Companies Act, 1956, against which there are no specific terms of repayment stipulated. In our opinion, the terms and conditions against which the loan has been taken are not prima facie prejudicial to the interest of the Company. The maximum amount involved during the year was Rs. 2,192.08 lakhs and year-end balance was Rs. 872.62 lakhs.
4. 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 with regard to purchases of raw materials including components, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal controls.
5. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, 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 Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable.
6. The Company has not accepted any deposits from the public during the year.
7. In our opinion, the Company has an Internal audit system commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956, in respect of the Company's product.

9. a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, income tax, custom duty, excise duty and other statutory dues applicable to it. We are informed that the provisions of Employees' State Insurance Act are not applicable to the Company.
b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, customs duty, excise duty and cess, which are outstanding as on 31st March, 2004 for a period of more than six months from the date they became payable.
c) According to the information and explanation given to us, there are no dues in respect of sales tax, income tax, customs duty, wealth tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
10. The accumulated losses of the Company exceed fifty percent of its net worth. The Company has incurred cash losses both during the current financial year and the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
12. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, except in respect of a term loan of Rs. 10 crores availed by the Holding Company, the terms and conditions of which are not prima facie prejudicial to the interest of the Company.
16. According to the information and explanations given to us, the Company has not raised any term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money through public issues during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For FRASER & ROSS
Chartered Accountants

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

Chennai, Dated 29th July, 2004

BALANCE SHEET AS AT 31ST MARCH, 2004

Rupees in lacs

	Schedule	As at 31-3-2004	As at 31-3-2003
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	1,500.00	1,500.00
LOAN FUNDS			
Secured Loans		5,835.22	3,188.22
Unsecured Loan		872.62	933.32
TOTAL		8,207.84	5,621.54
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	2,851.56	2,533.38
Less: Depreciation		400.32	275.01
Net Block		2,451.24	2,258.37
Capital work in progress		3.94	275.39
		2,455.18	2,533.76
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	4	2,913.67	2,190.93
Sundry Debtors	5	912.51	419.24
Cash and Bank Balances	6	1,094.88	521.59
Loans and Advances	7	239.64	98.41
		5,160.70	3,230.17
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	8	754.07	1,205.63
Provisions	9	3.15	0.80
		757.22	1,206.43
NET CURRENT ASSETS		4,403.48	2,023.74
MISCELLANEOUS EXPENDITURE (to the extent not written off)			
Preliminary Expenses		0.09	0.17
Profit & Loss Account		1,349.09	1,063.87
TOTAL		8,207.84	5,621.54
Accounting Policies & Notes to the Accounts	14		

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS
Chartered Accountants

SHRINIVAS V. DEMPO *Chairman*

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

Dr. A. B. PRASAD *Managing Director*

Panaji, Dated 29th July, 2004

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

Rupees in lacs

	Schedule	2003-04	2002-03
INCOME			
Sales		7,402.93	3,198.13
Less: Excise duty		807.86	242.26
		6,595.07	2,955.87
Decrease(-)/Increase(+) in stock of finished goods		(548.12)	441.39
Other Income	10	314.63	60.62
		6,361.58	3,457.88
EXPENDITURE			
Raw Material Consumed	11	5,226.98	3,005.06
Manufacturing and other expenses	12	854.05	387.68
Finance charges	13	440.37	455.02
Depreciation		125.31	116.65
Preliminary expenses written off		0.09	0.09
		6,646.80	3,964.50
LOSS FOR THE YEAR		285.22	506.62
Add: Balance of Profit & Loss Account brought forward from previous year		1,063.87	557.25
Loss carried to Balance Sheet		1,349.09	1,063.87
Earnings (Basic and diluted) per share (face value Rs. 10/- each) Rs.		(1.90)	(3.38)
Accounting Policies & Notes to the Accounts	14		

As per our Report of even date attached hereto

For FRASER & ROSS
Chartered Accountants

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

For and on behalf of the Board of Directors

SHRINIVAS V. DEMPO *Chairman*

Dr. A. B. PRASAD *Managing Director*

Panaji, Dated 29th July, 2004

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

Rupees in lacs

	Year ended 31-3-2004	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items		(285.22)
Adjustment for		
Depreciation	125.31	
Finance charges	440.37	
Interest Income	(31.25)	
Unrealised exchange gain/loss (net)	(164.49)	
Bad debts written-off	0.18	
Preliminary expenses written off	0.09	370.21
Operating profit before working capital changes		84.99
Adjustments for		
(Increase)/Decrease in trade and other receivables	(1,241.14)	
(Increase)/Decrease in inventory	(722.74)	
Increase/(Decrease) in Current Liabilities and Provisions	(466.48)	(2,430.36)
Cash flow from operations		(2,345.37)
Direct taxes paid		-
Cash used in operating activities		(2,345.37)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	29.55	
Purchase of fixed assets	(46.73)	
Cash used in investing activity		(17.18)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings from Banks	(215.62)	
Proceeds from short term borrowings from Banks (net)	3,021.23	
Repayment of loan from holding Company	(60.70)	
Finance charges paid	(417.22)	
Cash flow from financing activity		2,327.69
Net increase in cash and cash equivalents (A+B+C)		(34.86)
Cash and cash equivalents at the beginning of the year		55.46
Cash and cash equivalents at the end of the year		20.60
Note: Cash and Cash equivalents represent cash and Bank balances in current accounts.		

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS
Chartered Accountants

SHRINIVAS V. DEMPO Chairman

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

Dr. A. B. PRASAD Managing Director

Panaji, Dated 29th July, 2004

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1 : SHARE CAPITAL

Rupees in lacs

	As at 31-3-2004	As at 31-3-2003
Authorised:		
1,50,00,000 Equity Shares of Rs. 10/- each	1,500.00	1,500.00
Issued and Subscribed:		
1,50,00,000 Equity Shares of Rs. 10/- each fully paid in cash (All the 150,00,000 (1,25,20,000) Equity Shares are held by Holding Company, Goa Carbon Limited and its nominees)	1,500.00	1,500.00

SCHEDULE 2 : LOAN FUNDS

	As at 31-3-2004		As at 31-3-2003	
SECURED LOANS				
Term loan from a Bank	1,150.74		1,364.17	
Add: Interest accrued and due	5.88	1,156.62	–	1,364.17
(Secured by equitable mortgage on land & buildings by deposit of title deeds on a first charge basis and hypothecation of movable assets except stock-in-trade & book debts and guaranteed by the Holding Company)				
Working capital borrowings from Banks		4,678.60		1,824.05
(Secured by equitable mortgage on land and buildings on a second charge basis and hypothecation of all tangible movable assets, raw materials, finished goods, stores, spare parts and book debts, pledge of fixed deposit receipts and guaranteed by the Holding Company)				
		5,835.22		3,188.22
[Term loans include Rs. 192.00 lacs (Rs. 192.00 lacs) repayable within one year]				
UNSECURED LOANS				
From Holding Company, Goa Carbon Limited		872.62		933.32
		6,707.84		4,121.54

SCHEDULE 3

FIXED ASSETS

Rupees in lacs

Description	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK			
	As at 31-3-2003	Additions	Deductions	As at 31-3-2004	Upto 31-3-2003	For the year	Deductions	Upto 31-3-2004	As at 31-3-2004	As at 31-3-2003
Land (Leasehold)	62.81	-	-	62.81	4.50	0.76	-	5.26	57.55	58.31
Buildings	735.64	15.21	-	750.85	52.42	23.87	-	76.29	674.56	683.22
Plant and Machinery & Kiln	1,620.50	261.01	-	1,881.51	188.37	92.36	-	280.73	1,600.78	1,432.13
Electrical Installations	36.94	36.30	-	73.24	3.69	2.63	-	6.32	66.92	33.25
Furniture, Office Equipments & Computers	42.72	5.19	-	47.91	14.54	3.39	-	17.93	29.98	28.18
Vehicles	13.85	-	-	13.85	7.60	1.31	-	8.91	4.94	6.25
Laboratory Equipments	20.92	0.47	-	21.39	3.89	0.99	-	4.88	16.51	17.03
TOTAL	2,533.38	318.18	-	2,851.56	275.01	125.31	-	400.32	2,451.24	2,258.37
Capital Work-in-progress at cost (including advances)										
									3.94	275.39
Previous Year's Total	2,490.52	42.86	-	2,533.38	158.36	116.65	-	275.01	2,455.18	2,533.76

SCHEDULE 4 : INVENTORIES

Rupees in lacs

	As at 31-3-2004	As at 31-3-2003
Raw Materials [Including in transit Rs. 210.04 lacs (Rs. 284.21 lacs)]	1,960.69	682.93
Finished goods	895.40	1,443.52
Stores & Spares	57.58	64.48
	2,913.67	2,190.93

SCHEDULE 5 : SUNDRY DEBTORS (Unsecured, considered good)

	As at 31-3-2004	As at 31-3-2003
Outstanding for a period exceeding six months	-	-
Other Debts	912.51	419.24
	912.51	419.24

SCHEDULE 6 : CASH AND BANK BALANCES

	As at 31-3-2004	As at 31-3-2003
Cash on hand	0.32	1.06
Balances with Scheduled Banks		
In Current Accounts	20.28	54.40
In Fixed Deposits (Fixed deposit receipts pledged with the Banks as security for facilities availed from them)	1,074.28	466.13
	1,094.88	521.59

SCHEDULE 7 : LOANS & ADVANCES (Unsecured, considered good unless otherwise stated)

	As at 31-3-2004	As at 31-3-2003
Advances recoverable in cash or in kind or for value to be received		
Considered good	227.11	88.69
Considered doubtful	2.34	2.34
	229.45	91.03
Less: Provision	2.34	2.34
	227.11	88.69
Interst accrued on Deposits	6.83	5.13
Deposits with customs and port trust etc.	0.08	0.08
Tax deducted at source	5.62	4.51
	239.64	98.41

SCHEDULE 8 : CURRENT LIABILITIES

Rupees in lacs

	As at 31-3-2004	As at 31-3-2003
Sundry Creditors		
Due to small scale industrial undertakings	–	–
Due to others	730.13	1,198.96
	730.13	1,198.96
Interest accrued but not due on secured loans	23.94	6.67
	754.07	1,205.63

SCHEDULE 9 : PROVISIONS

	As at 31-3-2004	As at 31-3-2003
Provision for leave encashment	0.73	0.80
Provision for gratuity	2.42	–
	3.15	0.80

SCHEDULES TO THE PROFIT & LOSS ACCOUNT**SCHEDULE 10 : OTHER INCOME**

	2003 – 04	2002 – 03
Interest (Gross)		
From Banks	30.74	7.80
[Includes Tax deducted at source Rs. 5.21 lacs (Rs. 1.00 lacs)]		
From others	0.51	0.01
	31.25	7.81
Miscellaneous Receipts	27.49	10.87
Exchange Gain (net)	217.60	23.80
Profit on Sale of Raw Material	38.29	18.14
	314.63	60.62

SCHEDULE 11 : RAW MATERIAL CONSUMED

	2003 – 04	2002 – 03
Opening stock	398.72	325.92
Add: Purchases	7,098.76	3,643.12
	7,497.48	3,969.04
Less: Cost of sales	519.85	565.26
	6,977.63	3,403.78
Less: Closing stock	1,750.65	398.72
	5,226.98	3,005.06

SCHEDULE 12 : MANUFACTURING & OTHER EXPENSES

Rupees in lacs

	2003 – 04		2002 – 03	
Salaries, wages and bonus		58.37		36.32
Contribution to Provident and other funds		6.80		2.84
Staff welfare expenses		10.95		6.30
Excise duty		18.80		(55.72)
Power, Fuel and Water		166.00		105.13
Repairs & Maintenance:				
Plant & Machinery	117.30		34.92	
Buildings	16.81		9.36	
Others	27.49	161.60	9.23	53.51
Packing & Forwarding		258.22		139.14
Selling & distribution expenses		0.48		0.15
Rent		55.93		0.64
Rates & Taxes		1.05		0.94
Travelling Expenses		38.85		42.73
Insurance		17.12		8.16
Bad debts written off		0.18		1.86
Auditors' Remuneration				
Audit fees	0.75		0.75	
For Tax Audit	0.25		0.25	
Expenses	0.16	1.16	–	1.00
Directors sitting fees		0.30		0.24
Miscellaneous expenses		58.24		44.44
		854.05		387.68

SCHEDULE 13 : FINANCE CHARGES

	2003 – 04	2002 – 03
Interest		
On Term loans	136.37	178.79
On working capital borrowings from banks	202.64	136.78
On borrowings from the Holding Company	–	55.19
Bank charges and commission	101.36	84.26
	440.37	455.02

SCHEDULE 14 :

ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004

A. Significant Accounting Policies

(1) System of Accounting:

Financial statements are prepared on historical cost convention based on accrual basis of accounting and applicable Accounting Standards.

(2) Fixed Assets:

(i) Fixed Assets are stated at cost.

(ii) Depreciation:

(a) Depreciation is provided on all assets other than leasehold land on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

(b) Leasehold Land is depreciated over the period of lease.

(3) Inventories:

Inventories are valued at the lower of cost (net of cenvat where applicable) and net realisable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In respect of raw materials, cost is determined on specific identification. In respect of stores and spares, cost is determined on First-in First-out basis. In the case of finished goods, cost includes appropriate production overheads and excise duty.

(4) Revenue recognition:

Revenue from sales is recognised on despatch of goods.

(5) Insurance claims:

Insurance claims are accounted on settlement.

(6) Retirement Benefits:

Gratuity liability in respect of employees has been determined as per the Payment of Gratuity Act and provided for. Contribution to Provident Fund and Pension Fund are charged to Profit and Loss Account. Liability to leave encashment determined on the basis of actuarial valuation as on the Balance Sheet date is provided for.

(7) Foreign Currency Transactions:

(i) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. The transactions outstanding at the year end are translated at the rate of exchange prevailing at the year end and profit or loss other than that relating to fixed assets is recognised in the Profit and Loss Account.

(ii) The foreign currency transactions entered into by the Company under Forward Contracts are accounted on the date of transaction and the difference between the forward contract rate and the exchange rate on the date of transactions is recognised in the Profit and Loss Account over the period of contract.

(8) Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. All other borrowing cost are charged to revenue.

(9) Preliminary expenses are amortised over a period of five years.

B. Notes forming part of Accounts

1. Although the Company's net worth has been significantly eroded, taking into account the intrinsic value of the fixed assets and business prospects, plans, strategies and the continued assistance from the Holding Company, the accounts are presented on principles applicable to a going concern.
2. Immovable properties of the Company are mortgaged by way of second charge to Bank of India on pari-passu basis against the term loan facility granted to the Holding Company, Goa Carbon Limited.

	31-3-2004 Rs. in lacs	31-3-2003 Rs. in lacs
3. (i) Contingent Liabilities not provided for:		
a) Bank Guarantees issued on behalf of the Company	640.96	1,087.58
b) Customs duty payable in the event of non-fulfilment of export obligations	39.01	833.90
(ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3.12	2.28

SCHEDULE 14 (Contd.)

4. The unabsorbed business loss and depreciation relating to earlier years and the loss for the year have given rise to Net Deferred Tax Asset as at the year end which has not been recognised in the Accounts as a prudent policy.
5. The amount of exchange loss in respect of forward contracts to be recognised in the Profit and Loss Account of subsequent period is Rs. 1.36 lacs.
6. Previous year's figures have been regrouped wherever necessary to conform to the classification for the current year.
7. Additional information pursuant to the provisions of paragraph 3, 4C, and 4D of Part II of Schedule VI to the Companies Act, 1956.

	2003 – 04			2002 – 03		
	Quantity MT	Rs. in lacs	%	Quantity MT	Rs. in lacs	%
a. Particulars of installed capacity, production, stocks and turnover						
Installed Capacity (being a technical matter, accepted by auditors as certified by management)	144,000 (per annum)			144,000 (per annum)		
Production	66,412			43,076		
Opening stock	16,780	1,443.52		10,796	1,002.14	
Closing stock	7,685	895.40		16,780	1,443.52	
Turnover	75,507	6,595.07		37,092	2,955.87	
b. Raw material consumed						
Imported	78,015	3,995.11	76.43	52,843	2,391.02	79.57
Indigenous	14,493	1,231.87	23.57	7,361	614.04	20.43
c. Value of stores & spare parts consumed for repair jobs						
Imported		–	–		–	–
Indigenous		63.44	100		35.86	100
d. Value of imports on CIF basis						
Raw material		4,902.51			2,850.10	
Stores & spare parts		–			–	
Capital goods		–			–	
e. Amount remitted during the year in foreign currency on account of dividend		–			–	
f. Earnings in foreign currency (FOB value of exports)		1,554.04			1,464.91	
g. Expenditure in foreign currency						
i) Travelling		–			–	
ii) Interest		74.55			13.16	
iii) Others		–			3.75	

SCHEDULE 14 (Contd.)

8. Disclosures in respect of Related Parties pursuant to Accounting Standard 18 issued by the Institute of Chartered Accountants of India :

i) List of related parties:

Names of the related parties	Nature of relationship
Goa Carbon Limited	Holding company
V.S. Dempo & Co. Private Limited Dempo Travels Pvt. Ltd.	Common Key Management Personnel
Mr. Shrinivas V. Dempo (Chairman) Dr. A. B. Prasad (Managing Director)	Key Management Personnel

ii) Transactions with the related parties:

	Holding Company Rs. in lacs	Enterprise with Common Key Management Personnel Rs. in lacs	Key Management Personnel Rs. in lacs
Loans taken:			
Taken during the year	2,423.48 (1,651.30)		
Repaid during the year	2,484.18 (1,430.75)		
Sale of goods	557.98 (659.09)		
Purchase of goods	247.14 (-)		
Purchase of services:			
Reimbursement of air travel tickets		- (13.63)	
Reimbursement of other expenses		0.60 (0.24)	
Remuneration (Sitting Fees)			0.20 (0.12)
Credit balances as at 31-3-2004	872.62 (933.32)	- (0.10)	

9. Earnings per share:	2003 – 04	2002 – 03
i) Loss as per Profit & Loss Account (Rs. in lacs)	285.22	506.62
ii) Number of Equity Shares	15000000	15000000
iii) Basic and diluted earnings per share in rupees (face value Rs. 10/- per share)	(1.90)	(3.38)

10. Segment reporting:

The Company is engaged in manufacture and sale (both domestic and export) of Calcined Petroleum Coke which constitutes single business segment. As per management's perspective, the risks and returns from its sales do not materially vary geographically. Accordingly there are no business/geographical segments to be reported under Accounting Standard AS 17 issued by the Institute of Chartered Accountants of India.

11. Disclosures pursuant to Clause 32 of the Listing Agreement with the Stock Exchanges:

Particulars	Name of the Company	Balance as on 31-3-2004 Rs. in lacs	Maximum amount outstanding at any during the year Rs. in lacs
Interest free loans taken from the Holding Company	Goa Carbon Limited	872.62	2,192.08

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS
Chartered Accountants

SHRINIVAS V. DEMPO *Chairman*

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

Dr. A. B. PRASAD *Managing Director*

Panaji, Dated 29th July, 2004

**Additional information pursuant to the provisions of Part – IV of Schedule VI of Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile :**

I. Registration Details :

Registration No.

State Code

Balance Sheet Date

II. Capital raised during the year (Amount in Rs. thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities

Total Assets

Sources of Funds

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

IV. Performance of Company (Amount in Rs. thousands)

Turnover

(including other income)

Total Expenditure

Profit (+)/Loss(-) Before Tax

Profit (+)/Loss(-) After Tax

Earning per share

Dividend Rate %

V. Generic Names of Three Principal Products/Services of Company

Item Code No. (ITC Code)

Product description

**Consolidated Accounts
of
Goa Carbon Group**



Auditor's Report

TO THE BOARD OF DIRECTORS OF GOA CARBON LIMITED
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
GOA CARBON LIMITED AND ITS SUBSIDIARY

1. We have audited the attached Consolidated Balance Sheet of Goa Carbon Limited and its subsidiary, Paradeep Carbons Limited as at 31st March, 2004, the Consolidated Profit and Loss Account for the year then ended and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Goa Carbon Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding component. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Goa Carbon Limited's Management in accordance with the requirements of Accounting Standard (AS-21) 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
4. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that 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 Consolidated Balance Sheet, of the state of affairs of Goa Carbon Limited and its subsidiary as at March 31, 2004.
 - b) In the case of Consolidated Profit and Loss Account, of the Loss 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.

For FRASER & ROSS
Chartered Accountants

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

Chennai, Dated 30th July, 2004



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004

Rupees in lacs

	Schedule	As at 31-3-2004	As at 31-3-2003
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	460.00	460.00
Reserves and Surplus	2	939.55	1,299.05
		1,399.55	1,759.05
LOAN FUNDS	3		
Secured Loans		11,971.47	7,042.35
Unsecured Loans		500.00	300.00
Deferred Tax Liability		158.83	174.44
MINORITY INTEREST		–	1.00
TOTAL		14,029.85	9,276.84
APPLICATION OF FUNDS			
GOODWILL ARISING ON CONSOLIDATION		383.74	193.82
FIXED ASSETS	4		
Gross Block		5,175.37	5,546.64
Less: Depreciation		2,412.97	2,472.76
Net Block		2,762.40	3,073.88
Capital work in progress and advances for capital goods		24.56	275.39
		2,786.96	3,349.27
INVESTMENTS	5	4.05	4.05
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	5,771.19	5,190.78
Sundry Debtors	7	2,769.45	2,180.87
Cash and Bank Balances	8	3,061.61	1,183.67
Loans and Advances	9	828.23	672.42
		12,430.48	9,227.74
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	10	1,294.69	3,095.06
Provisions	11	280.78	404.46
		1,575.47	3,499.52
NET CURRENT ASSETS		10,855.01	5,728.22
Preliminary expenses, to the extent not written off		0.09	1.48
TOTAL		14,029.85	9,276.84
Accounting Policies & Notes to the Accounts	16		

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS

Chartered Accountants

SHRINIVAS V. DEMPO

Executive Chairman

M. K. ANANTHANARAYANAN

Partner

Membership No. 19521

R. G. NAYAK

Vice President – Finance

Dr. A. B. PRASAD

Managing Director

P. S. MANTRI

Secretary

Panaji, Dated 30th July, 2004



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

Rupees in lacs

	Schedule	Year ended 31-3-2004	15 months ended 31-3-2003
INCOME			
Turnover Gross		17,507.29	15,361.69
Less: Excise duty		1,564.06	1,214.77
Turnover (Net)		15,943.23	14,146.92
(Decrease)/Increase in stock of finished goods		(576.43)	1,035.71
Other Income	12	665.19	276.42
		16,031.99	15,459.05
EXPENDITURE			
Raw Material Consumed	13	12,776.54	11,894.16
Manufacturing and other expenses	14	2,304.09	2,327.16
Finance Charges	15	858.87	952.90
Depreciation		386.01	524.78
Goodwill on Amalgamation written off		–	4.51
Preliminary expenses written off		1.40	0.34
		16,326.91	15,703.85
LOSS FOR THE YEAR BEFORE TAX		294.92	244.80
ADD: PROVISION FOR TAX :			
Current		64.10	54.41
Deferred		(15.60)	41.51
		48.50	95.92
LOSS FOR THE YEAR AFTER TAX		343.42	340.72
Add: Provision for tax in respect of previous years		5.75	–
		349.17	340.72
Less: Minority Interest		–	126.20
NET LOSS AFTER MINORITY INTEREST		349.17	214.52
Add: Deficit of Profit & Loss Account brought forward from previous year		491.88	432.86
		841.05	647.38
Less: (Profit)/Loss relating to pre-acquisition period adjusted against goodwill:			
Paradeep Carbons Limited		41.68	159.10
Less: Accumulated loss of the erstwhile subsidiary Vishwalakshmi Petro Products Limited as on 31-12-2001 adjusted against General Reserve		–	328.02
		41.68	487.12
LOSS BEFORE APPROPRIATIONS		799.37	160.26
	c/f		



**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2004 (Contd.)**

Rupees in lacs

	Schedule	Year ended 31-3-2004		15 months ended 31-3-2003	
b/f			799.37		160.26
Add: Appropriations					
Proposed Dividend*		46.00		161.00	
Corporate Tax on Dividend		6.01		20.62	
Transfer to General Reserve*		–	52.01	150.00	331.62
Deficit carried to Balance Sheet			851.38		491.88
Earnings (Basic and diluted) per share of Rs. 10/- each (Rs.)			(7.59)		(4.66)
Accounting Policies & Notes to the Accounts	16				
*Proposed by the Holding Company					

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS

Chartered Accountants

SHRINIVAS V. DEMPO

Executive Chairman

M. K. ANANTHANARAYANAN

Partner

Membership No. 19521

R. G. NAYAK

Vice President – Finance

Dr. A. B. PRASAD

Managing Director

P. S. MANTRI

Secretary

Panaji, Dated 30th July, 2004



**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2004**

Rupees in lacs

	12 Months ended 31-3-2004		15 Months ended 31-3-2003	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Loss for the period as per Profit and Loss Account		(294.92)		(244.80)
Adjustments for:				
Depreciation	386.01		524.78	
Finance charges	858.87		952.90	
Goodwill written-off	–		4.51	
Preliminary expenses amortised	1.40		0.34	
Loss on assets sold/scrapped	2.82		0.32	
Bad debts written-off	2.93		40.30	
Provision for doubtful debts	–		3.98	
Surplus on sale of assets	(1.23)		(0.99)	
Provision for doubtful debts written back	–		(26.70)	
Investments written off	0.91		–	
Interest received	(63.66)		(46.50)	
Unrealised Exchange (Gain)/Loss (net)	(321.02)		(59.14)	
Dividend received	(1.01)	866.02	(1.49)	1,392.31
Operating Profit before working capital changes		571.10		1,147.51
Adjustments for :				
(Increase)/Decrease in inventories	(580.41)		(1,263.58)	
(Increase)/Decrease in trade & other receivables	(2,720.17)		(1,781.34)	
Increase/(Decrease) in Current Liabilities	(1,626.63)	(4,927.21)	837.99	(2,206.93)
Cash flow from operations		(4,356.11)		(1,059.42)
Direct taxes paid (net)		(28.05)		(78.19)
Net cash used in operating activities		(4,384.16)		(1,137.61)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(110.80)		(443.14)	
Purchase of Investment in a subsidiary extinguished on Consolidation	(71.24)		(40.42)	
Sale of fixed assets	6.15		3.38	
Interest received	60.91		46.50	
Dividend received	1.01		1.49	
Net cash used in investing activities		(113.97)		(432.19)



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR
ENDED 31ST MARCH, 2004 (Contd.)**

Rupees in lacs

	12 Months ended 31-3-2004		15 Months ended 31-3-2003	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of shares by a subsidiary to its minority shareholders		–		260.00
Proceeds from long/short term borrowings from Banks		5,645.17		3,896.16
Proceeds from unsecured borrowings		500.00		850.00
Repayment of long/short term borrowings from Banks		(368.77)		(1,174.00)
Repayment of unsecured borrowings		(300.00)		(850.00)
Finance charges paid		(820.51)		(1,232.57)
Dividends paid		(157.43)		(87.50)
Corporate tax on dividends paid		(20.62)		–
Net cash inflow/(outflow) from financing activities		4,477.84		1,662.09
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)		(20.29)		92.29
Add: CASH AND CASH EQUIVALENTS BEGINNING OF THE YEAR		148.60		56.31
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR		128.31		148.60

Note: Cash and Cash Equivalents represent Cash and Bank balances in current accounts.

As per our Report of even date attached hereto

For FRASER & ROSS
Chartered Accountants

M. K. ANANTHANARAYANAN

Partner
Membership No. 19521

R. G. NAYAK

Vice President – Finance

P. S. MANTRI
Secretary

For and on behalf of the Board of Directors

SHRINIVAS V. DEMPO Executive Chairman

Dr. A. B. PRASAD Managing Director

Panaji, Dated 30th July, 2004



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE 1 : SHARE CAPITAL

Rupees in lacs

	As at 31-3-2004	As at 31-3-2003
Authorised:		
2,20,00,000 Equity Shares of Rs. 10/- each	2,200.00	2,200.00
3,00,000 Preference Shares of Rs. 100/- each	300.00	300.00
	2,500.00	2,500.00
Issued and Subscribed:		
46,00,000 Equity Shares of Rs. 10/- each fully paid (Of the above shares, 34,50,000 shares have been allotted as fully paid-up by way of Bonus Shares by Capitalisation of Capital Redemption Reserve and General Reserve)	460.00	460.00

SCHEDULE 2 : RESERVES AND SURPLUS

	As at 31-3-2004		As at 31-3-2003	
General Reserve				
As per last Balance Sheet	1,790.93		2,044.79	
Less: Deferred Tax Liability	-		75.84	
Accumulated loss of the erstwhile subsidiary Vishwalakshmi Petro Products Limited as on 31-12-2001	-		328.02	
	1,790.93		1,640.93	
Add: Transfer from Profit & Loss Account	-	1,790.93	150.00	1,790.93
Deficit as per Profit & Loss Account		(851.38)		(491.88)
		939.55		1,299.05



SCHEDULE 3 : LOAN FUNDS

Rupees in lacs

	As at 31-3-2004		As at 31-3-2003	
SECURED LOANS				
Term Loan from Bank of India				
Rupee Loan	0.38		254.86	
Dual Currency Swing Loan	1,003.77		902.45	
	1,004.15		1,157.31	
Add: Interest accrued and due (Secured by mortgage of all fixed assets including land and buildings and plant and machinery, pledge of all equity shares held in Paradeep Carbons Limited, second charge on pari-passu basis on all immovable assets including land and buildings of Paradeep Carbons Limited and hypothecation of movable and other immovable assets)	1.58	1,005.73	–	1,157.31
Term loan from Bank of Baroda Add: Interest accrued and due (Secured by equitable mortgage on land and buildings by deposit of title deeds on a first charge basis and hypothecation of all immovable and movable assets except stock-in-trade and book debts and guaranteed by the Company)	1,150.74 5.88	1,156.62	1,364.17 –	1,364.17
Working capital advances from banks (Secured by hypothecation of all tangible movable assets, raw materials, finished goods, stores, spare parts and book debts, pledge of fixed deposit receipts, including equitable mortgage on land and buildings on a second charge basis and guarantee of the Company in the case of loan availed by a subsidiary company)		9,809.12		4,520.87
		11,971.47		7,042.35
(Term loans include Rs. 432.68 lacs (Rs. 391.01 lacs) repayable within one year)				
UNSECURED LOANS				
Short term deposit from body corporates		500.00		300.00
		12,471.47		7,342.35

SCHEDULE 4 : FIXED ASSETS

Rupees in lacs

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK			
	As at 31-3-2003	Taken over on amalgamation	Additions	Deductions	As at 31-3-2004	Upto 31-3-2003	Taken over on amalgamation	For the year	Deductions	Upto 31-3-2004	As at 31-3-2004	As at 31-3-2003
Land (Freehold)	5.00	-	-	-	5.00	-	-	-	-	-	5.00	5.00
Land (Leasehold)	80.07	-	-	-	80.07	6.65	-	1.07	-	7.72	72.35	73.42
Plant and Machinery & Kiln	2,651.32	-	268.51	16.15	2,903.68	1,071.79	-	262.82	14.03	1,320.58	1,583.10	1,579.53
Plant and Machinery leased out	1,161.49	-	-	698.40	463.09	789.51	-	-	419.04	370.47	92.62	371.98
Buildings	1,246.76	-	30.43	0.11	1,277.08	385.76	-	81.74	0.12	467.38	809.70	861.00
Laboratory Equipments	64.33	-	0.48	0.19	64.62	34.48	-	4.17	0.15	38.50	26.12	29.85
Elect. Fittings & Equipments	140.88	-	38.28	0.02	179.14	60.63	-	14.00	0.02	74.61	104.53	80.25
Furniture, Office Equipments and Computers	140.97	-	15.07	3.92	152.12	93.07	-	14.68	3.10	104.65	47.47	47.90
Vehicles	55.82	-	8.86	14.11	50.57	30.87	-	7.53	9.34	29.06	21.51	24.95
TOTAL	5,546.64	-	361.63	732.90	5,175.37	2,472.76	-	386.01	445.80	2,412.97	2,762.40	3,073.88
Capital Work-in-progress – Plant & Machinery											24.56	275.39
Previous Year's Total	4,658.13	733.34	171.03	15.86	5,546.64	1,867.11	94.02	524.78	13.15	2,472.76	2,786.96	3,349.27

Note: Buildings include residential flats costing Rs. 12.98 lacs (Previous year Rs. 12.98 lacs) in respect of which registration in the name of the Company is pending.




SCHEDULE 5 : INVESTMENTS (Long-term)

Rupees in lacs

	As at 31-3-2004	As at 31-3-2003
Quoted (Non-Trade)		
13,500 (13500) Fully paid up Equity Shares of Rs. 10/- each in ICICI Bank Limited	4.05	4.05
	Book value	
	31-3-2004	31-3-2003
Aggregate of Quoted Investments	4.05	4.05
	Market value	
	31-3-2004	31-3-2003
Aggregate of Quoted Investments	39.95	18.08

SCHEDULE 6 : INVENTORIES

	As at 31-3-2004	As at 31-3-2003
Raw Materials [Including in transit Rs. 211.76 lacs (Rs. 1,528.10 lacs)]	4,272.26	3,090.36
Finished goods	1,343.46	1,919.39
Stores & Spares	155.47	181.03
	5,771.19	5,190.78

SCHEDULE 7 : SUNDRY DEBTORS (Unsecured)

	As at 31-3-2004	As at 31-3-2003
Outstanding for a period exceeding six months		
Considered good	0.03	11.02
Considered doubtful	7.81	7.81
	7.84	18.83
Other Debts		
Considered good	2,769.42	2,169.85
	2,777.26	2,188.68
Less: Provision	7.81	7.81
	2,769.45	2,180.87

SCHEDULE 8 : CASH AND BANK BALANCES

	As at 31-3-2004	As at 31-3-2003
Cash on hand	2.24	2.50
Balances with Scheduled Banks:		
In Current accounts	126.07	146.10
In Unpaid Dividend accounts	18.15	14.58
In Fixed Deposits (Fixed deposit receipts pledged with the Banks as security for facilities availed from them)	2,915.15	1,020.49
	3,061.61	1,183.67


SCHEDULE 9 : LOANS & ADVANCES (Unsecured, considered good unless otherwise stated)

Rupees in lacs

	As at 31-3-2004	As at 31-3-2003
Advances recoverable in cash or in kind or for value to be received		
Good	638.23	443.21
Doubtful	2.34	2.34
	640.57	445.55
Less: Provision	2.34	2.34
	638.23	443.21
Interest accrued on Deposits	13.96	11.21
Advance payment of Income tax and tax deducted at source	166.98	208.94
Balance with Customs & Excise Authorities	9.06	9.06
	828.23	672.42

SCHEDULE 10 : CURRENT LIABILITIES

	As at 31-3-2004		As at 31-3-2003	
Acceptances	-		354.82	
Sundry Creditors :				
Due to small scale industrial undertakings [Amount due for more than 30 days Nil (Nil)]	-		1.09	
Due to others	1,137.53		2,315.13	
Due to a Director	4.99	1,142.52	26.97	2,698.01
Interest accrued but not due on loans		41.40		10.49
Unpaid Dividend (Represents dividend warrants issued but remained unrepresented to the banks and there is no amount due and outstanding to be credited to Investor Education and Protection Fund)		18.15		14.58
Deposits from lessees		92.62		371.98
		1,294.69		3,095.06

SCHEDULE 11 : PROVISIONS

	As at 31-3-2004	As at 31-3-2003
Taxation	199.43	200.36
Leave encashment	24.24	22.48
Gratuity	5.10	-
Proposed Dividend	46.00	161.00
Corporate Tax on Dividend	6.01	20.62
	280.78	404.46



SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

SCHEDULE 12 : OTHER INCOME

Rupees in lacs

	Year ended 31-3-2004	15 months ended 31-3-2003
Interest (Gross)		
From Banks	62.63	45.79
From others [Includes Tax deducted at source Rs. 10.56 lacs (Rs. 16.94 lacs)]	1.03	0.71
	63.66	46.50
Lease income	0.96	1.81
Dividend from Non-trade Investments	1.01	1.49
Miscellaneous Receipts (Gross) [Tax deducted at source Rs. 0.11 lac (Rs. 0.48 lac)]	57.91	25.45
Exchange gain (net)	507.20	145.00
Provision for doubtful debts written back	-	26.70
Profit on Sale of raw materials	33.22	28.48
Profit on Sale of Assets	1.23	0.99
	665.19	276.42

SCHEDULE 13 : RAW MATERIAL CONSUMED

	Year ended 31-3-2004	15 months ended 31-3-2003
Opening stock	1,562.26	2,019.86
Add: Purchases	15,326.70	12,022.26
	16,888.96	14,042.12
Less: Cost of sales	51.92	585.70
	16,837.04	13,456.42
Less: Closing Stock	4,060.50	1,562.26
	12,776.54	11,894.16


SCHEDULE 14 : MANUFACTURING & OTHER EXPENSES

Rupees in lacs

	Year ended 31-3-2004	15 months ended 31-3-2003
Salaries, Wages, Bonus & Gratuity	361.20	366.64
Contribution to Provident Fund, Superannuation Fund, Family Pension Fund and ESI	41.84	40.69
Staff Welfare Expenses	46.51	51.78
Excise duty	31.70	108.23
Fuel, Power and Water	399.96	442.17
Repairs & Maintenance:		
Plant & Machinery	207.93	134.98
Buildings	56.47	40.09
Others	48.52	32.18
Packing & Forwarding	600.27	587.35
Selling & Distribution expenses	53.72	44.00
Rent	82.45	27.27
Rates & Taxes	5.18	6.05
Travelling Expenses	107.26	151.53
Insurance	39.24	34.17
Loss on assets sold/scrapped	2.82	0.32
Bad debts written off	2.93	40.30
Provision for doubtful debts	-	3.98
Investments written off	0.91	-
Directors' sitting fees	1.79	3.14
Miscellaneous expenses	213.39	212.29
	2,304.09	2,327.16

SCHEDULE 15 : FINANCE CHARGES

Rupees in lacs

	Year ended 31-3-2004	15 months ended 31-3-2003
Interest on term loans	188.29	314.17
Interest on working capital borrowings/unsecured loans	475.42	432.60
Bank charges and commission	195.16	206.13
	858.87	952.90



SCHEDULE 16 : ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2004

A. Principles of Consolidation

- (1) The Consolidated Financial Statements of Goa Carbon Limited ("the Company") and its wholly owned subsidiary are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India using uniform accounting policies.
- (2) The excess of cost to the Company of its investment in the subsidiary over the Company's portion of equity of the subsidiary as at the date of its investment is recognised in the financial statements as goodwill.

B. Significant Accounting Policies :

- (1) System of Accounting :
The consolidated financial statements of the company and its subsidiary are prepared under the historical cost convention based on the accrual basis of accounting and applicable Accounting Standards issued by the Institute of Chartered Accountants of India.
- (2) Fixed Assets :
 - (i) Fixed Assets are stated at cost.
 - (ii) Depreciation :
 - (a) Depreciation is provided on all assets other than those given on lease on the written down value method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
 - (b) Leasehold Land is depreciated over the period of lease.
 - (c) Fixed Assets leased out are depreciated over the primary period of lease on straight line method.
- (3) Investments :
Long term investments are stated at cost and provision for diminution is made if such diminution is other than temporary in nature.
- (4) Inventories:
Inventories are valued at the lower of cost (net of cenvat where applicable) and net realisable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In respect of raw materials, cost is determined on specific identification. In respect of stores and spares, cost is determined on First-in First-out basis. In the case of finished goods, cost includes appropriate production overheads and excise duty.
- (5) Revenue recognition :
Revenue from sales is recognised on despatch of goods and includes excise duty where applicable.
- (6) Insurance claims :
Insurance claims are accounted on settlement.
- (7) Retirement Benefits :
Liability in respect of Gratuity to the eligible employees determined by the Life Insurance Corporation of India (LIC) on the basis of actuarial valuation as at the year end is funded with LIC and contribution thereof is absorbed in the accounts. Gratuity liability in respect of other employees has been determined as per the Payment of Gratuity Act and provided for. Contribution to Provident Fund, Superannuation and Pension Fund are charged to Profit and Loss Account. Liability to leave encashment determined on the basis of actuarial valuation as on the Balance Sheet date is provided for.
- (8) Foreign Currency transactions :
 - (i) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. The transactions outstanding at the year end are translated at the rate of exchange prevailing at the year end and profit or loss other than that relating to fixed assets is recognised in the Profit and Loss Account.



SCHEDULE 16 (Contd.)

(ii) The foreign currency transactions entered into by the Company under Forward Contracts are accounted on the date of transaction and the difference between the forward contract rate and the exchange rate on the date of transactions is recognised in the Profit and Loss Account over the period of contract.

(9) Borrowing costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. All other borrowing cost are charged to revenue.

(10) Income tax :

Current tax is determined in accordance with Income Tax Act on the income chargeable to tax. Deferred tax is recognised on all timing differences subject to consideration of prudence.

C. 1. Particulars of the Subsidiary included in the consolidated financial statements is as follows:

Name of the subsidiary	Country of Incorporation	Share in ownership & voting power	Shares held by
Paradeep Carbons Limited	India	100.00%	Goa Carbon Limited with its nominees

The Company's other wholly owned subsidiary, GCL International Limited, has been liquidated effective March 22, 2004. There were no significant transactions recorded by this subsidiary during the year ended 31st March 2004 and hence, the financial statements of GCL International Limited have not been considered for inclusion in the Company's Consolidated financial statements.

2. Effect on the consolidated financial statements of the parent company on acquisition of the subsidiary is as follows:

(Rs. in lacs)

Subsidiary	Goodwill	(Capital Reserve)	Total
Paradeep Carbons Limited	383.74	–	383.74

D. Notes forming part of Accounts

1. No provision is considered necessary for disputed Income-tax demands and interest thereon as given below:

Nature of dues	Rs. in lacs	Period to which the amount relates	Disputes pending with
Income tax demand	1,083.98	AY 1990-91, 1993-94, 1994-95, 1997-98 to 2001-02	Commissioner of income-tax/ Tribunal
Less: Disputed tax paid	124.43		
	959.55		

The above demands mainly relate to disallowance of claim of the Company for tax relief on exports. According to the counsel's opinion obtained by the Company, these demands are not sustainable. The amount of Rs. 124.43 lacs collected by the Income-tax Department is included under Loans & Advances.

2. Contingent Liabilities not provided for:

	31-3-2004 Rs. in lacs	31-3-2003 Rs. in lacs
a) Bank Guarantees issued on behalf of the Company	858.96	1,481.58
b) Corporate guarantees issued	5,835.22	3,950.00
c) Customs duty payable in the event of non-fulfilment of export obligations	149.48	268.65
d) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	9.60	2.28



SCHEDULE 16 (Contd.)

3. The deferred tax liability as at 31st March, 2004 comprises of the following:

	31-3-2004 Rs. in lacs	31-3-2003 Rs. in lacs	
i) Deferred tax liability:			
Depreciation	167.88		181.28
Preliminary expenses amortised	–		0.05
	167.88		181.33
ii) Deferred tax assets:			
Disallowance under Section 43B of the Income Tax Act, 1961	4.40	2.62	
Provision for doubtful debts	2.86	2.80	
Others	1.79	1.47	6.89
Deferred tax liability (net)	158.83		174.44

Note: In respect of the subsidiary company, the unabsorbed loss and depreciation relating to earlier years and the loss for the year have given rise to Net Deferred Tax Asset, which has not been recognised in the Accounts of the subsidiary company as a prudent policy.

4. Donations given to political parties are as under:

	31-3-2004 Rs. in lacs	31-3-2003 Rs. in lacs
Name of the political party		
Bharatiya Janata Party	–	1.75
Goa Pradesh Congress Party	–	1.75
Nationalist Congress Party	–	0.50
Maharashtrawadi Gomantak Party	–	0.50

5. Related Party Disclosures as per Accounting Standard No. 18 issued by the Institute of Chartered Accountants of India :

Names of the related parties	Nature of relationship
a) V. S. Dempo & Co. Private Limited	Ownership, directly and indirectly of more than 50% of the voting power.
b) Marmagoa Shipping & Stevedoring Co. Pvt. Ltd. Aparant Iron & Steel Pvt. Ltd. Dempo Industries Pvt. Ltd. Dempo Travels Pvt. Ltd. Dempo Marketing Co. Pvt. Ltd. Vasantrao Dempo Education and Research Foundation	Common Key Management Personnel
c) Mr. Shrinivas V. Dempo (Executive Chairman) Dr. A. B. Prasad (Managing Director)	Key Management Personnel



SCHEDULE 16 (Contd.)

Transactions with the related parties:

	Enterprise having ownership of more than 50% Rs. in lacs	Enterprise with Common Key Management Personnel Rs. in lacs	Key Management Personnel Rs. in lacs
Loans taken			
Taken during the period	500.00 (456.58)	– (459.74)	
Repaid during the period	300.00 (456.58)	– (459.74)	
Loans and advances			
Returned during the year		– (100.00)	
Purchase of goods		1.21 (4.46)	
Purchase of services:			
Stevedoring and other related charges including reimbursements of port dues etc.	153.45 (123.87)	319.35 (356.34)	
Rent	7.15 (4.13)		
Reimbursement of air travel tickets		31.78 (70.99)	
Reimbursement of other expenses	9.57 (11.48)	1.09 (5.23)	
Donations		3.00 (7.50)	
Remuneration (including sitting fees)			15.55 (40.12)
Reimbursement of salaries		3.14 (4.84)	
Credit balances as at 31.3.2004	212.60 (5.68)	300.00 (300.00)	4.99 (26.97)
Debit balances as at 31.3.2004	– (–)	– (–)	– (–)

6. Segment reporting:

The Company is engaged in manufacture and sale (both domestic and export) of Calcined Petroleum Coke which constitutes single business segment. As per management's perspective, the risks and returns from its sales do not materially vary geographically. Accordingly there are no business / geographical segments to be reported under Accounting Standard AS 17 issued by the Institute of Chartered Accountants of India.

7. Earnings per share:

	Year ended 31-3-2004	15 months ended 31-3-2003
i) Profit after tax as per Profit & Loss Account (Rs. in lacs)	(349.17)	(214.52)
ii) Number of Equity shares	4600000	4600000
iii) Basic and diluted earnings per share in rupees (face value Rs. 10/- per share)	(7.59)	(4.66)



SCHEDULE 16 (Contd.)

8. Figures in the Profit & Loss Account for the current period relate to 12 months as against previous year's figures which relate to 15 months. Hence the figures for current period are not comparable with the figures relating to previous period.

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS

Chartered Accountants

M. K. ANANTHANARAYANAN
Partner
Membership No. 19521

R. G. NAYAK
Vice President – Finance

P. S. MANTRI
Secretary

SHRINIVAS V. DEMPO

Executive Chairman

Dr. A. B. PRASAD

Managing Director

Panaji, Dated 30th July, 2004