



# 40<sup>TH</sup> ANNUAL REPORT 2007-08



## CHAIRMAN'S LETTER

Dear Shareholder,



Last financial year has been quite eventful for the global markets as also for India. Series of events like the US mortgage crisis and the probable slowdown in the US economy sent ripples throughout the global markets. But despite these external factors, India maintained its position in the global economy, depicting traits of a matured economy.

The Indian economy is largely domestically driven, which forms the backbone of the Indian growth story which still is a lucrative investment option for international investors. Our economy once again recorded a strong GDP growth of 9%. Though inflation rate remains very high, the government is confident of containing the figures at that level and is adopting all means to

keep the same under check.

Talking about Goa Carbon, for the year ended March 2008 your company clocked sales of Rs 23,226.36 lakh and a net profit of 1,548.98 lakh. The company's Board has also recommended a dividend of 30% (Rs. 3.00 per equity share).

A major chunk of the company's profits came in during the last quarter of the year, where your company could fetch extremely remunerative prices for its products. China's increasing domestic demand for Calcined Petroleum Coke (CPC) has also been instrumental in pushing the prices of CPC globally.

Another noteworthy development was that, the spur in demand of our product came mainly from the domestic market than from the export segment, which takes us back to the fact that the Indian economy is largely domestically driven.

In the fourth quarter alone, your company recorded sales of Rs 7,524.17 lakh and a whopping Rs 1,305.72 lakh as net profit.

Looking at the outlook for the next financial year, we continue to bet on the domestic demand. India has witnessed huge infrastructure development in the last 2-3 years and such a growth requires increased supply of aluminum which is great news for our industry. Therefore, despite of global fears we are very optimistic about doing good business not only in the current fiscal year but for years to come.

We look forward to your continuous support in the future.

With best wishes,

Yours truly,

A handwritten signature in black ink, appearing to be 'Shrinivas V. Dempo', written over a horizontal line.

Shrinivas V. Dempo

Panaji-Goa.

## **Board of Directors**

Mr. Shrinivas V. Dempo *Chairman*

Mr. Dara P. Mehta

Dr. W. R. Correa

Mr. P. G. Kakodkar

Mr. Soiru V. Dempo

Mr. Keki M. Elavia

Mr. Alban F. Couto

Dr. A. B. Prasad

**40th Annual General Meeting  
at Dempo House, Campal, Panaji-Goa  
on Tuesday, July 29, 2008  
at 10.30 a.m.**

## **Company Secretary**

Mr. P. S. Mantri

## **General Manager (Finance)**

Mr. K. Balaraman

## **Registered Office**

Dempo House, Campal,  
Panaji-Goa - 403 001

## **Auditors**

M/s. Fraser & Ross, Chennai

## **Solicitors**

M/s. Little & Co., Mumbai

## **Works**

1. St. Jose de Areal, Salcete, Goa – 403 730
2. 34-40, Sector B, Sirgitti Industrial Area,  
Bilaspur – 495 004, Chhattisgarh State.
3. Vill. Udayabata, P.O. Paradeepgarh,  
Dist. Jagatsinghpur, Orissa – 754 142

## **Registrars & Share Transfer Agents**

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

## **Bankers**

Bank of India  
Bank of Baroda

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# Notice

**NOTICE** is hereby given that the 40<sup>th</sup> 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 **Tuesday, the 29<sup>th</sup> July, 2008 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 31<sup>st</sup> March, 2008 and Profit and Loss Account and Cash Flow Statement 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 Mr. Dara P. Mehta who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. W. R. Correa who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Alban F. Couto, who retires by rotation and being eligible offers himself for re-appointment.
6. 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 AT LEAST 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 **Tuesday, the 22<sup>nd</sup> July, 2008 to Tuesday, the 29<sup>th</sup> July, 2008** (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 in respect of 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 hours on **21<sup>st</sup> July, 2008**, as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of shares held in electronic form, and
  - b) as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before **21<sup>st</sup> July, 2008**.
5. To avoid risk of loss / interception of dividend warrants in postal transit and / or fraudulent encashment, shareholders are requested to avail of the ECS facility where dividends are directly credited in electronic form to their respective bank accounts. This also ensures faster credit of dividend. Shareholders who desire receipt of their dividend through ECS can obtain the Form from the Registrar and Share Transfer Agent and / or the Registered Office of the Company.



Shareholders may also submit their bank details to the Registrar and Share Transfer Agent. This will enable the Company to incorporate this information on dividend warrants to minimize the risk of fraudulent encashment.

6. 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 205C by the Companies (Amendment) Act, 1999 on the dates as mentioned there against.

Financial year ended	Due date of transfer
31-03-2001	23-10-2008
31-12-2001	30-07-2009
31-03-2003	20-10-2010
31-03-2004	22-10-2011
30-06-2005	14-01-2013
30-06-2006	04-02-2014
31-03-2007	01-09-2014

Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends for the financial years ended 31<sup>st</sup> March, 1996 to 31<sup>st</sup> March, 2000 have been transferred to the Investor Education and Protection Fund.

Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31<sup>st</sup> March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period(s) are requested to claim the same from the Central Government in the prescribed form.

#### **Directors**

Mr. Dara P. Mehta, Dr. W. R. Correa and Mr. Alban F. Couto are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

The information to be provided for these directors under the Corporate Governance Code of the Listing Agreement is given in the Corporate Governance Section of this Annual Report.

By Order of the Board of Directors

**P. S. MANTRI**  
*Company Secretary*

**Registered Office :**  
Dempo House, Campal  
Panaji, Goa – 403 001

Dated: April 21, 2008



# Directors' Report

Your Directors have pleasure in presenting the 40<sup>th</sup> Annual Report and Audited Statement of Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2008.

## OPERATING RESULTS :

The Company's performance for the year under review has been better considering the challenges and competitive market conditions. Your Company's performance during the year under review is summarized below:

## FINANCIAL RESULTS :

Rs. in lacs

	12 Months ended 31-3-2008	9 Months ended 31-3-2007
<b>Profit before tax for the year</b>	<b>1,731.94</b>	331.65
Less: Provision for Tax		
Current Tax	<b>207.00</b>	39.95
MAT Credit Entitlement	<b>(196.08)</b>	—
Deferred Tax	<b>163.24</b>	—
Fringe Benefit Tax	<b>8.80</b>	6.55
	<b>182.96</b>	46.50
<b>Profit for the year after tax</b>	<b>1,548.98</b>	285.15
Add: Balance b/f from P & L A/c of previous year	<b>155.62</b>	131.07
<b>Amount Available for Appropriations:</b>	<b>1,704.60</b>	416.22
<b>Appropriations:</b>		
General Reserve	<b>850.00</b>	100.00
Proposed Dividend	<b>274.53</b>	137.27
Tax on Dividend	<b>46.66</b>	23.33
Balance carried to Balance Sheet	<b>533.41</b>	155.62
	<b>1,704.60</b>	416.22

## DIVIDEND:

Your Directors recommend a dividend at the rate of 30 per cent (Rs. 3/- per Equity Share) for the year ended 31<sup>st</sup> March, 2008 as compared to 15 per cent (Rs. 1.50 per Equity Share) for the 9 months period ended 31<sup>st</sup> March, 2007.

## OPERATIONS:

The sales turnover of the Company for the year under review was Rs. 20,797.75 lacs as compared to Rs. 18,518.21 lacs (9 months) during the previous year. The production of Calcined Petroleum Coke ("CPC") was 1,58,383 Tonnes compared to 1,40,413 Tonnes (9 months) during the previous year.



The sales of CPC were 1,61,424 Tonnes (including exports 56,478 Tonnes) for the year under review as compared to 1,57,901 Tonnes (including exports 55,892 Tonnes) for the 9 months of the previous year. The export turnover of the Company was Rs. 5,667.86 lacs in the 12 months under review as against Rs. 5,826.96 lacs in the 9 months of the previous year.

**LISTING INFORMATION:**

The Equity Shares of your Company are listed on the Bombay Stock Exchange Limited (BSE) and on the National Stock Exchange of India Limited (NSE).

The Listing Fees for the year 2008 – 2009 have been paid to BSE and NSE.

**ISO 9001 and ISO 14001 COMPLIANCE:**

The Company continues to enjoy ISO 9001 & ISO 14001 accreditation by BUREAU VERITAS.

**ENVIRONMENT AND SOCIAL CONCERN:**

Your Company continues its efforts for the betterment of the environment through energy conservation, waste minimization and by installing modern devices for pollution control.

**PUBLIC DEPOSITS:**

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

**DIRECTORS:**

Due to personal reasons, Mr. S. Ramachandran has resigned as Executive Director effective September 5, 2007. The Board expresses its gratitude for the contribution made by Mr. S. Ramachandran during his tenure with the Company. Efforts are being made to fill in the vacancy of CEO for the Company.

Mr. Dara P. Mehta, Dr. W. R. Correa and Mr. Alban F. Couto retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment, which the Board recommends.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under Section 217 (2AA) of the Companies Act, 1956, based on the information and representations received from the operating management 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 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 that period;
- (iii) the Directors have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities 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 the notes forming part of the accounts, which are self-explanatory and therefore, do not call for any further comments or explanations.

**HUMAN RESOURCES:**

Your Company enjoys cordial employee relations and your directors wish to place on record their appreciation of the valuable contributions made by the employees and workers of your Company during the year under review.

The particulars of the employees as required by the provisions of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules are set out in the Annexure to the Directors Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Reports and Accounts are being sent to all the shareholders of the Company, excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

**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 the Annexure of this Report and forms part of it.

**CORPORATE GOVERNANCE:**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report and Corporate Governance Report are provided in separate sections as a part of this Annual Report. A certificate from the Statutory Auditors of the Company certifying the Company's compliance with the requirements of corporate governance in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is also annexed to the section on Corporate Governance.

**ACKNOWLEDGEMENT:**

Your Directors wish to acknowledge and thank the Central Government, Government of Goa, Orissa 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 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**

*Chairman*

Panaji, Dated: 21<sup>st</sup> day of April, 2008.



## 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	Paradeep Plant
(a) energy conservation measures	<p>Consumption of electrical energy per metric ton of Calcined Petroleum Coke produced during the year was 17.53 kwh/MT of CPC as against 14.34 kwh/MT of previous period (01-07-2006 to 31-03-2007). Electrical energy consumption per metric ton of CPC produced was higher due to lower production during the year i.e. 36538 MT as against 56501 MT of the previous period (01-07-2006 to 31-03-2007). Total electrical energy consumption during the year was 640373 kwh units as against 810236 kwh units of the previous period (01-07-2006 to 31-03-2007). A strict control on routinely maintaining power factor enabled us to get maximum rebate of 29169 kwh units.</p> <p>Furnace Oil consumption during the year was 197790 litres as against 191300 litres of the previous period (01-07-2006 to 31-03-2007). However, due to lower production and intermittent production run, the furnace oil consumption was higher i.e. 5.41 litres/MT as against 3.63 litres/MT of the previous period (01-07-2006 to 31-03-2007).</p>	<p>Consumption of electrical energy per MT of Calcined Petroleum Coke was 21.90 units during the year. This higher consumption was primarily due to non-continuous operation of the plant during the year. However, action plans have been drawn to bring it down to 18 units per MT.</p> <p>Furnace oil consumption per MT of Calcined Petroleum Coke produced was 7.90 ltr./MT. Process controls are enhanced to further bring down the Furnace Oil consumption.</p>	<p>The electrical energy consumption during the year 2007-08 was 14.95 kwh/MT of CPC as compared to 16.44 kwh/MT of the previous year. The cost of electrical energy per MT of CPC was Rs. 75.10 as compared to the previous year cost of Rs.81.03. The power consumption per MT has come down due to installation of correct capacity motors in place of higher capacity motors, maintaining high power factor, increasing the Specific Fuel consumption of DG sets, installation of Energy Saver Panel for plant lighting, replacement of high capacity Luminaries with low capacity etc.</p> <p>The consumption of fuel i.e., F.O. per MT of CPC during the year 2007-08 was 0.36 ltrs. as compared to the previous year consumption of 1.29 ltrs.</p> <p>The consumption of energy has been reduced considerably. The same is being monitored and reviewed regularly.</p>
(b) additional investment and proposals, if any, being implemented for reduction of consumption of energy.	<ol style="list-style-type: none"> <li>1) Fuel efficient diesel generator set has been procured and is being installed whereby lower H.S. Diesel consumption will be achieved.</li> <li>2) Campaign for reduction of electrical energy consumption by installing energy efficient motors, star/ delta / star starter and luminaries is being continued.</li> </ol>	<p>It is proposed to carry out calcination process with the injection of pure oxygen in the Kiln to reduce fuel oil consumption and to improve recovery. Maximum demand supply from electricity board has been reduced from 200 KVA to 150 KVA, which will result in reduced power bills.</p>	<p>The proposal to have an independent dedicated 11 KVA feeder line has been kept on hold, once it is approved, then the final action will be finalized.</p>

## Annexure to the Directors' Report (Contd.)

(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.

Above steps will help to save 3% to 4% of electrical energy consumption on current connected load.

The cost of energy is expected to be reduced after installation of the independent feeder as planned.

(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's export to internationally renowned aluminium majors as in the past still continue.

(g) total foreign exchange used and earned.

Foreign Exchange used for importing raw material, interest on foreign currency loans and travel expenses of all employees for official work etc. was equivalent to Rs. 185.28 crores.

Foreign Exchange earned during the year 2007-2008 by exporting finished product was equivalent to Rs. 56.68 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, the Company has been able to achieve reduction in energy consumption and higher product recovery with efforts towards continuous and consistent reviews of all processes & operations and consequent improvement actions.

#### 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 therefore 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 main driving force for Calcined Petroleum Coke (CPC) would continue to be the aluminium industry, the primary end user of Calcined Petroleum Coke that accounts for 75% of overall consumption. The balance 25% is consumed by the titanium dioxide, graphite and other metallurgical industries. Hence, the fundamentals of Calcined Petroleum Coke pricing are based on the fortunes of the aluminium industry. It is reported that growth of aluminium metal production is expected to be in the range of 6% to 9%. There are number of brownfield expansions happening and this will boost the demand of CPC.

The first 9 months of the year 2007–08 were challenging and a difficult period for CPC producers in general and for GCL in particular, in view of the rising raw material prices, ocean freight and also the Company's inability to pass on the increased cost to the end user due to the fixed price contract entered into with the overseas aluminium smelters.

During the 3<sup>rd</sup> quarter of the year 2007–08, GCL took a conscious decision of not entering into long term fixed price contracts for supply of CPC to the aluminium smelters abroad and as such CPC prices were quoted to the smelters on spot basis. In addition to the above, CPC prices in India have also started firming up and GCL got a reasonable price increase not only from the aluminium smelters but also from the steel industries. This resulted in good financial performance for the last quarter of 2007–08. Considering all these factors, the management is of the firm view that Petroleum Coke business is promising in the long term.

## RAW MATERIALS

Raw Petroleum Coke (RPC) commonly known as Green Coke is the main raw material for the Company. During the third quarter of the year 2007–08, the price of RPC produced in India by Indian Refineries have gone up and now the price of domestic RPC is in line with the price of the imported RPC. Since the delivery cost of RPC from Indian refineries is prohibitive, the Company mainly imports from Kuwait, China and other countries depending on FOB rates and freight rates so as to produce Calcined Petroleum Coke at a competitive price in the market. During the year 2007–08, the Company had entered into contract for the supply of RPC with the overseas refineries to the extent of 48% of its requirement at a competitive price. In addition to the above, the Company is making continuous efforts to reduce delivered cost of raw material by exploring new sources of raw material.

The performance of the Company during the year under review has improved despite increase in FOB price of RPC and ocean freight, mainly due to better realizations, proper inventory management, cost control measures implemented in all areas and the rupee appreciation against the dollar.

## RESEARCH AND DEVELOPMENT

Company's thrust is always on identifying new sources of raw material (RPC), analyzing and evaluating its suitability for calcining, blending and optimizing parameters of calcination to achieve quality and cost effectiveness. This exercise is on going and carried out to ensure the availability of alternative materials and blends on long term basis. Alternative blends are test marketed for acceptance by the existing and prospective customers.

## FINANCIAL REVIEW

The financial statements have been prepared in compliance with the requirement of the Companies Act, 1956. The key financial ratios are given below in percentage, except the earnings per share:

	12 months ended 31-3-2008	9 months ended 31-3-2007
PAT / Sales	7.45%	1.54%
Return on Net Worth	23.15%	6.87%
Earnings per Share (Rs.)	16.93	*3.12

\* not annualised



The net current assets of the Company as on 31.03.2008 were Rs.16,582.65 lacs as compared to Rs.13,141.30 lacs for the previous year.

The net cash flow of the Company is as follows:

(Rs. in lacs)

	12 months ended 31-3-2008	9 months ended 31-3-2007
Cash generated from operations	735.09	4189.67
Cash used for investing activities	(2.10)	(42.65)
Cash used for financing activities	1202.30	(3321.81)
Net increase in cash	1935.30	825.20

### INTERNAL CONTROL SYSTEM

The Company, has an adequate system of internal controls implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and for compliance with all applicable laws.

The internal control mechanism comprises a defined organization structure, pre-determined authority levels, risk assessment, defined segregation of duties and delegation of authority.

The Company, during the year under review, has implemented ERP by incorporating all checks, balances and controls on a regular basis and maintains all the vital data and information as a back-up, to avoid any possible risk of losing important business data.

The internal audit team undertakes extensive checks and reviews the internal control system. Internal Audit reports are regularly discussed and corrective measures, if required, are taken.

A qualified and independent audit committee of the Board, comprising of independent directors of the Company, reviews the internal audit reports and the adequacy of internal controls.

### HUMAN RESOURCES

Your Company has qualified, well trained and experienced executives in various disciplines required for company's business / operations. The Company on a regular basis, undertakes various training programmes to keep its employees updated on information and new technological developments, so as to achieve cost effectiveness and optimum plant capacity utilization. The Company's relation with the employees continues to be cordial. Your Company always reciprocates commitments of its employees to motivate them towards good performance.

### STATUTORY COMPLIANCE

All declarations and compliances with respect to the various statutes, enactments and guidelines are submitted at every meeting of the Board of Directors of the Company. The Company Secretary who is also the Compliance Officer gives a declaration of compliance to the Board with respect to provisions of Companies Act, 1956, SEBI Regulations and Listing Agreements with the Stock Exchanges.

### CAUTIONARY STATEMENT

Some of the statements given in the above management discussion and analysis about the Company's projections, objectives, estimates, expectations and predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. The actual results may differ from those expressed or implied statements. Significant factors that could make a difference to the Company's operations includes domestic and global economic conditions affecting demand and supply and price conditions in the industry, changes in Government laws, tax regime and other statutory changes, environment laws and labour relations. Your Company undertakes no obligation to publicly revise any forward looking statement to reflect future events or circumstances.



# Corporate Governance Report

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance in accordance with the SEBI prescribed format is given below:

## A. MANDATORY REQUIREMENTS

### 1. Company's philosophy on Corporate Governance:

The Company's philosophy on corporate governance stems out from its belief that timely disclosures, transparent accounting policies, and a strong and independent Board go a long way in preserving shareholders trust while maximizing long-term corporate values.

### 2. Board of Directors:

#### a. Composition and Category of Directors

The Composition of Board of Directors is in conformity with the Corporate Governance code.

The Board comprises eight directors, all of whom are non-executive directors, with five of them being independent directors (i.e. 62.5% independent directors).

Independent director shall mean Non-executive director of the Company who:

- Apart from receiving the Director's remuneration, does not have any material or pecuniary relationships or transactions with the company, its promoters, its senior management or its holding company, its subsidiaries and associated companies.
- Is not related to Promoters, Chairman, Managing Director, Whole-time director, Secretary, CEO or CFO and of any person in the management at one level below the board.
- Has not been an executive of the company in the immediately preceding three financial years.
- Is not a partner or an executive of the statutory audit firm or the internal audit firm that is associated with the company and has not been a partner or an executive of any such firm for the last three years. This will also apply to legal firm(s) and consulting firm(s) that have a material association with the entity.
- Is not a supplier, service provider or customer of the company. This should include lessor-lessee type of relationships also and
- Is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares.

Based on the above test of independence, Mr. Dara P. Mehta, Dr. W. R. Correa, Mr. P. G. Kakodkar, Mr. Keki M. Elavia and Mr. Alban F. Couto are categorized as independent directors.

The independent directors have confirmed that they satisfy the 'criteria of independence' as stipulated in the amended Clause 49 of the listing agreements.

All the Independent Directors on the Board are qualified professionals, highly experienced & respected individuals from their respective fields. They take active part in the Board and Committee meetings.

#### b. Attendance of each Director at the Board Meetings held during the year and the last Annual General Meeting (AGM) is as follows:

Name of Director	Category	Board Meetings Attended	Last AGM Attended
Shrinivas V. Dempo	Chairman, Non-Executive	5	Attended
Dara P. Mehta	Independent Director	4	Attended
Dr. W. R. Correa	Independent Director	2	—
P. G. Kakodkar	Independent Director	2	—
Soiru V. Dempo	Non-Executive Director	5	Attended
Keki M. Elavia	Independent Director	4	Attended
Alban F. Couto	Independent Director	5	Attended
Dr. A. B. Prasad	Non-Executive Director	5	Attended
S. Ramachandran*	Executive Director	3	Attended

\* Mr. S. Ramachandran resigned effective from September 5, 2007.



**c. Number of other Company Boards or Board Committees in which each of the Directors of the Company is a Member or Chairman:**

Name of Director	Directorships held in other Companies		Committee Memberships held in other Companies	
	As Director	As Chairman	As Member	As Chairman
Shrinivas V. Dempo	28*	1*	–	–
Dara P. Mehta	11°	1	–	–
Dr. W. R. Correa	1	–	–	1
P. G. Kakodkar	12	1	4	2
Soiru V. Dempo	12	–	–	–
Keki M. Elavia	10	–	4	3
Alban F. Couto	–	–	–	–
Dr. A. B. Prasad	2	–	–	–

\* Includes directorships held in 27 private limited companies.

° Includes 4 companies in which Mr. Dara P. Mehta is an Alternate Director.

**d. Number of Board Meetings held and the dates on which held:**

Five Board Meetings were held during the year 2007– 08 as against the minimum requirement of four meetings. The dates on which the meetings were held are given below:

23-04-2007, 14-06-2007, 27-07-2007, 16-10-2007, 25-01-2008

**e. Information placed before the Board of Directors:**

In addition to matters statutorily requiring approval of the Board, all major items relating to capital expenditure, investments, acquisitions, etc. are discussed by the Board. All the relevant information including that specified under Annexure IA of the Listing Agreement is placed before the Board.

All the items on the Agenda are accompanied by notes giving information on the related subject. The agenda and the relevant notes are provided separately to each Director.

**f. Details of remuneration of directors for the year ended 31-03-2008:**

Details of remuneration paid/payable to directors during the financial year are given below:

Name of Director	Salary (Rs.)	Benefits (Rs.)	Bonus/ Commission (Rs.)	Performance linked incentive (along with criteria) (Rs.)	Sitting fees° (Rs.)	Total (Rs.)	Stock Options	Service Contract/ Notice Period/ Severance Fees/ Pension
Shrinivas V. Dempo	–	–	–	–	37,500	37,500	–	Retirement by Rotation
Dara P. Mehta	–	–	–	–	37,500	37,500	–	Retirement by Rotation
Dr. W. R. Correa	–	–	–	–	17,500	17,500	–	Retirement by Rotation
P. G. Kakodkar	–	–	–	–	70,000	70,000	–	Retirement by Rotation
Soiru V. Dempo	–	–	–	–	1,00,000	1,00,000	–	Retirement by Rotation
Keki M. Elavia	–	–	–	–	40,000	40,000	–	Retirement by Rotation
Alban F. Couto	–	–	–	–	37,500	37,500	–	Retirement by Rotation
Dr. A. B. Prasad	–	–	–	–	92,500	92,500	–	Retirement by Rotation
S. Ramachandran	7,67,250	3,32,832	–	3,00,000	–	14,00,082	–	Not Applicable*

° Includes sitting fees paid for Committee Meetings.

\* Mr. S. Ramachandran resigned effective from 05-09-2007.

**Notes:**

1. Mr. Dara P. Mehta is the senior partner of Little & Co., Solicitors and Advocates, which has a professional relationship with the Company. The quantum of professional fees received by Little & Co. from the Company during the last three years is less than 2% of the total revenue of the legal firm (Professional fees paid during the last three years are (i) Rs. 89,935/- during the 12 months period ended 30-06-2006, (ii) Rs. 52,500/- during the 9 months period ended 31-03-2007 and (iii) Rs. Nil during the financial year ended 31-03-2008). The Board of Directors is of the view that, the association of the legal firm with the Company is not material enough to affect the independence of Mr. Dara P. Mehta.
2. Apart from the above, the Company does not have any other pecuniary relationship or transactions with the Directors.
3. Performance linked incentive paid is based on the incentive resolved at the Annual General Meeting held on July 27, 2007 to be paid to Mr. S. Ramachandran, and was linked to individual, team and business performance achieved during the year upto a maximum range of 50% of annual salary.
4. Remuneration by way of sitting fees for attending Board/Board Committee Meetings are paid only to non-executive Directors.

**g. Note on Directors appointment / re-appointment:**

Mr. Dara P. Mehta, Dr. W. R. Correa and Mr. Alban F. Couto are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Brief details concerning these Directors are given below:

**Mr. Dara P. Mehta**

Mr. Dara P. Mehta is a Senior Partner of Little & Co., a leading law firm in Mumbai. He took his B.A. at Bombay University, LL.B. from Pune University and LL.M. from Harvard University. Mr. Mehta was enrolled as a Solicitor in 1957. He specializes in Company law, joint ventures, banking and intellectual property law. Mr. Mehta has authored several papers on subjects of law. Presently, he is on the Board of the following other companies:

Sr. No.	Name of the Company	Designation / Membership of Board Committees
1.	Binani Mazak Pvt. Ltd.	Chairman
2.	Bloomberg Data Services (India) Pvt. Ltd.	Director
3.	DME Company (India) Pvt. Ltd.	Alternate Director
4.	Emerson Network Power (India) Pvt. Ltd.	Alternate Director
5.	Emerson Climate Technologies (India) Ltd.	Director
6.	Foseco India Ltd.	Director
7.	GKN Driveline (India) Ltd.	Director
8.	Global Dolphin Drilling Company Pvt. Ltd.	Alternate Director
9.	Grolier International Pvt. Ltd.	Director
10.	Insilco Ltd.	Director
11.	JT International (India) Pvt. Ltd.	Alternate Director

**Dr. W. R. Correa**

Dr. W. R. Correa is Ph.D. in Electronic Engineering from the University of Michigan, U.S.A. He is on the Board of M/s. Birla Precision Technologies Ltd.

**Mr. Alban F. Couto**

Mr. Alban F. Couto is retired IAS Officer. He has a wide experience in various facets of management and has worked in senior capacities in Government of India.

Mr. Alban F. Couto is not a Director in any public limited company in India, other than Goa Carbon Limited.



**h. Shareholding of Directors:**

As on March 31, 2008, Mr. Shrinivas V. Dempo holds 29,400 equity shares, Mr. Dara P. Mehta holds 4,000 equity shares and Dr. W. R. Correa holds 1,400 equity shares. None of the remaining directors hold any shares in the Company.

**i. Code of Conduct:**

The Company has formulated a Code of Conduct for the Board Members and Senior Management of the Company which is posted on its website. It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code during the financial year ended March 31, 2008 and a confirmation to this effect has been obtained from them individually.

**j. CEO/CFO Certification:**

CFO Certification by Mr. K. Balaraman, General Manager (Finance) as required under Clause 49(V) of the Listing Agreement was placed before the Board at its meeting held on April 21, 2008.

**3. Audit Committee:**

**Overall purpose/objective**

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls which management and the Board have established, appointing, retaining and reviewing the performance of independent accountants/internal auditors and overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements.

**a. Terms of reference:**

The terms of reference of the Audit Committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreements as well as in Section 292(A) of the Companies Act, 1956 and are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

7. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
8. 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.
9. Discussion with internal auditors on any significant findings and follow-up thereon.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee mandatorily reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

#### **b. Composition, Names of Members and Chairman:**

The Company has a qualified and independent Audit Committee with all members being non-executive directors. The Chairman of the Committee is an Independent Director. The Company Secretary acts as the Secretary to the Committee.

The Audit Committee had met four times during the year 2007–08 on 14-06-2007, 27-07-2007, 15-10-2007 and 23-01-2008.

Members of the Audit Committee and the number of Meetings attended by each Director during the financial year 2007 – 08 are as follows:

Name	Designation	Category	Profession	Committee Meetings Attended
Dara P. Mehta	Chairman	Independent Director	Solicitor	3
Keki M. Elavia	Member	Independent Director	Chartered Accountant	4
P. G. Kakodkar	Member	Independent Director	Banking Consultant	2

#### **4. Remuneration Committee:**

The Remuneration Committee comprises 3 non-executive 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 June 14, 2007 during the year. All the members attended the meeting.



## 5. Share Transfer and Investors' Grievance Committee:

The Share Transfer and Investors' Grievance Committee is empowered to consider and approve the physical transfer, transmission, transposition 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 & Investors' Grievance Committee met 24 times during the year 2007 – 08 and the constitution of the Committee and attendance of each member at the meetings was as follows:

Name of the Member	Status	Number of Meetings Attended
P. G. Kakodkar	Chairman	19
Soiru V. Dempo	Member	24
Dr. A. B. Prasad	Member	22

The total number of letters/complaints received and replied to the satisfaction of shareholders during the year 2007-08 were 583. There were no outstanding letters / complaints as on March 31, 2008.

Mr. P. S. Mantri, Company Secretary is the Compliance Officer under Clause 47 of the Listing Agreement with the Stock Exchanges.

## 6. General Meetings:

The last three Annual General Meetings (AGM's) of the Company were held as under:

Particulars	Date	Time	Venue
37th AGM	December 10, 2005	10.30 a.m.	All three Annual General Meetings were held at Dempo House, Campal, Panaji, Goa – 403 001
38th AGM *	December 30, 2006	10.00 a.m.	
39th AGM **	July 27, 2007	10.00 a.m.	

\* A special resolution was passed approving and consenting to the appointment and payment of remuneration, perquisites and benefits to Mr. S. Ramachandran as Director in Whole-time employment of the Company (designated as "Executive Director") for a period of five years with effect from December 1, 2006.

\*\* A special resolution was passed consenting and approving the payment of enhanced remuneration, perquisites, benefits and introduction of performance linked pay, to Mr. S. Ramachandran, Executive Director with effect from April 1, 2007.

## 7. Postal Ballot:

For the year ended March 31, 2008, there has been no ordinary or special resolution passed by the Company's shareholders through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

## 8. Disclosures:

- During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no transactions between the Company and the Promoters, Directors or Management, their subsidiaries or relatives, etc., that had a potential conflict with the interests of the Company at large. The Register of Contracts containing transactions in which directors are interested is placed before the Board regularly.
- 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.
- Pursuant to Sub-Clause VII(2) of Clause 49, the Company confirms that it has complied with all mandatory requirements prescribed in Clause 49 of the Listing Agreement.

## 9. Means of Communication:

The quarterly unaudited financial results were published in the Financial Express/Economic Times/ Navhind Times (English Dailies) and Navprabha (Marathi Daily). The results were also displayed on the Company's web-site at [www.goacarbon.com](http://www.goacarbon.com). The shareholders can visit the Company's web-site for financial information, shareholding information etc.

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

The Management Discussion and Analysis Report is provided separately as a part of this Annual Report.

## 10. General Shareholder Information:

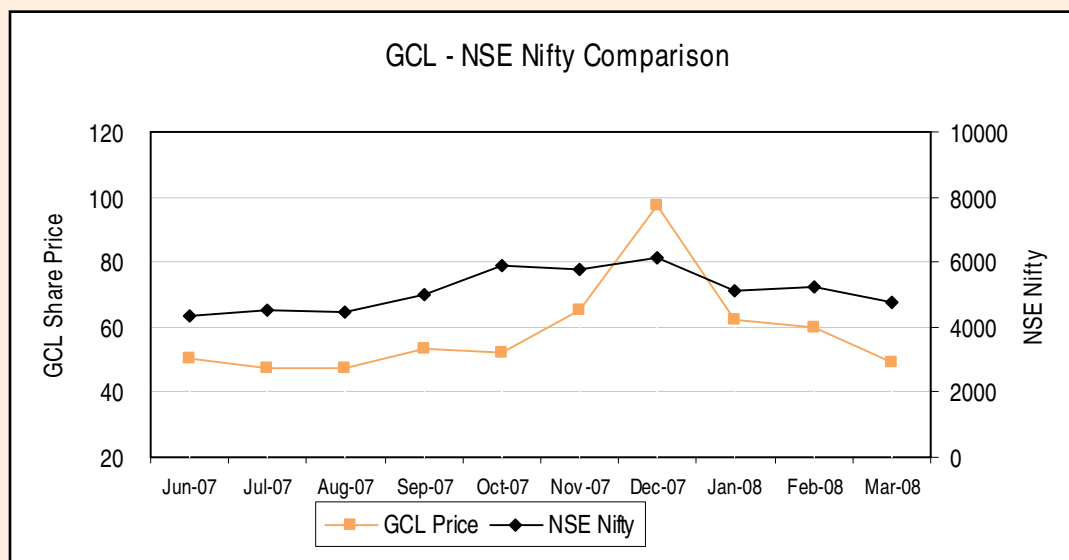
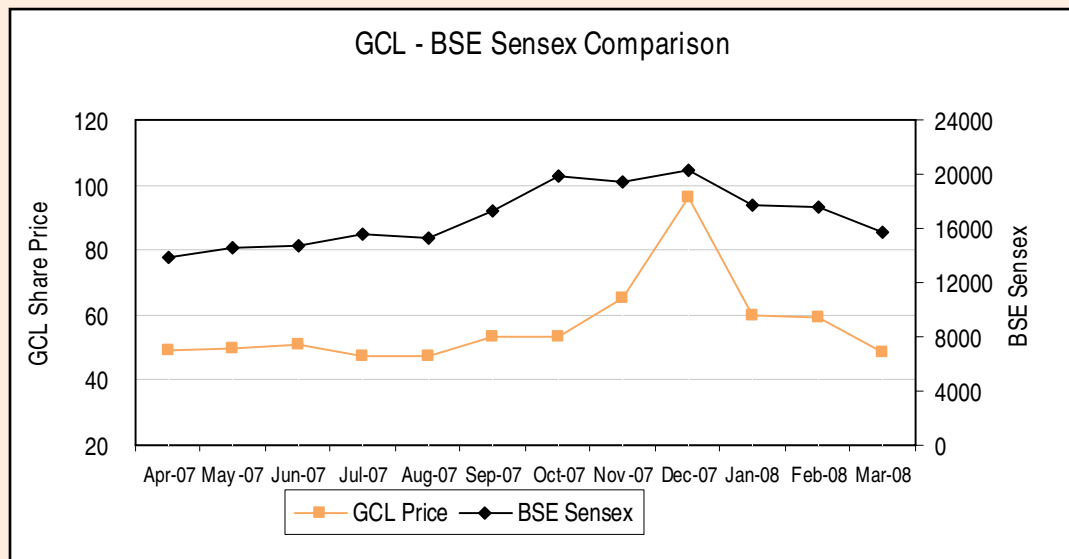
- i) **Annual General Meeting**
  - Date and Time : July 29, 2008 at 10.30 a.m.
  - Venue : Dempo House, Campal, Panaji, Goa – 403 001
- ii) **Financial Year Calendar (2008–09)** : Results for quarter ending June 30, 2008 – July 2008  
Results for quarter ending September 30, 2008 – October 2008  
Results for quarter ending December 31, 2008 – January 2009  
Results for quarter ending March 31, 2009 – April 2009
- iii) **Book Closure Date** : Tuesday, the 22nd July, 2008 to Tuesday, the 29th July, 2008 (both days inclusive), for payment of dividend.
- iv) **Dividend Payment Date** : Within the statutory time limit of 30 days from the date of the Annual General Meeting.
- v) **Listing of Equity Shares & Stock Code** : The Bombay Stock Exchange Limited (Scrip Code: 509567);  
The National Stock Exchange of India Ltd. (Symbol: GOACARBON)
- vi) **Demat ISIN Number for NSDL & CDSL** : INE426D01013
- vii) **Market Price Data (in Rs.)**

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)*		
	High	Low	Volume	High	Low	Volume
April 2007	57.00	41.75	211672	–	–	–
May 2007	56.50	40.50	272953	–	–	–
June 2007	64.45	45.65	791057	64.90	49.15	642955
July 2007	52.75	45.60	221206	54.10	46.05	62799
August 2007	49.40	41.00	135261	54.70	44.00	50714
September 2007	57.95	48.20	314812	56.50	46.50	92292
October 2007	56.00	45.75	344584	59.50	44.80	88972
November 2007	86.70	48.10	1195425	87.95	47.50	437595
December 2007	96.20	65.05	717442	97.50	64.10	489250
January 2008	122.70	59.25	623130	95.00	59.00	48900
February 2008	67.90	50.00	110420	68.75	53.35	25213
March 2008	59.90	37.90	216083	58.00	38.00	50173

\* Equity shares of the Company admitted for trading on NSE w.e.f. June 5, 2007.



viii) **Share price performance in comparison to broad based indices – BSE Sensex and NSE Nifty:**



ix) **Registrar & Share Transfer Agents :** Intime Spectrum Registry Ltd.  
 C-13, Pannalal Silk Mills Compound,  
 LBS Marg, Bhandup (West),  
 Mumbai-400 078  
 Ph.: (022) 2596 3838  
 Fax: (022) 2594 6969  
 Email: isrl@intimespectrum.com

x) **Share Transfer System :**

The shares of the Company, being in the compulsory demat list are transferable through the depository system. Shares in physical form are processed by the RTA, M/s. Intime Spectrum Registry Limited and approved by the Share Transfer & Investors' Grievance Committee of the Company, 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 of transfer documents by M/s. Intime Spectrum Registry Limited, provided the relevant documents are complete in all respects. As at March 31, 2008 no equity shares were pending for transfer.

The Company conducts a Secretarial Audit on a quarterly basis in accordance with SEBI requirements. M/s Ranjeet Agrawal, Practising Company Secretary has been assigned the task of conducting such audit. The Secretarial Audit Reports of M/s Ranjeet Agrawal, Practising Company Secretary, 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 M/s Ranjeet Agrawal, Practising Company Secretary for due compliance of share transfer formalities by the Company.

xi) **Distribution of Shareholding:**

**Distribution Schedule as on March 31, 2008**

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 500	13,915	92.80	15,10,348	16.50
501 to 1000	582	3.88	4,62,301	5.05
1001 to 2000	249	1.66	3,68,428	4.03
2001 to 3000	83	0.56	2,11,832	2.31
3001 to 4000	40	0.27	1,43,313	1.57
4001 to 5000	35	0.23	1,63,471	1.79
5001 to 10000	52	0.35	3,68,325	4.02
10001 and above	38	0.25	59,23,034	64.73
<b>TOTAL</b>	<b>14,994</b>	<b>100.00</b>	<b>91,51,052</b>	<b>100.00</b>

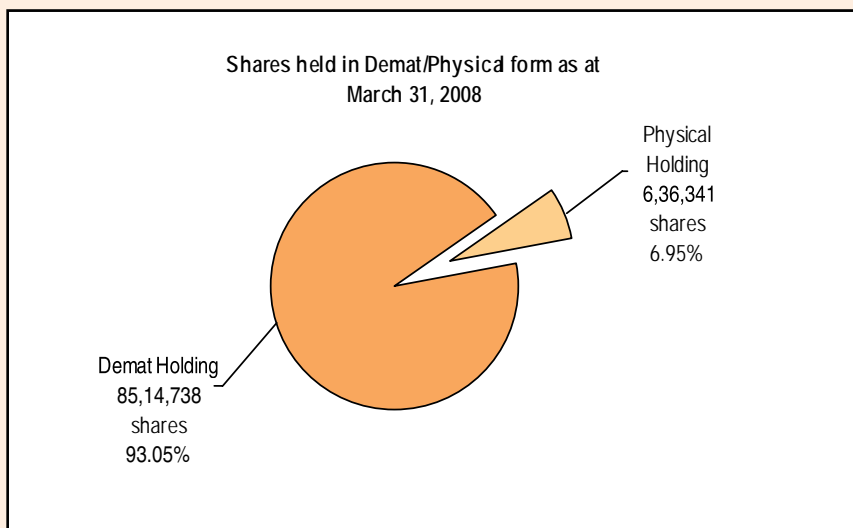
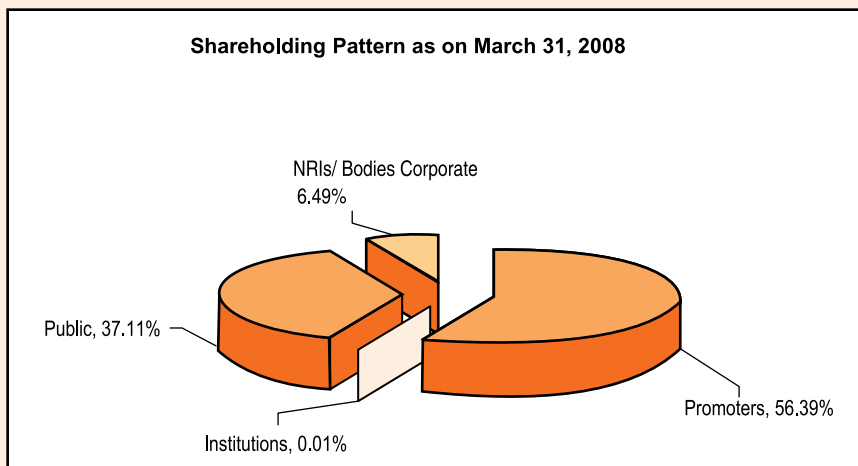
**Distribution of Shareholding (Categorywise) as on March 31, 2008**

Category	No. of Shareholders	No of Shares held	% of Shareholding
Promoters, Directors, their relatives & Associates	13	51,66,740	56.46
Mutual Funds / UTI	1	550	0.01
Financial Institutions / Banks	10	805	0.01
Bodies Corporate	248	5,74,461	6.28
Non-Resident Indians (NRI's)	48	19,476	0.21
Resident Individuals	14,631	33,32,329	36.41
Clearing Members	43	56,691	0.62
<b>TOTAL</b>	<b>14,994</b>	<b>91,51,052</b>	<b>100.00</b>



xii) **Dematerialisation of shares and liquidity:**

As on March 31, 2008, 93.05% of the Company's paid-up capital representing 85,14,738 shares were held in dematerialized form as compared to 92.61% of the Company's paid-up capital representing 84,75,155 shares as on March 31, 2007.



xiii) **Outstanding GCRs/ADRs/Warrants or any Convertible instruments**

: Nil

xiv) **Plant Locations**

:

**Goa Unit**

St. Jose de Areal, Goa – 403 730

**Bilaspur Unit**

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

**Paradeep Unit**

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

xv) **Address for correspondence**

a) Investor correspondence for transfer/ dematerialisation of shares and any other query relating to the shares of the Company.

Intime Spectrum Registry Ltd.  
C-13, Pannalal Silk Mills  
Compound, LBS Marg,  
Bhandup (West), Mumbai – 400 078  
Telephone No.: (022) 2596 3838  
Fax No.: (022) 2594 6969  
Email: isrl@intimespectrum.com

b) Investor correspondence / queries relating to payment / revalidation of dividend on shares.

Secretarial Department,  
Goa Carbon Limited,  
Dempo House, Campal,  
Panaji, Goa-403 001  
Tel.: (0832) 2441458  
Fax : (0832) 2427192  
Email: legal@goacarbon.com

c) Investor complaints

P. S. Mantri  
Goa Carbon Limited,  
Dempo House, Campal,  
Panaji, Goa-403 001  
Tel.: (0832) 2441354  
Fax : (0832) 2427192  
Email: investorrelations@goacarbon.com

## B. NON-MANDATORY REQUIREMENTS

Clause 49 of the Listing Agreement also requires disclosures of adoption by the Company of non-mandatory requirements specified in the said clause, the implementation of which is discretionary on the part of the Company. Accordingly, the adoption of non-mandatory requirements is given below:

### 1. The Board:

Has a non-executive Chairman, and his office with required facilities is maintained at his own expense and is not provided and maintained by the Company.

No policy has been fixed on tenure of Independent Directors.

### 2. Remuneration Committee:

As stated earlier, the Board has already set up a Remuneration Committee consisting of only non-executive Directors. Details regarding composition and scope of the Remuneration Committee are provided elsewhere in this report.

### 3. Shareholders Rights:

The half-yearly financial results are not sent to the shareholders.

### 4. Audit Qualifications:

During the year under review, there were no audit qualifications in the financial statements.

### 5. Training of Board Members:

Not yet adopted by the Company.

### 6. Mechanism for evaluating non-executive Board Members:

Not yet adopted by the Company.

### 7. Whistle Blower Policy:

The Company does not have any Whistle Blower Policy. However any employee, if he/she so desires, would have free access to meet Senior Level Management and report any matter of concern.



## CERTIFICATE

To the Members of Goa Carbon Limited,

We have examined the compliance of conditions of Corporate Governance by Goa Carbon Limited, for the year ended on 31<sup>st</sup> March, 2008 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 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*

Chennai, Dated: April 21, 2008

**M. K. ANANTANARAYANAN**  
*Partner*  
Membership No. 19521



# Auditor's Report to the Members of Goa Carbon Limited

1. We have audited the attached Balance Sheet of Goa Carbon Limited, as at 31st March, 2008, 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 the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008, from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
  - 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, 2008;
    - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For FRASER & ROSS  
*Chartered Accountants*

Place: Panaji  
Date : April 21, 2008

M. K. ANANTHANARAYANAN  
*Partner*  
Membership No. 19521



## ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. In respect of fixed assets:
  - 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. 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 fixed assets disposed off during the year, in our opinion do not constitute a substantial part of the fixed assets of the Company and such disposals has, in our opinion not affected the going concern status of the Company.
2. In respect of its inventories:
  - a) Inventories were physically verified by the Management at reasonable intervals. 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) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification.
3.
  - a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under the section 301 of the Companies Act, 1956.
  - b) According to the information and explanations given to us, in respect of loan taken from a company covered in the Register maintained under Section 301 of the Companies Act, 1956 in the previous year, in our opinion, the rate of interest and other terms and conditions on which this loan has been taken are not *prima facie* prejudicial to the interest of the Company. The maximum amount involved during the year in respect of this loan was Rs. 140.00 lacs.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
  - a) According to the information and explanations given to us, the particulars of contracts or arrangements that needed to be entered into the register have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. 5,00,000 in respect of any party during the year, have been made at prices which are *prima facie* reasonable having regard to prevailing market prices at the relevant time.
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 the 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 the Cost Records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of Company's product.

9. Statutory and Other Dues:

- a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities during the year.
  - b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable.
  - c) According to the information and explanations given to us, there are no dues of Sales Tax, Wealth Tax, Customs Duty, Service Tax, Excise Duty and Cess that have not been deposited on account of any dispute except for the dues referred to in Note No. B (1) of Schedule 16.
10. As at the end of the current financial year the company does not have accumulated losses and has not incurred cash loss during the current financial year and in the immediately preceding financial period.
  11. According to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks.
  12. According to the information and explanations given to us and based on our examination of documents and records, we are of the opinion that no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and 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, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
  15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
  16. According to the information and explanations given to us, in our opinion, the Company has not availed 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 funds raised on short term basis have *prima facie*, not been used for long term investment.
  18. The Company has not made 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 during the year.
  20. The Company has not raised any money by public issues during the year.
  21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For FRASER & ROSS  
Chartered Accountants

Place: Panaji  
Date : April 21, 2008

M. K. ANANTHANARAYANAN  
Partner  
Membership No. 19521



## BALANCE SHEET AS AT 31ST MARCH, 2008

Rupees in lacs

	Schedule	As at 31-3-2008	As at 31-3-2007
<b>SOURCES OF FUNDS</b>			
SHAREHOLDERS' FUNDS			
Share Capital	1	915.11	915.11
Reserves and Surplus	2	5,139.80	3,912.01
		6,054.91	4,827.12
LOAN FUNDS	3		
Secured Loans		13,386.58	11,172.04
Unsecured Loans		140.00	140.00
DEFERRED TAX LIABILITY		163.24	–
TOTAL		19,744.73	16,139.16
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS	4		
Gross Block		5,243.29	5,082.39
Less: Depreciation (Refer Note: B 3)		2,097.60	2,177.81
Net Block		3,145.69	2,904.58
Capital work-in-progress		12.34	89.23
		3,158.03	2,993.81
INVESTMENTS	5	4.05	4.05
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	10,393.56	7,482.84
Sundry Debtors	7	2,471.54	2,847.70
Cash and Bank Balances	8	4,487.79	4,358.99
Loans and Advances	9	2,454.98	2,069.56
		19,807.87	16,759.09
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	10	2,642.80	3,386.95
Provisions	11	582.42	230.84
		3,225.22	3,617.79
NET CURRENT ASSETS		16,582.65	13,141.30
TOTAL		19,744.73	16,139.16
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

K. BALARAMAN  
General Manager – Finance

P. S. MANTRI  
Company Secretary

SHRINIVAS V. DEMPO  
Chairman

Dr. A. B. PRASAD  
Director

Panaji, Dated: 21st April, 2008





## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Rupees in lacs

	Schedule	12 Months ended 31-3-2008	9 Months ended 31-3-2007
<b>INCOME</b>			
Sales		23,226.36	20,596.42
Less: Excise Duty		2,428.61	2,078.21
		20,797.75	18,518.21
Other Income	12	658.38	499.60
		21,456.13	19,017.81
<b>EXPENDITURE</b>			
Decrease/(Increase) in stock of Finished Goods		(685.26)	651.55
Raw Material Consumed	13	16,970.87	15,142.34
Manufacturing and Other Expenses	14	2,700.32	1,959.23
Finance Charges	15	817.06	749.36
Depreciation		251.21	183.68
		20,054.20	18,686.16
<b>PROFIT BEFORE EXCEPTIONAL ITEM</b>		1,401.93	331.65
Add: Exceptional Item (Refer Note: B 3)		330.01	—
<b>PROFIT AFTER EXCEPTIONAL ITEM</b>		1,731.94	331.65
<b>Less: PROVISION FOR TAX</b>			
Current Tax		207.00	39.95
MAT Credit Entitlement – (Refer Note: B 4)		(196.08)	—
Deferred Tax		163.24	—
Fringe Benefit Tax		8.80	6.55
		182.96	46.50
<b>PROFIT AFTER TAX</b>		1,548.98	285.15
Add: Balance brought forward from previous year		155.62	131.07
<b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>		1,704.60	416.22
<b>Less: Appropriations</b>			
General Reserve		850.00	100.00
Proposed Dividend		274.53	137.27
Tax on Dividend		46.66	23.33
		1,171.19	260.60
<b>Surplus carried to Schedule 2</b>		533.41	155.62
Earnings (Basic and diluted) per share (face value of Rs. 10/- each) (in Rupees)		16.93	*3.12
* Not annualised			
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

K. BALARAMAN  
General Manager – Finance

P. S. MANTRI  
Company Secretary

SHRINIVAS V. DEMPO  
Chairman

Dr. A. B. PRASAD  
Director

Panaji, Dated: 21st April, 2008



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

Rupees in lacs

	12 months ended 31-3-2008		9 months ended 31-3-2007	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and after exceptional items		1,731.94		331.65
Adjustments for :				
Depreciation	251.21		183.68	
Depreciation written back (Refer Note: B 3)	(330.01)		–	
Finance charges	817.06		749.36	
Loss on assets sold/scrapped	0.10		0.27	
Bad debts written off	7.92		14.88	
Provision for bad debts	42.02		–	
Profit on sale of assets	(0.21)		(0.24)	
Interest income	(81.73)		(101.08)	
Rent income	(1.08)		(0.81)	
Sundry credit balances written back	(8.14)		(40.13)	
Unrealised Exchange Loss /(Gain) (Net)	56.11		(130.34)	
Dividend income	(1.35)	751.90	(1.15)	674.44
Operating Profit before working capital changes		2,483.84		1,006.09
Adjustments for :				
(Increase) / Decrease in inventories	(2,910.72)		2,679.01	
(Increase) / Decrease in trade & other receivables	1,944.32		2,474.81	
Increase / (Decrease) in Current Liabilities	(757.58)	(1,723.98)	(1,939.12)	3,214.70
Cash flow from operations		759.86		4,220.79
Direct taxes (net)		(24.77)		(31.12)
Net cash inflow / (outflow) from operating activities		735.09		4,189.67
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(87.59)		(145.79)	
Sale of fixed assets	2.28		3.86	
Interest income	80.78		97.32	
Rent income	1.08		0.81	
Dividend income	1.35		1.15	
Net cash used in investing activities		(2.10)		(42.65)



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

(Contd.)

Rupees in lacs

	12 months ended 31-3-2008		9 months ended 31-3-2007	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds/(Repayment) from short term borrowings from Banks (Net)	2,158.40		(1,965.93)	
Proceeds from unsecured borrowings	–		207.71	
Repayment of long term borrowings from Banks	–		(563.09)	
Repayment of unsecured borrowings	–		(67.70)	
Finance charges paid	(796.09)		(776.59)	
Dividends paid	(136.68)		(136.97)	
Tax on dividend paid	(23.33)		(19.25)	
<b>Net cash flow from financing activities</b>		1,202.30		(3,321.81)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS ( A + B + C )		1,935.30		825.20
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,868.19		1,042.99
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR		3,803.49		1,868.19

**Note:** Cash and Cash equivalents represent Cash and Bank balances in current accounts and deposits maturing within a period of 3 months, other than that those pledged with banks as security for facilities availed.

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS  
Chartered Accountants

K. BALARAMAN  
General Manager – Finance

SHRINIVAS V. DEMPO  
Chairman

M. K. ANANTHANARAYANAN  
Partner  
Membership No. 19521

P. S. MANTRI  
Company Secretary

Dr. A. B. PRASAD  
Director

Panaji, Dated: 21st April, 2008



## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE 1 : SHARE CAPITAL

Rupees in lacs

	As at 31-3-2008	As at 31-3-2007
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:		
91,51,052 (91,51,052) Equity Shares of Rs. 10/- each fully paid-up	915.11	915.11
Of the above Shares: 34,50,000 Shares were allotted by way of Bonus Shares by Capitalisation of Capital Redemption Reserve and General Reserve		

### SCHEDULE 2 : RESERVES AND SURPLUS

	As at 31-3-2008	As at 31-3-2007
Amalgamation Reserve	475.38	475.38
Securities Premium Account	3,131.01	3,131.01
General Reserve		
As per last Balance Sheet	150.00	50.00
Add: Transfer from Profit & Loss Account	850.00	100.00
Surplus as per Profit & Loss Account	533.41	155.62
	5,139.80	3,912.01

### SCHEDULE 3 : LOAN FUNDS

	As at 31-3-2008	As at 31-3-2007
<b>SECURED LOANS</b>		
From Banks :		
Working capital advances	13,386.58	11,172.04
(Secured by hypothecation of all tangible movable assets, raw materials, finished goods, stores, spare parts and book debts and pledge of fixed deposit receipts)		
<b>UNSECURED LOANS</b>		
Short term deposits from a body corporate	140.00	140.00

# **SCHEDULE 4 : FIXED ASSETS**

Rupees in lacs

Description	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK				
	As at 31-3-2007	Additions	Deductions	As at 31-3-2008	Upto 31-3-2007	Write back @	For the year	Deductions	Upto 31-3-2008	SLM - As at 31-3-2008	WDV - As at 31-3-2007
<b>Tangible Assets</b>											
Land (Freehold)	13.58	–	–	13.58	–	–	–	–	–	13.58	13.58
Land (Leasehold)	100.83	–	–	100.83	11.73	0.05	1.25	–	12.93	87.90	89.10
Land (Leasehold) – Plot Development	101.95	–	–	101.95	23.48	0.01	10.32	–	33.79	68.16	78.47
Buildings	1,373.69	21.63	–	1,395.32	482.62	70.25	44.34	–	456.71	938.61	891.07
Plant and Machinery	2,932.85	57.67	–	2,990.52	1,335.80	216.24	145.02	–	1,264.58	1,725.94	1,597.05
Laboratory Equipments	75.79	4.91	–	80.70	42.19	(2.88)	3.97	–	49.04	31.66	33.60
Electrical Fittings & Equipments	187.15	7.76	–	194.91	93.37	24.61	7.95	–	76.71	118.20	93.78
Furniture, Office Equipments and Computers	185.68	4.97	3.58	187.07	123.55	9.48	13.95	1.41	126.61	60.46	62.13
Vehicles	80.66	4.07		84.73	34.86	12.25	11.80		34.41	50.32	45.80
<b>Intangible Assets</b>											
Technical Knowhow	30.21	–	–	30.21	30.21	–	–	–	30.21	–	–
Computer Softwares	–	63.47		63.47	–	–	12.61	–	12.61	50.86	–
TOTAL	5,082.39	164.48	3.58	5,243.29	2,177.81	330.01	251.21	1.41	2,097.60	3,145.69	2,904.58
Capital Work-in-progress at cost (including advances)											
										12.34	89.23
Previous Year Total	5,013.89	75.87	7.37	5,082.39	1997.66	–	183.68	3.53	2,177.81	2,993.81	3,035.54

**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.  
@ Refer Note: No. B 3 Schedule 16.




**SCHEDULE 5 : INVESTMENTS (Long term)**

Rupees in lacs

	As at 31-3-2008	As at 31-3-2007
Quoted (Non Trade):		
13,500 (13,500) Fully paid-up Equity Shares of Rs. 10/- each in ICICI Bank Limited	4.05	4.05
Market Value	103.87	115.17

**SCHEDULE 6 : INVENTORIES**

	As at 31-3-2008	As at 31-3-2007
Raw Materials [Including in-transit Rs. nil (Rs. 1138.14 lacs )]	7,316.66	5,155.23
Finished Goods	2,834.29	2,149.04
Stores & Spares	242.61	178.57
	10,393.56	7,482.84

**SCHEDULE 7 : SUNDRY DEBTORS (Unsecured)**

	As at 31-3-2008	As at 31-3-2007
Outstanding for a period exceeding six months		
Considered good	9.49	32.87
Considered doubtful	23.62	7.81
	33.11	40.68
Other Debts		
Considered good	2,462.05	2,814.83
	2,495.16	2,855.51
Less: Provision for Doubtful Debts	23.62	7.81
	2,471.54	2,847.70

**SCHEDULE 8 : CASH AND BANK BALANCES**

	As at 31-3-2008	As at 31-3-2007
Cash on hand	1.48	2.35
Balances with Scheduled Banks:		
On Current Accounts	202.01	1,565.84
On Unpaid Dividend Accounts	16.81	16.22
On Deposits Accounts (Fixed deposit receipts for Rs. 667.49 lacs (Rs. 2,474.58 lacs) are pledged with the Banks as security for facilities availed from them)	4,267.49	2,774.58
	4,487.79	4,358.99



**SCHEDULE 9 : LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)** Rupees in lacs

	As at 31-3-2008	As at 31-3-2007
Advances recoverable in cash or in kind or for value to be received		
Considered good	2,244.00	2,055.61
Considered doubtful	28.55	2.34
	2,272.55	2,057.95
Less : Provision for doubtful advances	28.55	2.34
	2,244.00	2,055.61
MAT Credit entitlement – (Refer Note: B 4)	196.08	–
Interest accrued on deposits	14.88	13.93
Balance with Customs & Excise Authorities	0.02	0.02
	2,454.98	2,069.56

**SCHEDULE 10 : CURRENT LIABILITIES**

	As at 31-3-2008	As at 31-3-2007
Sundry Creditors :		
Due to Micro, Small and Medium Enterprises	–	–
Due to others	2,239.39	3,004.74
	2,239.39	3,004.74
Employee Benefits	88.78	92.63
Interest accrued but not due on loans	73.75	52.78
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)	16.81	16.22
Other Liabilities	224.07	220.58
	2,642.80	3,386.95



# SCHEDULE 11 : PROVISIONS

Rupees in lacs

	As at 31-3-2008	As at 31-3-2007
Income Tax, including Fringe Benefit Tax (net of prepaid taxes)	261.23	70.24
Proposed Dividend	274.53	137.27
Tax on Dividend	46.66	23.33
	582.42	230.84

# SCHEDULES TO THE PROFIT & LOSS ACCOUNT

## SCHEDULE 12 : OTHER INCOME

	12 Months ended 31-3-2008	9 Months ended 31-3-2007
Interest (Gross)		
* From Banks	81.60	100.76
From Others	0.13	0.32
* [Tax deducted at source Rs. 15.49 lacs (Rs. 24.24 lacs)]		
	81.73	101.08
Rent Income	1.08	0.81
Dividend from Non-trade Investments	1.35	1.15
Miscellaneous Receipts	18.33	23.35
Sundry Credit balances written back	8.14	40.13
Exchange gain (net)	544.21	308.64
Profit on sale of Raw Materials	3.33	24.20
Profit on Sale of Assets	0.21	0.24
	658.38	499.60

## SCHEDULE 13 : RAW MATERIALS CONSUMED

	12 Months ended 31-3-2008	9 Months ended 31-3-2007
Opening Stock	4,017.09	6,104.75
Add: Purchases	20,282.37	13,145.27
	24,299.46	19,250.02
Less: Cost of Raw Material Sold	11.93	90.59
	24,287.53	19,159.43
Less: Closing Stock	7,316.66	4,017.09
Raw Material Consumed	16,970.87	15,142.34




**SCHEDULE 14 : MANUFACTURING & OTHER EXPENSES**

Rupees in lacs

	12 Months ended 31-3-2008		9 Months ended 31-3-2007	
Salaries, Wages & Bonus		609.34		421.88
Contribution to Provident Fund, Superannuation Fund, Gratuity, Family Pension Fund and ESI		74.02		47.87
Staff Welfare Expenses		89.46		58.65
Excise Duty on Stock differential – (Refer Note: B 5)		4.91		(116.96)
Fuel and Power		245.66		228.74
Repairs & Maintenance:				
Plant & Machinery	192.46		115.32	
Buildings	54.45		19.52	
Others	31.75	278.66	23.90	158.74
Packing & Forwarding		844.20		675.22
Selling & Distribution Expenses		39.62		33.83
Rent		36.78		74.32
Rates & Taxes		15.74		1.76
Travelling Expenses		82.96		94.02
Insurance		46.01		49.06
Loss on assets sold/scrapped		0.10		0.27
Bad debts written off		7.92		14.88
Provision for bad debts		42.02		–
Auditors' Remuneration :				
Audit fees	4.25		4.25	
Tax Audit	1.71		1.06	
Certification & other matters	1.18		0.50	
Expenses	1.14	8.28	1.17	6.98
Directors' sitting fees		4.33		3.45
Miscellaneous expenses		270.31		206.52
		2,700.32		1,959.23

**SCHEDULE 15 : FINANCE CHARGES**

	12 Months ended 31-3-2008		9 Months ended 31-3-2007	
Interest on term loans		–		2.84
Interest on working capital borrowings/unsecured loans		650.83		591.68
Bank charges and commission		166.23		154.84
		817.06		749.36



## **SCHEDULE 16 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2008**

### **A. SIGNIFICANT ACCOUNTING POLICIES:**

#### **1. BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention on accrual basis under Indian Generally Accepted Accounting Principles (GAAP). GAAP comprises Accounting Standards notified by the Central Government of India under Companies (Accounting Standard) Rules, 2006 and other pronouncements of the Institute of Chartered Accountants of India, and the provisions of the Companies Act, 1956.

#### **2. USE OF ESTIMATES**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and the disclosures relating to contingent assets and liabilities as on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

#### **3. FIXED ASSETS**

##### **Tangible Assets**

All assets are stated at historical cost (net of CENVAT wherever applicable) less accumulated depreciation. Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs till such assets are ready for its intended use. Fixed assets taken on finance lease are capitalised.

##### **Intangible Assets**

Intangible Assets are stated at cost of acquisition less accumulated amortisation.

#### **4. DEPRECIATION**

- a) Depreciation on fixed assets is provided on the straight line basis at the rates specified in Schedule XIV of the Companies Act 1956, classifying certain Plant and Machinery as Continuous Process Plant.
- b) Leasehold land is amortised over the period of the lease.
- c) Individual assets costing less than Rs.5,000 each are depreciated in full in the year of acquisition. Depreciation on additions and deletions during the year are charged on pro-rata basis.
- d) Intangible assets are amortised over the estimated useful life of the assets on straight line basis.
- e) Cost of Construction of Stockyard on land licensed to the company is amortised over the estimated period of utility.

#### **5. BORROWING COSTS**

Borrowing Costs are capitalised as part of qualifying asset when it is possible that they will result in future economic benefits. Other borrowing costs are expensed.

#### **6. INVESTMENTS**

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

#### **7. 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 method.

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.

## SCHEDULE 16 (Contd.)

### 8. FOREIGN CURRENCY TRANSACTIONS

- (i) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. The monetary assets and liabilities outstanding at the year end are translated at the rate of exchange prevailing at the year end and profit or loss is recognised in the Profit and Loss Account.
- (ii) The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit & loss in the reporting period in which the exchange rate changes.

### 9. REVENUE RECOGNITION

Revenue from sale is recognised on dispatch of goods. Gross Sales are inclusive of excise duty and are net of trade discounts/sales returns.

### 10. EMPLOYEE BENEFITS

#### Short Term Employee Benefits :

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Short term employee benefits, including accumulated compensated absences, at the balance sheet date, are recognized as an expense as per the Company's scheme based on expected obligations on undiscounted basis.

#### Defined Contribution Plans

##### a) *Provident Fund:*

In respect of Paradeep and Bilaspur Units, the company contributes to a government administered provident/pension fund. The fixed contributions to these funds are charged to Profit and Loss Account.

##### b) *Superannuation:*

Fixed contributions to the Superannuation Fund, which is administered by Life Insurance Corporation of India, are charged to the Profit and Loss Account.

#### Defined Benefit Plans

##### a) *Provident Fund:*

In respect of Goa unit, contributions are made to the Company's Employees Provident Fund Trust in accordance with the fund rules. The interest rate payable by the trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The contributions made to this fund are charged to Profit and Loss Account.

##### b) *Leave Encashment:*

The employees of the Company are entitled to encashment of unavailed leave. The employees can carry forward a portion of the unutilized leave and receive cash compensation at retirement or termination of employment. The Company records an obligation for encashment of unavailed leave in the period in which the employee renders the services, based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. Actuarial gain or loss is recognized in the statement of profit or loss as income or expense.

##### c) *Gratuity:*

The Gratuity plan provides a lump sum payment to vested employees, at retirement or termination of employment. Liability with regard to gratuity plan is accrued based on an actuarial valuation at the balance sheet date carried out by the independent actuary and is funded with Life Insurance Corporation of India.

### 11. TAXES ON INCOME

Provision for Current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for timing differences arising between the taxable income and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised only if there is a virtual certainty that they will be realised and reviewed for the appropriateness of their carrying values at each balance sheet date.



## SCHEDULE 16 (Contd.)

### 12. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized only when there is a present obligation as a result of past events and when a reasonable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

### 13. IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

## B. NOTES FORMING PART OF ACCOUNTS:

Rs. in lacs

1.	Contingent Liabilities not provided for:	As at 31-3-2008	As at 31-3-2007
a)	Demand raised by Collector of Stamps, Bilaspur towards stamp duty arising on amalgamation of Viswalakshmi Petro Products Ltd.	32.24	32.24
b)	Customs duty payable in the event of non-fulfilment of export obligations	304.17	81.44
c)	Bank Guarantees issued on behalf of the Company	953.73	1,232.80
d)	Estimated amount of contracts remaining to be executed on capital account but not provided for	7.00	8.40

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

Nature of dues	As At 31-3-2008 Rs. in lacs	As At 31-3-2007 Rs. in lacs	Period to which the amount relates	Disputes pending with
Income-tax demand	1,512.53	1,512.53	AY 1990-91, 1993-94, 1994-95, 1997-98 to 2001-02 & 2003-04	Bombay High Court / Tribunal/ Commissioner of Income-tax
The above demands mainly relate to disallowance of claim of the Company for deduction under section 80 HHC of the Income Tax Act, 1961. The Company has been advised by its tax counsel that it has a fairly good case to get the favorable orders from Bombay High Court/Appellate Authorities. The amount of Rs.1410.64 lacs (Rs.1410.64 lacs) paid against the above demand is included under Advances.				

3. For the purpose of providing depreciation, the Company has been following Written Down Value Method (WDV) in respect of assets in Goa and Bilaspur units and Straight Line Method (SLM) in respect of assets in Paradeep unit. Considering the service potential of the assets which is reasonably unvarying over their useful lives and also to bring uniformity, the Company has in the current year changed the method of providing depreciation in respect of assets in Goa and Bilaspur units from WDV method to SLM method. This has resulted in write back of depreciation amounting to Rs. 330.01 lacs to Profit and Loss Account which has shown as an exceptional item. Had the Company followed the same method of providing depreciation as in earlier years, the depreciation charged for the year would have been lower by Rs. 0.60 lacs and profit after tax would have been higher by the said amount.
4. In view of the unabsorbed business loss /depreciation available for set off, the provision for tax has been computed as per the provisions of the Sec 115 JB of the Income Tax Act, 1961. However considering the profits for the year and also the future profit projections the Company is hopeful of being able to take credit for the tax paid under Sec. 115 JB



# **SCHEDULE 16 (Contd.)**

for adjustment against the income Tax payable under the provisions other than this section of the Income Tax Act, 1961 within the period specified under the Act. Accordingly the tax paid is considered as an asset and is disclosed under the head “Loans and Advances”.

5. Total Excise duty on sales for the year has been disclosed as reduction from the Turnover. Excise duty related to the difference between the closing stock and the opening stock of Finished goods has been included in Schedule 14 - “Manufacturing and Other Expenses”.

6. * Salary and wages includes remuneration paid to the Executive Director:	12 months ended 31-3-2008 Rs. in lacs	9 months ended 31-3-2007 Rs. in lacs
Salary, allowances & bonus	10.67	10.63
Contribution to Provident and other funds	1.12	1.67
Perquisites	2.21	2.47
	14.00	14.77

\* Mr S. Ramachandran (Executive Director) has resigned from the services with effect from 5-9-2007.

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

a. Particulars of installed capacity, production, stocks and turnover of Calcined Petroleum Coke	12 Months ended 31-3-2008		9 Months ended 31-3-2007	
	Quantity MT	Rs. in lacs	Quantity MT	Rs. in lacs
Installed Capacity (being a technical matter, as certified by management)	284,000 (per annum)		284,000 (per annum)	
Production	158,383		140,413	
Opening stock	18,306	2,149.04	24,785	2,846.79
Purchases for blending	3,978	455.19	11,009	1,322.41
Closing stock	19,243	2,834.29	18,306	2,149.04
Turnover	161,424	20,797.75	157,901	18,518.21

b. (i) Raw material consumed	Quantity MT	12 Months ended 31-3-2008 Rs. in lacs	%	Quantity MT	9 Months ended 31-3-2007 Rs. in lacs	%
Imported	206,825	16,167.19	95.26	185,151	12,827.58	92.82
Indigenous	8,182	803.68	4.74	9,083	992.35	7.18
<b>Total</b>	<b>215,007</b>	<b>16,970.87</b>	<b>100.00</b>	<b>194,234</b>	<b>13,819.93</b>	<b>100.00</b>

- b. (ii) Raw Petroleum Coke sold during the year 139 MT (1,190MT) Rs. 15.26 lacs (Rs. 114.79 lacs)

c. Value of stores & spare parts consumed for repair jobs	12 Months ended 31-3-2008 Rs. in lacs	%	9 Months ended 31-3-2007 Rs. in lacs	%
Indigenous	131.01	100	129.01	100



**SCHEDULE 16 (Contd.)**

Rs. in Lacs

	12 Months ended 31-3-2008	9 Months ended 31-3-2007
d. Value of imports on CIF basis		
Raw material	17,761.26	10,497.75
Finished goods	392.55	1,106.44
e. Earnings in foreign currency (FOB value of exports)	5,667.86	5,826.96
f. Expenditure in foreign currency		
Travelling	11.19	15.21
Interest	328.67	330.67
Analysis fee, subscriptions etc.	34.49	20.62

8.	Details relating to dues to Micro, Small and Medium enterprises as per Micro, Small and Medium Enterprises Development Act , 2006 on the basis of such parties having been identified by the Management and relied upon by the Auditors:	As at 31-3-2008	As at 31-3-2007
(i)	Dues outstanding for more than 45 days	Nil	Nil
(ii)	Amount remaining unpaid as at the end of the year		
	– Principal amounts	Nil	Nil
	– Interest amounts	Nil	Nil
(iii)	the amount of interest paid in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
(iv)	The amount of interest due and payable for the period of delay in making payment	Nil	Nil
	– as per the terms of the contract	Nil	Nil
	– as specified by the act	Nil	Nil
(v)	The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil

Rs. in Lacs

9.	Disclosure in respect of Derivatives	As at 31-3-2008	As at 31-3-2007
(a)	Quantum of derivatives (all of which identified as hedges) outstanding		
	Forward exchange contracts	–	1,952.93
(b)	Foreign currency exposure not hedged by a derivative instrument or otherwise	10,186.55	6,036.14

**SCHEDULE 16 (Contd.)**
**10. Disclosure Required by AS-15 (R)**

During the year, AS-15 (R) has become mandatory applicable to the company effective from 01-04-2007. Accordingly, the company has reassessed its liability; additional charge to profit and loss account on account of adoption of this standard is not material. The disclosures required under this standard are as follows: The Company's obligation towards Gratuity Fund are Defined Benefit plan and the details of actuarial valuation as on 31st March, 2008 is given below:

Particulars		Gratuity Fund Rs. in lacs
i	Projected Benefit obligation as at 1st April, 2007	103.01
	Service Cost	12.08
	Interest Cost	8.12
	Actuarial Losses / (Gains)	24.74
	Benefits Paid	2.99
	Projected Benefit obligation as at 31st March, 2008	144.97
ii	Change in Plan Asset	
	Plan assets at period beginning, at fair value	88.30
	Expected return on plan assets	8.70
	Actuarial gain/(loss)	(0.03)
	Contributions	14.72
	Benefit paid	2.99
	Plan assets at period end, at fair value	108.69
iii	Amount recognised in the balance sheet :	
	Projected Benefit obligation at the end of the year	144.97
	Fair Value of the plan assests at the end of the year	108.69
	(Liability) /Assest recognised in the Balance Sheet	(36.28)
iv	Cost of the defined plan of the year :	
	Current service Cost	12.08
	Interest on Obligation	8.12
	Expected return on Plan assets	8.70
	Net actuarial losses / (gains) recognised in the year	24.77
	Net cost recognised in the Profit and Loss account	36.28
v	Assumption	As per LIC Mortality rate (1994-96)
	Rate of Mortality	
	Discount rate	8.00%
	Expected rate of return	9.25%

**11. 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 other business / geographical segments to be reported under Accounting Standard (AS) 17 issued by the Institute of Chartered Accountants of India.



# **SCHEDULE 16 (Contd.)**

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

i) List of Related Parties:

Names of the related parties	Nature of relationship
V. S. Dempo & Co. Private Limited	Ownership, directly and indirectly of more than 50% of the voting power.
Marmagoa Shipping & Stevedoring Co. Pvt. Ltd.	Common Key Management Personnel
Aparant Iron & Steel Pvt. Ltd.	
Goa Paints & Allied Products Pvt. Ltd.	
Dempo Mining Corp. Pvt. Ltd.	
Dempo Brothers Pvt. Ltd.	
Dempo Travels Pvt. Ltd.	
Hindustan Foods Ltd.	
Dempo Industries Pvt. Ltd.	
Rio Investments Pvt. Ltd.	
Dempo Shipbuilding & Engineering Pvt. Ltd.	
Indo-Pacific Poly-fibers Pvt. Ltd.	
Sindhudurg Mining Corporation Pvt. Ltd.	
Jaico Investments Pvt. Ltd.	
Troy Investments Pvt. Ltd.	
Motown Investments Pvt. Ltd.	
Devashri Real Estate Developers	
Vasantrao Dempo Education and Research Foundation	
Mr. Shrinivas V. Dempo (Chairman)	Key Management Personnel
Mr. S. Ramachandran (Executive Director up to 5-9-2007)	

ii) Disclosure of transactions with Related Parties:

	12 Months ended 31-3-2008 Rs. in lacs	9 Months ended 31-3-2007 Rs. in lacs
<b>Loans</b>		
V. S. Dempo & Co. Pvt. Ltd.	—	140.00
Dempo Mining Corp. Pvt. Ltd.	—	67.69
<b>Loan repaid</b>		
Dempo Mining Corp. Pvt. Ltd.	—	67.69
<b>Interest paid</b>		
V. S. Dempo & Co. Pvt. Ltd.	12.60	0.14
Dempo Mining Corp. Pvt. Ltd.	—	2.74
<b>Purchase of Goods</b>		
Goa Paints & Allied Products Pvt. Ltd.	1.82	0.89
Aparant Iron & Steel Pvt. Ltd.	—	1,867.14



**SCHEDULE 16 (Contd.)**

	12 Months ended 31-3-2008 Rs. in lacs	9 Months ended 31-3-2007 Rs. in lacs
<b>Receiving of services</b>		
V. S. Dempo & Co. Pvt. Ltd.	41.03	146.64
Marmagoa Shipping & Stevedoring Co. Pvt. Ltd.	126.09	274.63
Dempo Travels Pvt. Ltd.	23.05	32.45
<b>Rent paid</b>		
V. S. Dempo & Co. Pvt. Ltd.	7.08	7.23
<b>Reimbursement of expenses</b>		
V. S. Dempo & Co. Pvt. Ltd.	1.55	1.08
Dempo Industries Pvt. Ltd.	1.26	1.31
Motown Investments Pvt. Ltd.	0.45	-
Aparant Iron & Steel Pvt. Ltd.	0.06	7.37
Devashri Real Estate Developers	0.11	-
Goa Paints & Allied Products Pvt. Ltd.	0.90	-
<b>Rental Income</b>		
Devashri Real Estate Developers	1.08	0.81
<b>Donation</b>		
Vasantrao Dempo Education and Research Foundation	5.00	2.00
<b>Remuneration</b>		
Mr. S. Ramachandran(Executive Director up to 5-9-2007)	14.00	7.41
Dr. A. B. Prasad	-	7.36
<b>Credit balance as on 31-3-2008</b>		
V. S. Dempo & Co. Pvt. Ltd.	221.85	200.74
Dempo Travels Pvt. Ltd.	-	3.17
Marmagoa Shipping & Stevedoring Co. Pvt. Ltd.	-	39.39
<b>Debit balance as on 31-3-2008</b>		
Devashri Real Estate Developers	-	0.09

**13. Earnings per Share:**

	12 months ended 31-3-2008	9 months ended 31-3-2007
i) Profit after tax as per Profit & Loss Account (Rs. in lacs)	1,548.98	285.15
ii) Number of Equity shares	9,151,052	9,151,052
iii) Basic and diluted earnings per share of Rs.10/- each (in rupees)	16.93	** 3.12
** Not annualised		



**SCHEDULE 16 (Contd.)**

14. Components of net Deferred Tax Asset / Liability:

Rs. in lacs

	As at 31-3-2008		As at 31-3-2007	
i) Deferred tax liability arising on account of: Depreciation		<b>439.31</b>		339.60
ii) Deferred tax asset arising on account of:				
Doubtful debts	<b>5.37</b>		-	
Disallowance U/S 43 B	<b>44.70</b>		26.07	
Amalgamation expenses	<b>0.03</b>		0.04	
Disallowance U/S 40 a (ia)	<b>71.45</b>		-	
Unabsorbed depreciation and business loss	<b>154.52</b>		313.49	
		<b>276.07</b>		339.60
Net Deferred Tax Liability		<b>163.24</b>	-	-

15. Figures in the Profit & Loss Account for the current year relate to 12 months while previous year figures relate to 9 months and hence are not comparable.

16. Previous period figures have been regrouped wherever necessary to conform to the classification for the current year.

Signatures to Schedules 1 to 16

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS  
Chartered Accountants

K. BALARAMAN  
General Manager – Finance

SHRINIVAS V. DEMPO  
Chairman

M. K. ANANTHANARAYANAN  
Partner  
Membership No. 19521

P. S. MANTRI  
Company Secretary

Dr. A. B. PRASAD  
Director

Panaji, Dated: 21st April, 2008



**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. 

				2	4	0	0	0	7	6
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State Code 

2	4
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Balance Sheet Date 

	3	1	.	0	3	.	2	0	0	8
--	---	---	---	---	---	---	---	---	---	---

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

Public Issue

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

Rights Issue

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

Bonus Issue

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

Private Placement

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

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

Total Liabilities

				1	9	7	4	4	7	3
--	--	--	--	---	---	---	---	---	---	---

Total Assets

				1	9	7	4	4	7	3
--	--	--	--	---	---	---	---	---	---	---

**Sources of Funds**

Paid up Capital

					9	1	5	1	1
--	--	--	--	--	---	---	---	---	---

Reserves & Surplus

					5	1	3	9	8	0
--	--	--	--	--	---	---	---	---	---	---

Secured Loans

				1	3	3	8	6	5	8
--	--	--	--	---	---	---	---	---	---	---

Unsecured Loans

					1	4	0	0	0
--	--	--	--	--	---	---	---	---	---

Deferred Tax Liability

					1	6	3	2	4
--	--	--	--	--	---	---	---	---	---

Investments

								4	0	5
--	--	--	--	--	--	--	--	---	---	---

**Application of Funds**

Net Fixed Assets

					3	1	5	8	0	3
--	--	--	--	--	---	---	---	---	---	---

Misc. Expenditure

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Net Current Assets

				1	6	5	8	2	6	5
--	--	--	--	---	---	---	---	---	---	---

Accumulated Losses

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

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

Turnover

(including other income)

				2	1	4	5	6	1	3
--	--	--	--	---	---	---	---	---	---	---

Total Expenditure

				2	0	0	5	4	2	0
--	--	--	--	---	---	---	---	---	---	---

Profit Before Tax

				1	7	3	1	9	4
--	--	--	--	---	---	---	---	---	---

Profit After Tax

				1	5	4	8	9	8
--	--	--	--	---	---	---	---	---	---

Earning per share in Rs.

					1	6	.	9	3
--	--	--	--	--	---	---	---	---	---

Dividend Rate %

								3	0
--	--	--	--	--	--	--	--	---	---

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

Item Code No. (ITC Code) 

				2	7	1	3	.	1	2
--	--	--	--	---	---	---	---	---	---	---

Product description 

C	A	L	C	I	N	E	D		P	E	T	R	O	L	E	U	M		C	O	K	E
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## Paradeep Plant



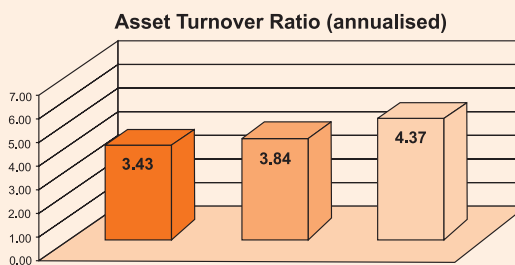
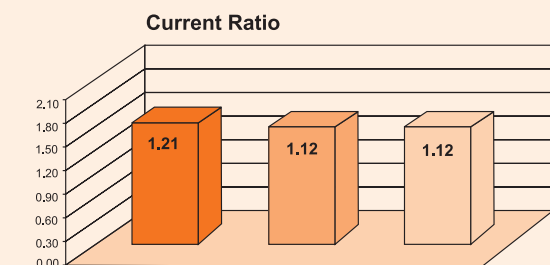
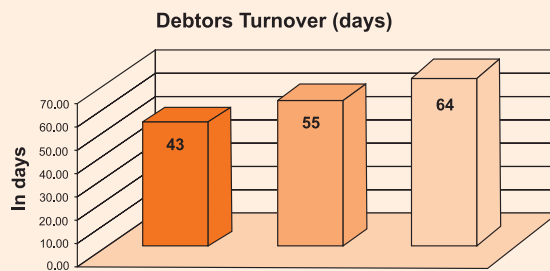
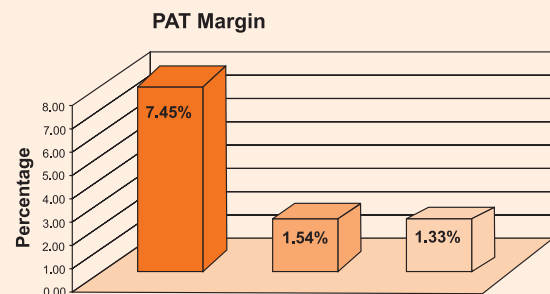
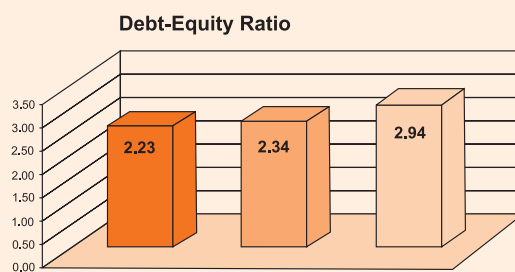
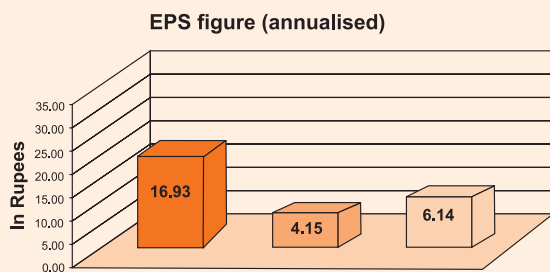
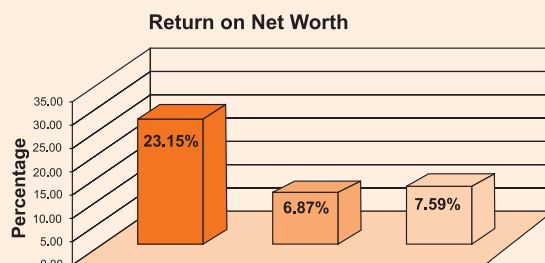
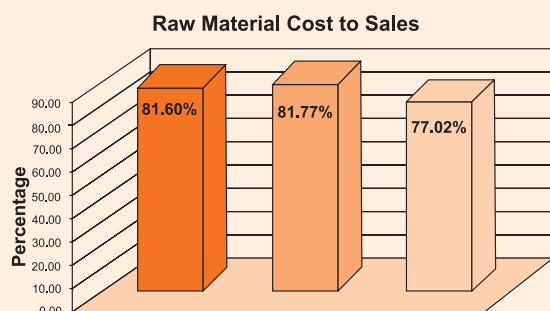
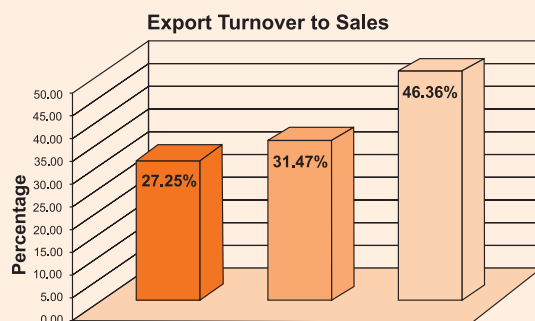
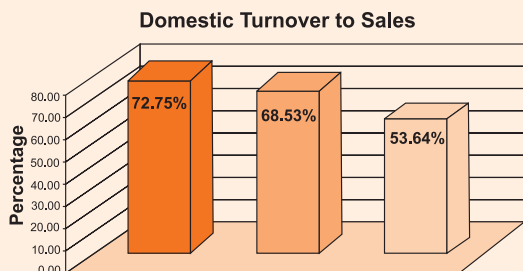
## Goa Plant





# Key Financial Ratios

■ 12 months 1-4-2007 to 31-3-2008    
 ■ 9 months 1-7-2006 to 31-3-2007    
 ■ 12 months 1-7-2005 to 30-6-2006



## FINANCIAL HIGHLIGHTS FOR LAST FIVE YEARS

Rupees in lacs

	1-4-07 to 31-3-08	1-7-06 to 31-3-07	1-7-05 to 30-6-06	1-4-04 to 30-6-05	1-4-03 to 31-3-04
Sales (Net)	20,797.75	18,518.21	23,007.28	12,103.08	9,348.15
Other Income	658.38	499.60	343.76	419.10	385.89
(A)	21,456.13	19,017.81	23,351.04	12,522.18	9,734.04
Raw materials & manufacturing expenses	18,985.93	17,753.12	21,601.05	11,965.85	9,057.18
Finance charges	817.06	749.36	1,144.51	557.68	418.50
(B)	19,802.99	18,502.48	22,745.56	12,523.53	9,475.68
Gross Profit/(Loss) (A – B) (C)	1,653.14	515.33	605.48	(1.35)	258.36
Depreciation	251.21	183.68	248.55	139.89	122.65
Exceptional Item	(330.01)	–	–	–	–
Provision for Tax	182.96	46.50	(49.01)	(62.64)	54.25
(D)	104.16	230.18	199.54	77.25	176.90
Net Profit/(Loss) (C – D)	1,548.98	285.15	405.94	(78.60)	81.46
Dividend declared	30%	15%	15%	5%	10%

<b>WHAT THE COMPANY OWNED</b>					
Net Fixed Assets	3,158.03	2,993.81	3,035.54	731.37	899.93
Investments	4.05	4.05	4.05	4,328.67	1,028.67
Current Assets, Loans & Advances	19,807.87	16,759.09	21,098.88	7,441.26	8,150.14
	22,969.95	19,756.95	24,138.47	12,501.30	10,078.74
<b>WHAT THE COMPANY OWED</b>					
Secured Loans	13,386.58	11,172.04	13,831.39	6,597.33	6,136.25
Unsecured Loans	140.00	140.00	–	1,758.11	500.00
Deferred tax Liability	163.24	–	–	100.29	158.83
Current Liabilities & Provisions	3,225.22	3,617.79	5,604.51	1,684.99	818.25
	16,915.04	14,929.83	19,435.90	10,140.72	7,613.33
<b>NET WORTH OF THE COMPANY</b>					
Equity Share Capital	915.11	915.11	915.11	460.00	460.00
Reserves & Surplus	5,139.80	3,912.01	3,787.46	1,900.58	2,005.41
	6,054.91	4,827.12	4,702.57	2,360.58	2,465.41

