



**37<sup>TH</sup> ANNUAL REPORT  
2004-05**

## **CONTENTS**

<b>Goa Carbon Limited</b>	Page No.
Notice	2
Director's Report	7
Management Discussion and analysis	13
Report on Corporate Governance	18
Auditors' Report	27
Accounts	30
General Business Profile	46
Statement regarding Subsidiary Companies	47
Financial Highlights	48
<b>Paradeep Carbons Limited</b>	
Directors' Report	50
Auditors' Report	54
Accounts	57
General Business Profile	68
<b>Consolidated Accounts</b>	
Auditors' Report	70
Accounts	71

**BOARD OF DIRECTORS**

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

**COMPANY SECRETARY**

Mr. P. S. Mantri

**GENERAL MANAGER (Finance)**

Mr. K. Balaraman

**SR. GENERAL MANAGER (Works) – Goa Plant**

Mr. A. S. Sardessai

**GENERAL MANAGER (Operations) – Bilaspur Plant**

Mr. C. R. Mundhara

**REGISTERED OFFICE**

Dempo House, Campal  
Panaji, Goa – 403 001

**REGISTRARS & SHARE TRANSFER AGENTS**

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

**WORKS**

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

**WHOLLY-OWNED SUBSIDIARY COMPANY**

Paradeep Carbons Limited

**BANKERS**

Bank of India  
ICICI Bank Ltd.

**AUDITORS**

M/s. Fraser & Ross, Chennai

**SOLICITORS**

M/s. Little & Co., Mumbai



## Notice

NOTICE is hereby given that the THIRTY SEVENTH 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 Saturday, the 10th December, 2005 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 30th June, 2005 and Profit and Loss Account for the period 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. P. G. Kakodkar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Soiru V. Dempo, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### **AS SPECIAL BUSINESS :**

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of and consents to the re-appointment of Dr. A. B. Prasad as a Managing Director of the Company for a period of one year with effect from 1st December, 2005 at the remuneration and on the terms and conditions set out in the agreement submitted to this meeting be and is hereby approved;

RESOLVED FURTHER THAT for the purpose aforesaid, the Board of Directors be and is hereby authorized to take such steps as may be necessary, desirable or expedient to give effect to this resolution.”

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

“RESOLVED THAT Mr. Alban F. Couto, who was appointed as Additional Director by the Board of Directors under Section 260 of the Companies Act, 1956, read with Article 136 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and offers himself for re-appointment and in respect of whom, Company has received a notice in writing from a Member signifying his intention to propose him as a candidate for the office of Director be and is hereby appointed as Director of the Company.”

### **NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business is annexed hereto.



3. The Register of Members and Share Transfer Books in respect of Equity Shares of the Company will remain closed from Friday, the 2nd December, 2005 to Saturday, the 10th December, 2005 (Both days inclusive).
4. 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.
5. The dividend on equity shares, as recommended by the Board if approved at the ensuing Annual General Meeting of the Company, will be paid within 30 days from the date of declaration to those members or their mandatees whose names appear on the Company's Register of Members:
  - a) as beneficial owners as at the end of business on 1st December, 2005, as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of shares held by electronic form, and
  - b) as members in the Register of Members of the Company after giving effect of valid share transfers in physical form lodged with the Company on or before 1st December, 2005.
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 Section 205C of the Companies Act, 1956 on the dates as mentioned thereagainst.

Financial year ended	Due date of transfer
31-03-1999	14-11-2006
31-03-2000	11-06-2007
31-03-2001	23-10-2008
31-12-2001	30-07-2009
31-03-2003	20-10-2010
31-03-2004	22-10-2011

#### RE-APPOINTMENT OF DIRECTORS :

**Mr. P. G. Kakodkar** and **Mr. Soiru V. Dempo**, Directors of the Company, are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. **Mr. Alban F. Couto**, was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and holds office upto the ensuing Annual General Meeting. The Board has re-appointed **Dr. A. B. Prasad**, as Managing Director for a period of one year w.e.f. 1st December, 2005. The information/data for all the above directors under the Corporate Governance Code of the Listing Agreement are given in the Corporate Governance Section of this Annual Report.

By Order of the Board of Directors

#### Registered Office:

Dempo House, Campal  
Panaji, Goa – 403 001

Dated : 21st October, 2005

**P. S. MANTRI**  
Company Secretary



## Annexure to the Notice

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS MENTIONED IN THE ACCOMPANYING NOTICE DATED 21st OCTOBER, 2005.

#### ITEM 5

Dr. A. B. Prasad's term as Managing Director is expiring on 30-11-2005. Taking note of this and taking into consideration the growth and increase in the volume of operations of the Company the Board of Directors at its meeting held on 21st October, 2005 re-appointed Dr. A. B. Prasad as Managing Director of the Company for a period of one year with effect from 1st December, 2005, subject to the approval of the members of the Company at the ensuing Annual General Meeting and subject to Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956.

The terms of appointment are as under:

#### I. SALARY:

- i) Basic:  
Rs. 72,000/- (Rupees Seventy Two Thousand only) per month.
- ii) Allowances:  
Not exceeding Rs. 15,000/- (Rupees Fifteen Thousand only) per month.
- iii) Bonus:  
As may be declared by the Company for its employees subject to maximum limit of 20% of salary.

#### II. PERQUISITES:

In addition to the above salary the Managing Director shall be entitled to the following perquisites:

- i) Housing I:  
The Company shall provide suitable furnished, residential accommodation and the expenditure by the Company on hiring such furnished accommodation shall be subject to a ceiling of Rs. 12,500/- per month.  
Housing II:  
In case, no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent/Maintenance Allowance not exceeding Rs. 12,500/- per month.
- ii) Medical Reimbursement:  
Medical expenses incurred by the Managing Director for self and family, will be reimbursed by the Company subject to a ceiling of Rs. 72,000/- per annum.  
Over and above the reimbursement of medical expenses as above, the Managing Director shall be entitled for coverage under the hospitalization, Mediclaim Scheme of a General Insurance Company for a policy with a premium not exceeding Rs. 5,000/- per annum.
- iii) Leave Travel Concession:  
For self and family once in a year, incurred as per rules of the Company, subject to a ceiling of Rs. 72,000/- per annum.
- iv) Club Fees:  
The Company shall reimburse actual and reasonable cost of membership during the term hereof in not more than one-private Club in Goa. This facility shall not include admission/life membership fees.
- v) Personal Accident Insurance:  
Premium not to exceed Rs. 1,000/- per annum.
- vi) Communications:  
Telephone facility at residence for the conduct of the Company's business.



- vii) Car:  
Free use of Company's car for official purposes and reimbursement of expenditure incurred in connection with the running and maintenance thereof and the salary for the driver as per Rules of the Company.
- viii) Leave:  
One month's leave (30 days) with full pay on completion of 11 months of service, subject to the condition of leave accumulation/encashment as per the Scheme of the Company.
- ix) Provident Fund:  
Company's contribution to the Provident Fund shall be as per the Scheme of the Company.
- x) Pension/Superannuation:  
Company's contribution to Pension/Superannuation Fund shall be in accordance with the Scheme of the Company. Such contributions together with contribution towards Provident Fund shall not exceed the tax free limit laid down under the Income Tax Act, 1961.
- xi) Gratuity:  
Gratuity is payable in accordance with the Scheme of the Company.
- xii) Encashment of Leave:  
Unavailed accumulated earned leave encashable at the conclusion of the contract period.

III. The remuneration/perquisites of the Managing Director under this Agreement will be subject to tax applicable under the provisions of the Income-Tax Act, 1961.

IV. MINIMUM REMUNERATION:

Notwithstanding anything to the contrary herein contained, if in any financial year during the currency of the tenure of the said Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowance as specified above, subject to the limits specified in Section II Part II of the Schedule XIII to the Companies Act, 1956, and amendments, if any.

- V. He will be subject to the other Rules and Regulations of the Company which may be in force from time to time.
- VI. He shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company in future, without the prior approval of the Central Government.
- VII. Dr. A. B. Prasad shall subject to the superintendence, control and direction of the Board of Directors of the Company perform the duties of Managing Director with regard to all work and business of the Company and manage and superintend such business and carry out all orders and directions of the Board of Directors subject to the terms of the agreement entered into with him.
- VIII. The agreement may be terminated by either party hereto giving to the other, 3 months notice in writing of its or his intention, as the case may be, so to do.

The Agreement entered into by the Company with Dr. A. B. Prasad is available for inspection on any working day of the Company between 11.00 a.m. and 5.00 p.m. only at the Registered Office of the Company.

Dr. A. B. Prasad is concerned or interested in the Resolution under Item No. 5. No other Director is concerned or interested in the said Resolution.

The above may be regarded as an "abstract of the terms and memorandum of interest" under Section 302 of the Companies Act, 1956.

**ITEM 6**

Mr. Alban F. Couto was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 read with Article 136 of the Articles of Association of the Company with effect from 30th October, 2004 and holds office upto the date of this Annual General Meeting. Mr. Alban F. Couto being eligible offers himself for appointment as Director. As required under Section 257 of the Companies Act, 1956, a notice has been received from a member signifying his intention to propose Mr. Alban F. Couto as candidate for the office of Director of the Company alongwith requisite deposit.



Mr. Alban F. Couto is I.A.S. (Retd.), having served in various government departments and has vast administrative and management experience.

The Board considers that the appointment of Mr. Alban F. Couto as Director is in the interest of the Company and therefore commends his appointment.

Mr. Alban F. Couto is interested in this Resolution since it relates to him. No other director is concerned or interested in this Resolution.

By Order of the Board of Directors

**Registered Office:**

Dempo House, Campal  
Panaji, Goa – 403 001

Dated : 21st October, 2005

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





# Directors' Report

Your Directors have pleasure in presenting the Thirty-Seventh Annual Report and Audited Statement of Accounts of the Company for the period ended 30th June, 2005.

## OPERATING RESULTS :

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

## FINANCIAL RESULTS :

	15 Months ended 30-6-2005 Rs. in Lacs		12 Months ended 31-3-2004 Rs. in Lacs	
Profit/(Loss) before tax for the period		(141.24)		135.71
Less : Provision for Tax				
Current – for the period	3.25		64.10	
– relating to earlier years	(9.73)		5.75	
Deferred Tax	(58.54)		(15.60)	
Fringe Benefit Tax	2.38		–	
		(62.64)		54.25
		(78.60)		81.46
Add: Balance b/f from P & L A/c of previous years		214.48		185.03
Available for appropriations		135.88		266.49
Appropriations :				
Proposed Dividend		23.00		46.00
Corporate Tax on Dividend		3.23		6.01
Balance carried to Balance Sheet		109.65		214.48
		135.88		266.49

## DIVIDEND :

Your Directors recommend dividend of 5 percent (Re. 0.50 per Equity Share) for the 15 months period ended 30th June, 2005 as compared to 10 percent (Re. 1/- per equity share) for the 12 months period ended 31st March, 2004.

## OPERATIONS :

The sales turnover of the Company for the period under review was Rs. 12103.08 lacs (15 months) as compared to Rs. 9348.15 lacs (12 months) during the previous year. Production of Calcined Petroleum Coke ("CPC") was 122294 MT (15 months) compared to 99200 MT (12 months) during the previous year.

The sales of CPC was 121796 MT (including exports 89258 MT) for the 15 months period under review as compared to 101431 MT (including exports 58909 MT) for the 12 months of the previous year. The export turnover of the Company was Rs. 6213.38 lacs in the 15 months period under review as against 4620.27 lacs during the 12 months of the previous year.



Even though there was an increase in the sales turnover of the Company for the period under review, the profitability for the year has been affected drastically due to steep increase in FOB prices as well as ocean freight for RPC. The Company is making all-round efforts to get the prices compensated for the rise in its finished product. The Company is optimistic that Company's efforts to compensate the rise in raw material prices in its finished prices and various cost reduction schemes taken by the company will give positive results in the current year.

**SUBSIDIARIES :**

During the period under review, your company acquired additional 33000000 equity shares of Paradeep Carbons Limited thus maintaining its holding to 100 percent in the share capital of the said Company.

The Board of Directors in principle have approved the merger of its wholly owned subsidiary Paradeep Carbons Limited with the Company, effective from 1st July, 2005 which is subject to all required approvals including approval by the Bombay High Court.

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

**ENVIRONMENT AND SOCIAL CONCERN :**

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

**PUBLIC DEPOSITS :**

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

**HUMAN RESOURCES :**

Industrial relations continue to be cordial throughout the period under review.

Your Directors wish to place on record their appreciation of the contributions made by the employees and workers of your Company at all levels during the period under review.

**DIRECTORS :**

In accordance with Article 140 of the Articles of Association of your Company, Mr. P. G. Kakodkar and Mr. Soiru V. Dempo retire by rotation and being eligible offer themselves for re-appointment.

The Board has re-appointed Dr. A. B. Prasad as Managing Director for a period of one year w.e.f. 1st December, 2005. Your approval to the re-appointment and remuneration payable to Dr. A. B. Prasad is sought vide resolution & explanatory statement set out in item No. 5 of the accompanying Notice.

Mr. Alban F. Couto was appointed as an Additional Director on 30.10.2004. Mr. Couto holds office under Section 260 of the Companies Act, 1956, upto the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a notice in writing from a member proposing his candidature for the office of Director.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;



- (iii) the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability;
- (iv) the directors have prepared the annual accounts on a going concern basis.

**AUDITORS :**

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

**AUDITORS' REPORT :**

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

**PARTICULARS OF EMPLOYEES :**

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

**PARTICULARS OF CONSERVATION OF ENERGY ETC. :**

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

**CORPORATE GOVERNANCE :**

Pursuant to Clause 49 of the Listing Agreement a Management discussion and Analysis Report and a report on Corporate Governance are annexed.

Auditors certificate certifying the company's compliance with the requirements of corporate governance in terms of clause 49 of the Listing Agreement is annexed.

**ACKNOWLEDGEMENT :**

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

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

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

For and on behalf of the Board of Directors

**SHRINIVAS V. DEMPO**  
*Executive Chairman*

Panaji, Dated : 21st October, 2005



## Annexure to the Directors' Report

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

### (A) Conservation of Energy

#### (a) Energy conservation measures

#### Goa Plant

Consumption of Electrical energy per metric ton of Calcined Petroleum Coke produced during the period has been lower to 17.63 kwh/ton of CPC from 18.78 kwh during previous year despite the additional loads installed in pollution control and lab equipment. The reduction in energy consumption has been achieved with judicious monitoring of power factor and installation of star connection for motors wherever feasible.

Around 8100 kwh units have been saved during the period with above activities.

Furnace oil consumption per ton of CPC produced has been lower to 9.8 lts/ton as against 12.3 lts/ton during previous year, thereby saving around 2.24 lakh litres of furnace oil during the period.

#### Bilaspur Plant

Consumption of electrical energy per MT of Calcined Petroleum Coke produced has been slightly increased from 13.96 units in the previous year to 18.21 units during the year. Higher consumption was primarily due to installation of pollution control equipments.

Furnace oil consumption per MT of Calcined Petroleum Coke (CPC) produced has been slightly increased from 10.51 ltr. / MT of CPC produced to 11.443 ltr / MT. Slight increase in furnace oil consumption was to meet higher density requirement of some customers.

#### (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.

Consumption of energy is being regularly monitored and reviewed. E.S. energy savers equipments have been installed in lighting/illumination circuits during May 2005.

Thermal and electrical energy audit has been conducted by PCRA. Steps are being initiated to implement their recommendation/suggestion.

#### (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.

E.S. energy savers are expected to save around 20% of electrical energy used for lighting and illumination. This is expected to reduce total electrical energy consumption on current connected load by around 3 to 5%.

No significant impact on energy consumption is expected. However, these measures may improve the quality.

#### (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.



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

### (B) Technology Absorption

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

### (C) Foreign Exchange Earnings and Outgo

- (f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans. The Company's export to internationally renowned aluminium majors as per long term contract still 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. 75.82 crores.

Foreign Exchange earned during the period 2004-2005 by exporting finished product was equivalent to Rs. 62.13 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, 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 period under review.

Not applicable



# Management Discussion and Analysis

## **BUSINESS OUTLOOK**

International competitive market environment continues to put pressure on the company's selling prices of products. Further, in view of the sharp increase in Raw Material prices consequent upon the price movement of crude oil and steep increase in freight rates will affect the margin of the company's products adversely. The company is making concerted effort to contain overhead cost and improve efficiencies.

## **KEY STRENGTHS AND GROWTH DRIVERS**

The Company is a very well established and reliable manufacturer of Calcined Petroleum Coke in the market through its sustained efforts and emphasizes on product quality, continuing improvements and competitive pricing. Research and Development is on going process resulting in discovering and implementation of new and improvised methods, concepts so as to improve the product quality, achieves cost effectiveness and optimum utilization of capacity.

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

## **FINANCE AND FINANCIAL RISKS**

Financial risks could include high foreign currency exposure arising from payment for raw materials vis-à-vis export earnings. The company being a net user of foreign exchange is vulnerable to depreciation in the value of the rupee.

As a measure of prudent foreign exchange management and as a matter of policy, the company does not speculate on foreign currencies except booking for forward cover for import payments. Imports on revenue account are paid, as and when due, by market purchase of foreign exchange and also partially out of export earnings.

## **RISKS AND CONCERN**

The company being manufacturer of Calcined Petroleum Coke has its usual risks associated with hazardous operations. The company endeavors to keep its safety standards at peak level.

## **FINANCIAL PERFORMANCE FOR THE 15-MONTH PERIOD ENDED 30th JUNE 2005 COMPARED TO 12 MONTH PERIOD ENDED 31st MARCH 2004**

### **REVENUES**

The Gross Turnover for the 15 months period ended 30th June 2005 was Rs.13,060.06 lacs as compared to Rs. 10,104.35 lacs for the 12 months period ended 31st March 2004. The total quantity sold during the 15 months period ended 30th June, 2005 was 121,796 MT as compared to 1,01,431 MT sold for the 12 months period ended 31st March, 2004. The Company, as usual, attains its production targets as well as sales targets.

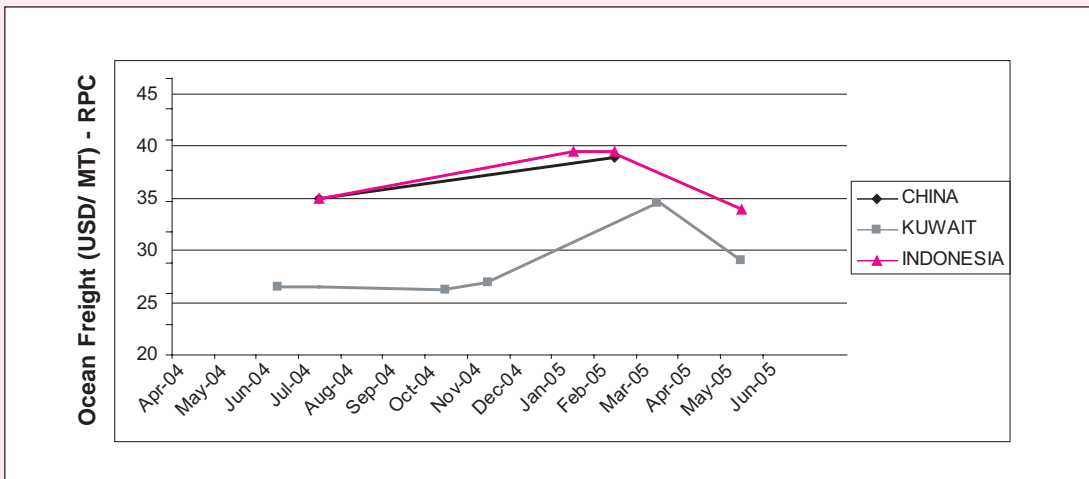
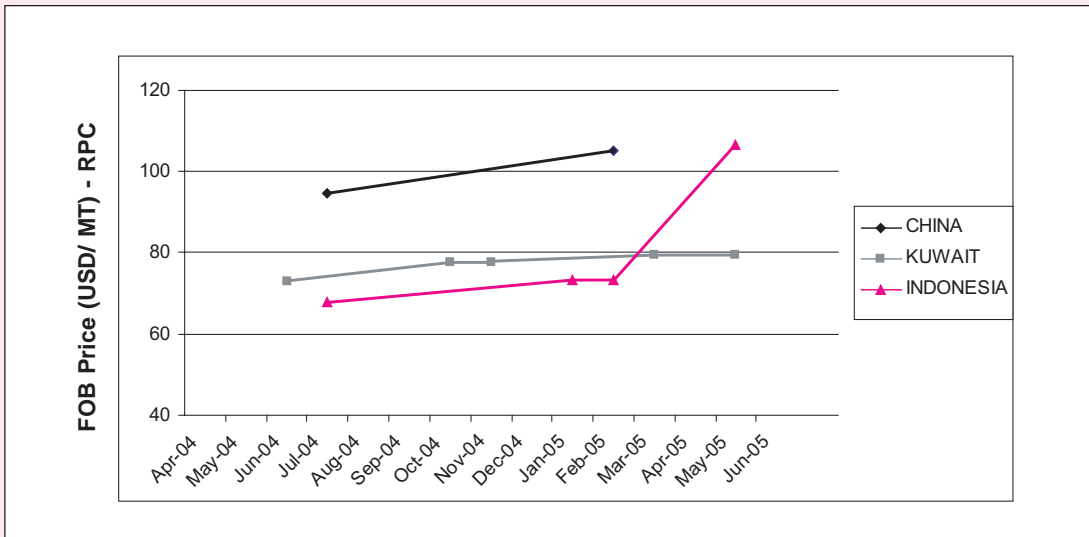
### **OTHER INCOMES**

The Other Income for the 15 months period ended 30th June 2005 was Rs. 419.10 lacs as against Rs.385.89 lacs for the 12 months period ended 31st March 2004. The other income mainly comprises of interest income, profit on sale of raw material and exchange gains.

### **RAW MATERIAL CONSUMED**

During the 15 months period ended 30th June, 2005 the total production of CPC was 1,22,294 MT as compared to 99,200 MT for the 12 months period ended 31st March, 2004, The Raw material consumed was 1,66,320 MT as compared to 1,33,279 MT for the 12 months period ended 31st March, 2004.

Due to steep increase in raw material price and the freight rates, the Raw Material Cost has gone up by 9.7% over the previous year and the total cost Raw Material Consumed for the 15 months period ended 30th June, 2005 was Rs.10,372.97 lacs as against Rs. 7,577.14 lacs for the 12 months period ended 31st March, 2004.



**MANUFACTURING AND OTHER EXPENSES**

The total Manufacturing and other expenses which constitutes 13.54% on the net turnover amounting to Rs. 1,638.97 lacs for 15 months period ended 30th June, 2005 as compared to 15.51% on the net turnover amounting to Rs. 1,450.42 lacs for the 12 months period ended 31st March, 2004.

**INTEREST**

Interest on Term Loan and Working Capital for 15 months period ended 30th June 2005 was Rs. 557.68 lacs as compared to 418.50 lacs for the 12 months period ended 31st March 2004. The company has borrowed both Term Loan as well as working capital loan at a very competitive rate.

**DEPRECIATION**

Depreciation for 15 months period ended 30th June 2005 was Rs.139.89 lacs as compared to Rs.122.65 lacs for the 12 months period ended 31st March 2004.

**PROFITABILITY**

The basic Raw Material required for the manufacture of final product Calcined Petroleum Coke is the by-product of refining process and consequent to the increase of crude oil price in International Market the prices of basic Raw Material and freight has gone up considerably for 15 months period ended 30th June, 2005. The Raw





Material cost for the 15 months period ended 30-06-2005, as a percentage on net turnover was 85.7% as compared to 81.05% for the 12 months period ended 31st March 2004. This has resulted in loss before tax of Rs.141.24 lacs for 15 months period ended 30th June 2005 as compared to the profit of Rs. 135.71 lacs for the 12 months period ended 31st March 2004. Though the manufacturing and other expenses besides finance charges are under control during the 15 months period ended 30th June 2005 and due to this steep increase in Raw Material price and freight rates has resulted in loss for 15 months period ended 30th June, 2005.

#### **RESOURCES**

During the 15 months period ended 30th June 2005 we incurred capital expenditure of Rs. 82.40 lacs as compared to Rs. 43.45 lacs for the 12 months period ended 31st March 2004. During the 15 months period ended 30th June, 2005 the unsecured loan of Rs 3,300 lacs given to the wholly owned subsidiary Company, M/s. Paradeep Carbons Limited has been converted into equity shares of the company and consequently the investment has gone up from Rs. 1,024.62 lacs to Rs. 4,324.62 lacs for 15 months period ended 30th June, 2005.

Due to optimum utilization of credit period given by Raw Material suppliers the net current Assets has Come down to Rs. 5756.27 lacs for the 15 months period ended 30th June, 2005 as compared to Rs. 7,331.89 lacs for 12 months period ended 31st March, 2004.

#### **INTERNAL CONTROL AND ADEQUACY**

Company has an adequate internal control system commensurate with its size. Our Company's systems and control address

- Implementation of management policies to ensure that the transactions have been accurately recorded and promptly reported.
- Reviews compliance with statutes.
- Operational efficiency

The Internal Audit Department carries out the Audit in the above areas and also Post Audit checks and ensures the adequacy of internal control through reviews. Their reports are submitted to and discussed with the audit Committee of Directors.

#### **SIGNIFICANT ECONOMIC CHANGES THAT MATERIALLY AFFECT OR (ARE LIKELY TO) AFFECT INCOME FROM CONTINUING OPERATIONS**

The Company's raw material prices are driven by international crude oil prices as the sourcing of raw materials are from local/imports from refineries/international trades. The prices are prone to fluctuations due to crude oil prices and foreign exchange fluctuations. Similarly, the prices of finished product of the company Calcined Petroleum Coke are also driven by international prices and import tariff structures. The margins on these products vary widely without any consistency; the revenues of the company will therefore fluctuate from year to year. These economic changes could significantly affect income from continuing operations.

#### **KNOWN TRENDS OR UNCERTAINTIES THAT HAVE HAD OR EXPECTED TO HAVE A MATERIAL ADVERSE IMPACT ON SALES, REVENUES, OR INCOME FROM CONTINUING OPERATIONS**

Uncertainty prevails in availability of continuous supply of raw material to the company. Occasionally, few raw materials though available are at uneconomical prices, which result in severe pressure on margins and values.

In addition to the above, high foreign currency exposure which is vulnerable to depreciation of Rupee and expected hardening of interest rates may effect Company's operations, Margins and profits.

#### **FUTURE CHANGES IN RELATIONSHIP BETWEEN COSTS AND REVENUES**

The recent trend in continuous increase in International prices of raw materials compared to the prices of finished products may further shrink margins in future. Following the steep increase in price of crude oil during the past years, the cost of raw material also rose substantially.

With reduction of custom duty from 20% to 10% and by entering long-term contract with the raw petroleum coke suppliers for supply of raw material, the reasonable portion of such increase will be curtailed by the company. On the financial front the company is taking steps towards better working capital management and financial re-structuring for reducing the interest cost.



#### **STATES OF ANY PUBLICLY ANNOUNCED NEW PRODUCT OR BUSINESS SEGMENT**

There has been no announcement of any new products or business segment.

#### **THE EXTENT TO WHICH THE BUSINESS IS SEASONAL**

The business carried out by the company is not seasonal.

#### **ANY SIGNIFICANT DEPENDENCE ON A SINGLE OR FEW SUPPLIERS OR CUSTOMERS**

Most of the raw materials and consumables procured by the company both from domestic and international sources and from manufacturers who are dominant suppliers. Domestic supply of Raw Petroleum Coke includes Indian Oil Corporation Barauni and Bongaigaon Refinery and Petrochemicals Ltd.

From Goa Plant the company is supplying major portion of finished product to Aluminium Pechiney, France based on the long-term contract entered with the company.

#### **COMPETITIVE CONDITION**

The company is in business of manufacture and sale of Calcined Petroleum Coke. The Calcined Petroleum Coke are also manufactured by Rain Calcining Limited, India Carbon Limited and other small regional players. In addition to the above there are 3 refineries integrated calciners, Barauni, Bongaigaon, Numaligarh also manufacturing Calcined Petroleum Coke and it effects the domestic CPC markets with its lower price strategy. The competition also comes from Imports by the traders.

#### **SUBSIDIARIES**

##### **Paradeep Carbons Limited**

The Paradeep plant has reported a loss for the period ended 30th June 2005. This was mainly due to unprecedented increase in F.O.B. prices and ocean freights on RPC, while prices of CPC remained firm during this period. However, the management is of the view that during current year the plant's capacity will be utilized more and operations are expected to be better.

#### **EXPORTS**

Your Company is continuously exploring opportunities in the global market for exporting its products. During the period under review the export turnover of Rs. 6213.38 lacs accounts for 51% fo the total turnover. Your Company has identified the key growth global markets and is exploring for opportunities in those countries. Your Company's state-of-the-art manufacturing facilities present opportunities for leading global aluminium smelters to out source part of their requirements from the Company.

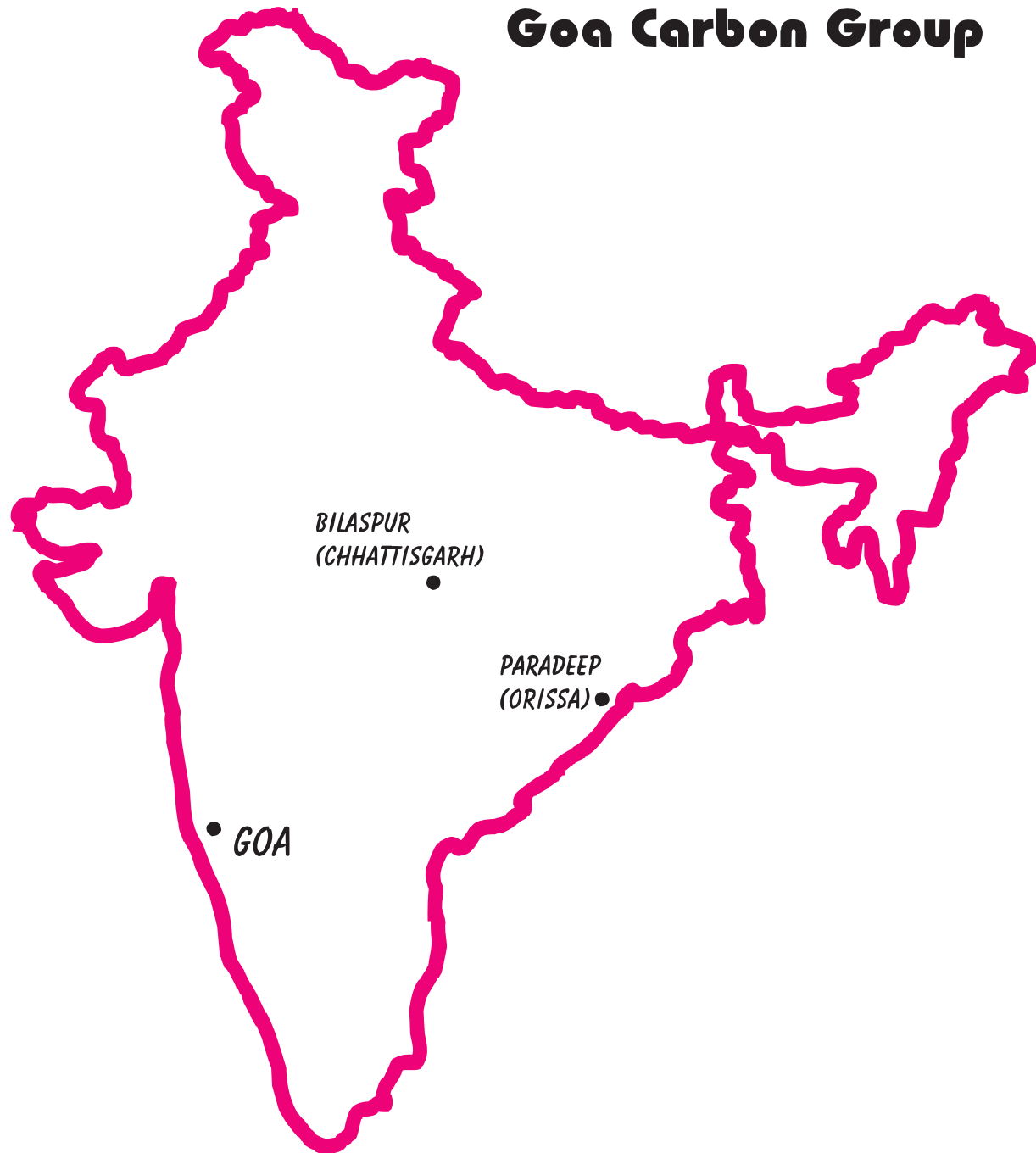
#### **OUTLOOK FOR 2005-06**

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

#### **CAUTIONARY STATEMENT**

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

## CPC Plant Locations of Goa Carbon Group





# Report on Corporate Governance

## Introduction

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

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

## A. MANDATORY REQUIREMENTS

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

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

### 2. Board of Directors

As on June 30, 2005, the Board consisted of eight Directors, two of whom are Executive Directors. The remaining six Directors are Non-Executive Directors, with five of them being Independent Directors.

The constitution of the Board is given below :

Name of Director	Executive/Non-Executive/ Independent	No. of other Directorships	Membership of other Board Committees
Shrinivas V. Dempo	Executive Chairman – Executive	23 <sup>1</sup>	–
Dara P. Mehta	Independent Director	15 <sup>2</sup>	3
Dr. W. R. Correa	Independent Director	2	2
P. G. Kakodkar	Independent Director	10	9
Soiru V. Dempo	Non-Executive Director	11	–
Keki M. Elavia	Independent Director	8	8
Alban F. Couto*	Independent Director	–	–
Dr. A. B. Prasad	Managing Director – Executive	3	1

<sup>1</sup> Includes directorships held in 21 private limited companies.

<sup>2</sup> Includes 8 companies in which Mr. Dara P. Mehta is an Alternate Director.

\* Mr. Alban F. Couto has been appointed as an Additional Director with effect from October 30, 2004.

### Attendance of Directors at Board Meetings and Annual General Meeting

During the period under review, eight (8) Board Meetings were held on April 24, 2004, June 10, 2004, July 30, 2004, September 16, 2004, October 30, 2004, January 24, 2005, March 26, 2005 and April 19, 2005.



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

Name of Director	Board Meetings Attended	AGM
Shrinivas V. Dempo	8	✓
Dara P. Mehta	7	✓
Dr. W. R. Correa	7	✓
P. G. Kakodkar	5	–
Soiru V. Dempo	7	✓
Keki M. Elavia	7	✓
Alban F. Couto*	3	–
Dr. A. B. Prasad	8	✓

\* Mr. Alban F. Couto has been appointed as an Additional Director with effect from October 30, 2004.

#### Shareholding of Directors:

As on June 30, 2005, Mr. Shrinivas V. Dempo holds 1,000 equity shares, Mr. Dara P. Mehta holds 2,000 equity shares and Dr. W. R. Correa holds 700 equity shares in the Company. None of the remaining directors hold any shares in the Company.

### 3. Remuneration of Directors

Details of remuneration paid/payable to directors for the period ended June 30, 2005 are as follows:

(Figures in Rupees)

Director	Loans and Advances from the Company	Sitting fees <sup>o</sup>	Salary & Perquisites	Commission	Total
Shrinivas V. Dempo	Nil	Nil	Nil	Nil	Nil
Dara P. Mehta	Nil	34,000	Nil	Nil	34,000
Dr. W. R. Correa	Nil	29,000	Nil	Nil	29,000
P. G. Kakodkar	Nil	37,000	Nil	Nil	37,000
Soiru V. Dempo	Nil	55,000	Nil	Nil	55,000
Keki M. Elavia	Nil	34,000	Nil	Nil	34,000
Alban F. Couto*	Nil	12,000	Nil	Nil	12,000
Dr. A. B. Prasad	Nil	Nil	12,55,694	Nil	12,55,694

<sup>o</sup> includes sitting fees paid for Committee Meetings

\* Mr. Alban F. Couto has been appointed as an Additional Director with effect from October 30, 2004.

### 4. Audit Committee

During the period under review, the Committee held five meetings, one of which was before finalisation of accounts and the others before approval of the Quarterly Financial Results by the Board. The dates on which the said meetings were held are as follows:

24th April, 2004                      24th July, 2004                      29th October, 2004  
 24th January, 2005                      18th April, 2005

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

Name	Designation	Non-Executive/ Independent	Profession	Committee Meetings Attended
Dara P. Mehta	Chairman	Independent Director	Solicitor	5
Keki M. Elavia	Member	Independent Director	Chartered Accountant	5
P. G. Kakodkar*	Member	Independent Director	Banking Consultant	1

\* P. G. Kakodkar was inducted as a member of the Committee with effect from July 30, 2004.



The terms of reference of the Audit Committee are in accordance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges and inter alia includes the following:

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

#### 5. Share Transfer & Investors' Grievance Committee

The Share Transfer & Investor Grievance Committee approves the transmission/ transfer of shares, issue of new/duplicate share certificates and oversees and reviews all matters connected with securities transfer. The Committee also looks into the redressal of shareholders' and investors' complaints/grievances. The Share Transfer & Investor Grievance Committee met 27 times during the period under review 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	15
Soiru V. Dempo	Member	26
Dr. A. B. Prasad	Member	21

\* P. G. Kakodkar was inducted as a member of the Share Transfer & Investor Grievance Committee with effect from July 30, 2004 and appointed its Chairman with effect from August 12, 2004.

The total number of letters/complaints received and replied to the satisfaction of shareholders during the period under review were 730. There were no outstanding letters/complaints as on 30th June, 2005.



## 6. Committee of Directors

The Company has constituted a Committee of Directors on January 24, 2005, to look into the future business outlook for the Company including its subsidiaries, to suggest various proposals to the Board including restructuring, mergers, acquisitions, new investment avenues etc. and to monitor & ensure the implementation of the accepted suggestions.

The members of the Committee are Mr. Dara P. Mehta, Mr. Keki M. Elavia and Dr. A. B. Prasad. The Committee is chaired by Mr. Dara P. Mehta.

One meeting of the Committee was held during the period under review.

## 7. General Meetings

	Date	Venue
34th Annual General Meeting	24th June, 2002	Dempo House, Campal Panaji – Goa 403 001
35th Annual General Meeting*	20th September, 2003	- As above -
36th Annual General Meeting	16th September, 2004	- As above -

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

## 8. Note on Directors appointment/re-appointment

Mr. P. G. Kakodkar and Mr. Soiru V. Dempo are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

(a) Mr. P. G. Kakodkar is M.A. (Economics) and retired as Chairman-cum-Managing Director of the State Bank of India. Mr. Kakodkar has served as our non-executive director since September 27, 1999. Presently, he is on the Board of the following other companies:

Sr. No.	Name of the Company	Designation / Membership of Board Committees
1.	Financial Technologies (India) Ltd.	Director & Member of the Audit Committee
2.	Sesa Industries Ltd.	Director & Member of the Investor Relations Committee
3.	SBI Funds Management Pvt. Ltd.	Director
4.	Mastek Ltd.	Director, Chairman of the Audit Committee & Member of the Remuneration Committee
5.	Hexaware Technologies Ltd.	Director
6.	Fomento Resorts & Hotels Ltd.	Director
7.	Centrum Capital Ltd.	Director
8.	Sesa Goa Ltd.	Director, Chairman of the Audit Committee, Chairman of the Investors Relations Committee, Member of the Remuneration Committee & Chairman of the Investment Committee
9.	Uttam Galva Steel Ltd.	Director & Member of the Audit Committee
10.	Auditime Information Systems (I) Pvt. Ltd.	Director



- (b) Mr. Soiru V. Dempo is B.A. (Economics). Mr. Dempo has been our non-executive director since September 25, 2000. He is on the Board of the following other companies:

Sr. No.	Name of the Company	Designation / Membership of Board Committees
1.	V. S. Dempo & Co. Pvt. Ltd.	Whole-time Director
2.	Dempo Mining Corporation Pvt. Ltd.	Managing Director
3.	Dempo Shipyard Pvt. Ltd.	Director
4.	Hindustan Foods Ltd.	Director
5.	Sindhudurg Mining Corporation Pvt. Ltd.	Director
6.	Madhumati Investments Pvt. Ltd.	Director
7.	Madhumalani Investments Pvt. Ltd.	Director
8.	Celtic Investments Pvt. Ltd.	Director
9.	Ameya Investments Pvt. Ltd.	Director
10.	Jaiprabha Investments Pvt. Ltd.	Director
11.	Suhas Investments Pvt. Ltd.	Director

- (c) Dr. A. B. Prasad, has been a Executive Director of the Company since 1995 and as Managing Director from 2000. He is a Chemical Engineer with Masters and Ph. D. Degree and has extensive experience in the operation of Process, plants and project engineering. He is also Managing Director of M/s. Paradeep Carbons Ltd. and is on the Board of M/s. V. S. Dempo & Co. Pvt. Ltd. and M/s. Hindustan Foods Ltd.
- (d) Mr. Alban F. Couto is I.A.S. (Retd.) and has vast experience in the field of administration having served in various government departments. He has been on the Board of our Company since 30.10.2004 and is the only directorship held by him.

#### 9. Disclosures

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

#### 10. Means of Communication

The quarterly unaudited financial results were published in the Financial Express, 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. Half-yearly unaudited financial results are not sent to shareholders.

The Company has also posted information relating to its financial results and shareholding pattern on Electronic Data Information Filing and Retrieval (EDIFAR) at [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in).

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

Management Discussion & Analysis form part of this Annual Report.

#### 11. General Shareholder Information

##### a) Annual General Meeting

- Date and Time 10th December, 2005 at 10.30 a.m.
- Venue Dempo House, Campal, Panaji – Goa 403 001

##### b) Financial Calendar

- Financial reporting for
- Quarter ending June 30, 2005 July 2005
  - Quarter ending September 30, 2005 October 2005
  - Quarter ending December 31, 2005 January 2006





- Quarter ending March 31, 2006
- Annual General Meeting for the year ending March 31, 2006

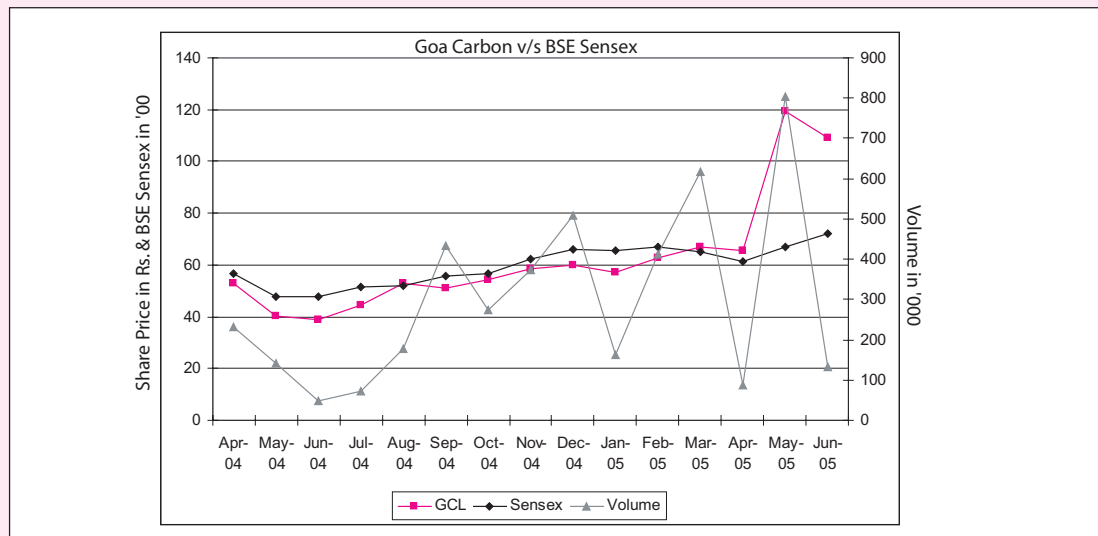
April 2006  
September 2006

- c) **Date of Book Closure** Friday, the 2nd December, 2005 to Saturday, 10th December 2005 (both days inclusive), for payment of dividend
- d) **Registered Office** Dempo House, Campal  
Panaji – Goa 403 001
- e) **Listing on Stock Exchanges at** The Bombay Stock Exchange Ltd., Mumbai  
The Mangalore Stock Exchange, Mangalore
- f) **Stock Code – Physical** 509567  
**Demat ISIN Number for NSDL & CDSL** INE426D01013
- g) **Stock market data:**

	The Bombay Stock Exchange Ltd., Mumbai		
	High Rs.	Low Rs.	Monthly Volume
April 2004	61.40	42.10	232598
May 2004	55.00	37.70	140024
June 2004	43.20	36.00	47592
July 2004	47.00	37.50	72318
August 2004	56.20	41.50	177774
September 2004	56.80	48.10	434491
October 2004	59.80	48.60	275196
November 2004	64.70	51.25	358919
December 2004	71.00	55.60	509891
January 2005	63.00	49.50	162991
February 2005	68.00	52.90	403568
March 2005	82.00	61.80	585734
April 2005	75.00	65.00	78861
May 2005	140.00	60.00	802662
June 2005	124.40	100.05	132272

h) **Stock performance vs BSE Sensex**

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

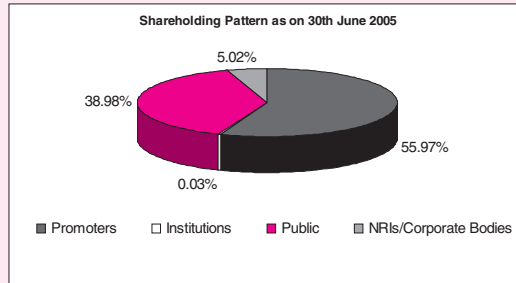




- i) **Registrar & Share Transfer Agents** Intime Spectrum Registry Ltd.  
 C-13, Pannalal Silk Mills Compound  
 LBS Marg, Bhandup (West), Mumbai 400 078  
 Ph.: (022) 5555 5454 Fax: (022) 5555 5353  
 Email: [isrl@intimespectrum.com](mailto:isrl@intimespectrum.com)

j) **Distribution of Equity Shareholding as on 30th June, 2005**

Slab of shareholdings	Shareholders	%	Amount in Rs.	%
Upto 5000	12,473	96.80	1,00,54,060	21.86
5001 to 10000	223	1.73	17,61,220	3.83
10001 to 20000	91	0.71	14,06,230	3.06
20001 to 30000	31	0.24	7,76,130	1.69
30001 to 40000	15	0.12	5,57,740	1.21
40001 to 50000	10	0.07	4,74,010	1.03
50001 to 100000	25	0.19	18,54,790	4.03
100001 and above	18	0.14	2,91,15,820	63.29
<b>Total</b>	<b>12,886</b>	<b>100.00</b>	<b>4,60,00,000</b>	<b>100.00</b>



k) **Categories of Equity Shareholders as on 30th June, 2005**

	Category	No. of Shares held	Percentage of shareholding
A	<b>Promoter's holding</b>		
	1. – Indian Promoters	2571420	55.9004
	– Foreign Promoters	NIL	NIL
	2. Persons acting in concert	3300	0.0717
	<b>Sub-Total</b>	<b>2574720</b>	<b>55.9721</b>
B	<b>Non-Promoters holding</b>		
	3. <b>Institutional Investors</b>		
	a. Mutual Funds and UTI	550	0.0120
	b. Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institutions/ Non-government Institutions)	805	0.0175
	c. Foreign Institutional Investors	–	–
	<b>Sub-Total</b>	<b>1355</b>	<b>0.0295</b>
	4. <b>Others</b>		
	a. Private Corporate Bodies	210227	4.5702
	b. Indian Public	1787039	38.8486
	c. Non-Resident Indians/Overseas Bodies Corporate	20592	0.4477
	d. Clearing Members	6067	0.1319
	<b>Sub-Total</b>	<b>2023925</b>	<b>43.9984</b>
	<b>GRAND TOTAL</b>	<b>4600000</b>	<b>100.0000</b>



l) **Dematerialisation of Shares**

As on 30th June, 2005, 29.23% of the Company's paid-up capital representing 13,44,801 shares were held in dematerialized form as compared to 26.41% of the Company's paid-up capital representing 12,14,930 shares as on 31st March 2004.

m) **Share Transfer System**

The Company's shares which are in compulsory dematerialized (demat) list, are transferable through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents, 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. Total number of shares (physical form) transferred during the period under review was 25,639. As at 30th June 2005 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.

n) **Code for Prevention of Insider Trading**

The Company has adopted a share dealing code for the prevention of Insider Trading in the shares of the Company. The share dealing code, inter alia prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

o) **Plant Locations**

**Goa Plant :**

St. Jose de Areal  
Goa – 403 730

**Bilaspur Plant :**

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

**Paradeep Plant :**

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

p) **Address for Correspondence**

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

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



For payment/revalidation of dividend on shares, kindly address correspondence to:  
Secretarial Department  
Goa Carbon Limited  
Dempo House, Campal  
Panaji – Goa 403 001  
Tel.: (0832) 2441300  
Fax : (0832) 2427192  
Email: [legal@goacarbon.com](mailto:legal@goacarbon.com)

- q) **Compliance Officer:**  
Mr. P. S. Mantri – Company Secretary  
Telephone 2220411

## B. NON-MANDATORY REQUIREMENTS

### 1. Remuneration Committee

The Remuneration Committee comprises of 3 Independent 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 30<sup>th</sup> July 2004 during the period under review. All the members attended the meeting.

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

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

## CERTIFICATE

To the Members of Goa Carbon Limited

We have examined the compliance of conditions of corporate governance by Goa Carbon Limited, for the period ended on 30th June 2005, 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 Agreements.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Shareholder's/Investors' Grievance Committee.

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

For FRASER & ROSS  
*Chartered Accountants*

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

Chennai, Dated : 21st October, 2005



# Report of the Auditors to the Shareholders

1. We have audited the attached Balance Sheet of Goa Carbon Limited as at 30th June, 2005 and the Profit and Loss Account and the Cash Flow Statement for the 15 months 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 are disqualified as on 30th June, 2005 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
    - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2005;
    - b) In the case of the Profit and Loss Account, of the Loss of the Company for the 15 months ended on that date; and
    - c) In the case of the Cash Flow Statement, of the Cash Flows for the 15 months ended on that date.

For FRASER & ROSS  
*Chartered Accountants*

M. K. ANANTHANARAYANAN  
*Partner*

Membership No. 19521

Chennai, Dated : 21st October, 2005



## Annexure to the Auditors' Report

(Referred to in our report of even date)

- 1) a) The Company has maintained proper records showing full particulars, including quantitative details of fixed assets, which is however pending updation in respect of the location of individual assets.  
b) Physical verification of Fixed Assets has been carried out in a phased manner as determined by the management, whereby all assets held at the Goa plant have been verified during the period. 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 period, in our opinion, do not constitute a substantial part of the Fixed Assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- 2) a) The Company has carried out a physical verification of raw material, finished goods and stores & spares as at 30th June, 2005. In our opinion, the frequency of verification is reasonable. The physical verification of raw materials and finished goods was carried out on technical measurement basis.  
b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
- 3) a) The Company has granted an interest free loan to its wholly owned Subsidiary Company, a Company covered in the Register maintained under Section 301 of the Companies Act, 1956, against which there are no specific terms of repayment stipulated. In our opinion, the terms and conditions against which the loan has been granted are not prima facie prejudicial to the interest of the Company. In respect of this loan granted to the wholly owned Subsidiary Company, the maximum amount involved during the period and period-end balance were Rs. 3,283.30 lakhs and Rs. 0.12 lakhs respectively.  
b) The Company has taken loans from three Companies covered in the Register maintained under Section 301 of the Companies Act, 1956 for which there are no specific terms of repayment. In our opinion, the rate of interest and other terms and conditions on which these loans have been taken are not prima facie prejudicial to the interest of the Company. The maximum amount involved during the period and period end balance in respect of these loans was Rs. 1,758.11 lakhs.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- 5) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the Register required to be maintained under that section.  
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 rupees five lakhs in respect of any party during the period, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) The Company has not accepted any deposits from the public during the period.
- 7) In our opinion, the Company has an Internal audit system commensurate with its size and nature of its business.
- 8) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956, in respect of the Company's product.



- 9) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, employees' state insurance (ESI), income tax, custom duty, excise duty, cess and other material statutory dues applicable to it.  
b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty, excise duty and cess, which are outstanding as on 30th June, 2005 for a period of more than six months from the date they became payable.  
c) According to the information and explanation given to us, there are no dues in respect of sales tax, income tax, customs duty, wealth tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute, except for the dues referred to in Note B (1) of Schedule 16 to the accounts.
- 10) The Company does not have any accumulated losses. The Company has not incurred cash losses during the immediately preceding financial year but has incurred cash loss during the current financial year.
- 11) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- 12) Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- 13) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15) According to information and explanations given to us, the Company has given guarantee for loans taken by its wholly owned Subsidiary Company from banks, the terms and conditions whereof are not prejudicial to the interest of the Company.
- 16) The Company has not obtained any term loans during the period.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- 18) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company has not issued any debentures during the period.
- 20) The Company has not raised any money through public issues during the period.
- 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 period.

For FRASER & ROSS  
*Chartered Accountants*

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

Chennai, Dated : 21st October, 2005



## BALANCE SHEET AS AT 30TH JUNE, 2005

Rupees in lacs

	Schedule	As at 30-6-2005	As at 31-3-2004
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	460.00	460.00
Reserves and Surplus	2	1,900.58	2,005.41
		<b>2,360.58</b>	2,465.41
<b>LOAN FUNDS</b>			
Secured Loans		6,597.33	6,136.25
Unsecured Loans		1,758.11	500.00
Deferred Tax Liability		100.29	158.83
<b>TOTAL</b>		<b>10,816.31</b>	9,260.49
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	1,928.13	2,323.79
Less: Depreciation		1,203.19	1,444.48
Net Block		724.94	879.31
Capital work-in-progress		6.43	20.62
		<b>731.37</b>	899.93
<b>INVESTMENTS</b>	5	<b>4,328.67</b>	1,028.67
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	6	3,568.28	2,865.26
Sundry Debtors	7	763.30	1,856.93
Cash and Bank Balances	8	1,719.41	1,966.74
Loans and Advances	9	1,390.27	1,461.21
		<b>7,441.26</b>	8,150.14
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	10	1,455.52	540.62
Provisions	11	229.47	277.63
		<b>1,684.99</b>	818.25
<b>NET CURRENT ASSETS</b>		<b>5,756.27</b>	7,331.89
<b>TOTAL</b>		<b>10,816.31</b>	9,260.49
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  
Secretary

SHRINIVAS V. DEMPO Executive Chairman

Dr. A. B. PRASAD Managing Director

Panaji, Dated : 21st October, 2005





## PROFIT & LOSS ACCOUNT FOR THE FIFTEEN MONTHS ENDED 30TH JUNE, 2005

Rupees in lacs

	Schedule	15 Months ended 30-6-2005	Year ended 31-3-2004
<b>INCOME</b>			
Sales		13,060.06	10,104.35
Less: Excise duty		956.98	756.20
		12,103.08	9,348.15
Increase/(Decrease) in stock of finished goods		678.03	(28.31)
Other Income	12	419.10	385.89
		13,200.21	9,705.73
<b>EXPENDITURE</b>			
Raw Material Consumed	13	10,372.97	7,577.14
Purchase of Finished Goods		631.94	–
Manufacturing and other expenses	14	1,638.97	1,450.42
Finance Charges	15	557.68	418.50
Depreciation		139.89	122.65
Preliminary expenses amortised		–	1.31
		13,341.45	9,570.02
<b>PROFIT/(LOSS) BEFORE TAX</b>		(141.24)	135.71
<b>Less: PROVISION FOR TAX</b>			
Current Tax – for the period		3.25	64.10
– relating to earlier years		(9.73)	5.75
Deferred Tax		(58.54)	(15.60)
Fringe Benefit Tax		2.38	–
		(62.64)	54.25
<b>PROFIT/(LOSS) FOR THE PERIOD AFTER TAX</b>		(78.60)	81.46
Add: Balance brought forward from previous year		214.48	185.03
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		135.88	266.49
<b>Less: Appropriations</b>			
Proposed Dividend		23.00	46.00
Corporate Tax on Dividend		3.23	6.01
Surplus carried to Schedule 2		109.65	214.48
Basic and diluted earnings per share of Rs. 10/- each (in Rupees)		(1.71)*	1.77
* 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  
Secretary

SHRINIVAS V. DEMPO

Executive Chairman

Dr. A. B. PRASAD

Managing Director

Panaji, Dated : 21st October, 2005



## CASH FLOW STATEMENT FOR THE FIFTEEN MONTHS ENDED 30TH JUNE, 2005

Rupees in lacs

	15 Months ended 30-6-2005		Year ended 31-3-2004	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) before tax and extraordinary items		(141.24)		135.71
Adjustment for:				
Depreciation	139.89		122.65	
Finance charges	557.68		418.50	
Preliminary expenses amortised	–		1.31	
Investments written off	–		0.91	
Loss on assets sold/scrapped	1.17		2.82	
Bad debts written off	0.73		2.75	
Profit on Sale of Assets	(0.72)		(1.23)	
Interest income	(121.11)		(32.41)	
Unrealised Exchange (Gain)/Loss (net)	(25.22)		(156.53)	
Dividend income	(1.01)	551.41	(1.01)	357.76
Operating Profit before working capital changes		410.17		493.47
Adjustment for:				
(Increase)/Decrease in inventories	(703.02)		135.09	
(Increase)/Decrease in trade & other receivables	505.50		(1,477.70)	
Increase/(Decrease) in Current Liabilities	996.37	798.85	(1,158.53)	(2,501.14)
Cash flow from operations		1,209.02		(2,007.67)
Direct taxes paid (net)		8.53		(28.05)
Net cash inflow/(outflow) from operating activities		1,217.55		(2,035.72)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(68.21)		(64.07)	
Purchase of Investments	–		(71.24)	
Sale of fixed assets	3.81		6.15	
Interest income	105.48		31.35	
Loan to subsidiary company (net)	(2,427.50)		60.70	
Dividend income	1.01		1.01	
Net cash used in investing activities		(2,385.41)		(36.10)



**CASH FLOW STATEMENT FOR THE FIFTEEN MONTHS ENDED 30TH JUNE, 2005**  
(Contd.)

Rupees in lacs

	15 Months ended 30-6-2005		Year ended 31-3-2004	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from long/short term borrowings from Banks	<b>763.63</b>		2,623.94	
Proceeds from unsecured borrowings	<b>1,632.32</b>		500.00	
Repayment of long/short term borrowings from Banks	<b>(275.46)</b>		(153.16)	
Repayment of unsecured borrowings	<b>(400.00)</b>		(300.00)	
Finance charges paid	<b>(519.28)</b>		(403.27)	
Dividends paid	<b>(46.22)</b>		(157.43)	
Corporate tax on dividend paid	<b>(6.01)</b>		(20.62)	
Net cash flow from financing activities		<b>1,148.98</b>		2,089.46
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS ( A + B + C )		<b>(18.88)</b>		17.64
CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD		<b>107.72</b>		90.08
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE PERIOD		<b>88.84</b>		107.72

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

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS

Chartered Accountants

SHRINIVAS V. DEMPO

Executive Chairman

M. K. ANANTHANARAYANAN

Partner

Membership No. 19521

K. BALARAMAN

General Manager – Finance

Dr. A. B. PRASAD

Managing Director

P. S. MANTRI

Secretary

Panaji, Dated 21st October, 2005



## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE 1 : SHARE CAPITAL

Rupees in lacs

	As at 30-6-2005	As at 31-3-2004
Authorised		
2,20,00,000 Equity Shares of Rs. 10/- each	2,200.00	2,200.00
3,00,000 Preference Shares of Rs. 100/- each	300.00	300.00
	2,500.00	2,500.00
Issued and Subscribed		
46,00,000 Equity Shares of Rs. 10/- each fully paid-up (Of the above shares, 34,50,000 shares have been allotted as fully paid-up by way of Bonus Shares by Capitalisation of Capital Redemption Reserve and General Reserve)	460.00	460.00

### SCHEDULE 2 : RESERVES AND SURPLUS

	As at 30-6-2005	As at 31-3-2004
General Reserve		
As per last Balance Sheet	1,790.93	1,790.93
Surplus as per Profit & Loss Account	109.65	214.48
	1,900.58	2,005.41

### SCHEDULE 3 : LOAN FUNDS

	As at 30-6-2005	As at 31-3-2004
<b>SECURED LOANS</b>		
Term Loan from Bank of India		
Rupee Loan	7.24	0.38
Dual Currency Swing Loan	715.43	1,003.77
Add: Interest accrued and due (Secured by mortgage of all fixed assets including land and buildings and plant and machinery, pledge of Rs. 150,00,000 equity shares held in Paradeep Carbons Limited, second charge on pari-passu basis on all immovable assets including land and buildings of Paradeep Carbons Limited and hypothecation of movable and other immovable assets)	–	1.58
Working capital advances from banks (Secured by hypothecation of all tangible movable assets, raw materials, finished goods, stores, spare parts and book debts and pledge of fixed deposit receipts)	5,874.66	5,130.52
	6,597.33	6,136.25
[Term loans include Rs. 222.18 lacs (Rs. 240.68 lacs) repayable within one year]		
<b>UNSECURED LOANS</b>		
Short term deposits from bodies corporate	1,732.32	500.00
Add: Interest accrued and due thereon	25.79	–
	1,758.11	500.00

**SCHEDULE 4 : FIXED ASSETS**

Rupees in lacs

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 31-3-2004	Additions	Deductions	As at 30-6-2005	Upto 31-3-2004	For the period	Deductions	Upto 30-6-2005	As at 30-6-2005	As at 31-3-2004
Land (Freehold)	5.00	-	-	5.00	-	-	-	-	5.00	5.00
Land (Leasehold)	17.26	-	-	17.26	2.46	0.39	-	2.85	14.41	14.80
Plant and Machinery & Kiln	1,022.15	18.65	-	1,040.80	633.61	76.31	-	709.92	330.88	388.54
Plant and Machinery leased out	463.09	-	463.09	-	370.47	-	370.47	-	-	92.62
Buildings	526.23	34.88	0.76	560.35	262.63	30.57	0.07	293.13	267.22	263.60
Laboratory Equipments	43.22	-	-	43.22	28.14	2.62	-	30.76	12.46	15.08
Elect. Fittings & Equipments	105.91	2.02	-	107.93	58.37	8.35	-	66.72	41.21	47.54
Furniture, Office Equipments and Computers	104.21	7.29	3.28	108.22	71.50	12.14	2.29	81.35	26.87	32.71
Vehicles	36.72	19.56	10.93	45.35	17.30	9.51	8.35	18.46	26.89	19.42
<b>TOTAL</b>	2,323.79	82.40	478.06	1,928.13	1,444.48	139.89	381.18	1,203.19	724.94	879.31
Capital Work-in-progress at cost (including advances)									6.43	20.62
Previous Year Total	3,013.24	43.45	732.90	2,323.79	1,767.63	122.65	445.80	1,444.48	879.31	1,245.61
									731.37	899.93

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




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

Rupees in lacs

	As at 30-6-2005	As at 31-3-2004
Quoted (Non Trade)		
13,500 (13,500) Fully paid up Equity Shares of Rs. 10/- each in ICICI Bank Limited	4.05	4.05
Unquoted (Trade)		
In wholly owned Subsidiary Company		
480,00,000 (150,00,000) Fully paid up Equity Shares of Rs. 10/- each in Paradeep Carbons Limited (Note B 3)	4,324.62	1,024.62
	<b>4,328.67</b>	1,028.67
Market Value of Quoted Investments	<b>56.91</b>	39.95

**SCHEDULE 6 : INVENTORIES**

	As at 30-6-2005	As at 31-3-2004
Raw Materials [Including in-transit Rs. 215.69 lacs (Rs. 1.72 lacs)]	2,349.47	2,319.33
Finished Goods	1,126.08	448.05
Stores & Spares	92.73	97.88
	<b>3,568.28</b>	2,865.26

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

	As at 30-6-2005	As at 31-3-2004
Outstanding for a period exceeding six months		
Considered good	3.57	0.03
Considered doubtful	7.81	7.81
	<b>11.38</b>	7.84
Other Debts		
Considered good	759.73	1,856.90
	<b>771.11</b>	1,864.74
Less: Provision for Doubtful Debts	7.81	7.81
	<b>763.30</b>	1,856.93


**SCHEDULE 8 : CASH AND BANK BALANCES**

Rupees in lacs

	As at 30-6-2005	As at 31-3-2004
Cash on hand	2.15	1.93
Balances with Scheduled Banks:		
On Current Accounts	86.69	105.79
On Unpaid Dividend Accounts	17.93	18.15
On Deposits Accounts (Fixed deposit receipts are pledged with the Banks as security for facilities availed from them)	1,612.64	1,840.87
	<b>1,719.41</b>	1,966.74

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

	As at 30-6-2005	As at 31-3-2004
Loan to subsidiary company [Maximum amount due at any time during the period Rs. 3,283.30 lacs (Rs. 2,192.08 lacs)]	0.12	872.62
Advances recoverable in cash or in kind or for value to be received	1,226.68	411.12
Interest accrued on Deposits	22.76	7.13
Advance payment of Income tax and tax deducted at source	131.73	161.36
Balance with Customs & Excise authorities	8.98	8.98
	<b>1,390.27</b>	1,461.21

**SCHEDULE 10 : CURRENT LIABILITIES**

	As at 30-6-2005		As at 31-3-2004	
Sundry Creditors				
Due to small scale industrial undertakings	-		-	
Due to others	1,405.94		407.40	
Due to a Director	-	1,405.94	4.99	412.39
Interest accrued but not due on loans		31.65		17.46
Unpaid Dividend (Represents dividend warrants issued but remained unrepresented to banks. There is no amount due and outstanding to be credited to Investor Education and Protection Fund)		17.93		18.15
Deposits from lessee		-		92.62
		<b>1,455.52</b>		540.62


**SCHEDULE 11 : PROVISIONS**

Rupees in lacs

	As at 30-6-2005	As at 31-3-2004
Income Tax	171.85	199.43
Fringe Benefit Tax	2.38	–
Leave encashment	25.89	23.51
Gratuity	3.12	2.68
Proposed Dividend	23.00	46.00
Corporate Tax on Dividend	3.23	6.01
	<b>229.47</b>	<b>277.63</b>

**SCHEDULES TO THE PROFIT & LOSS ACCOUNT**
**SCHEDULE 12 : OTHER INCOME**

	15 Months ended 30-6-2005	Year ended 31-3-2004
Interest (Gross)		
* From Banks	107.30	31.89
From Others	13.81	0.52
* [Tax deducted at source Rs. 18.02 lacs (Rs. 5.35 lacs)]		
	<b>121.11</b>	<b>32.41</b>
Lease income	0.56	0.96
Rent income	0.36	–
Dividend from Non-trade Investments	1.01	1.01
Miscellaneous Receipts (Gross) [Tax deducted at source Rs. 0.24 lacs (Rs. 0.11 lacs)]	130.55	30.42
Exchange gain (net)	87.92	289.59
Profit on Sale of Raw Materials	76.87	30.27
Profit on Sale of Assets	0.72	1.23
	<b>419.10</b>	<b>385.89</b>

**SCHEDULE 13 : RAW MATERIALS CONSUMED**

	15 Months ended 30-6-2005	Year ended 31-3-2004
Opening Stock	2,317.61	1,163.54
Add: Purchases	10,671.94	9,009.49
	<b>12,989.55</b>	<b>10,173.03</b>
Less: Cost of Sales	482.80	278.28
	<b>12,506.75</b>	<b>9,894.75</b>
Less: Closing Stock	2,133.78	2,317.61
	<b>10,372.97</b>	<b>7,577.14</b>





**SCHEDULE 14 : MANUFACTURING & OTHER EXPENSES**

Rupees in lacs

	15 Months ended 30-6-2005		Year ended 31-3-2004	
Salaries, Wages, Bonus & Commission		380.44		302.83
Contribution to Provident Fund, Superannuation Fund, Gratuity, Family Pension Fund and ESI		47.75		35.05
Staff Welfare Expenses		63.07		35.56
Excise duty		11.17		12.89
Fuel, Power and Water		264.15		233.97
Repairs & Maintenance				
Plant & Machinery	83.19		90.63	
Buildings	14.19		39.65	
Others	11.64	109.02	21.03	151.31
Packing & Forwarding		377.95		342.05
Selling & Distribution expenses		43.77		53.24
Rent		32.61		26.52
Rates & Taxes		8.01		4.13
Travelling Expenses		88.09		68.41
Insurance		31.39		22.11
Loss on assets sold/scrapped		1.17		2.82
Bad debts written off		0.73		2.75
Investments written off	-		12.72	
Less: Transfer from Provision	-	-	11.81	0.91
Auditors' Remuneration				
Audit fees	2.25		2.25	
Tax Audit	0.50		0.60	
Certification & other matters	0.75		2.07	
Expenses	0.71	4.21	0.42	5.34
Directors' sitting fees		2.50		1.49
Miscellaneous expenses		172.94		149.04
		1,638.97		1,450.42

**SCHEDULE 15 : FINANCE CHARGES**

	15 Months ended 30-6-2005		Year ended 31-3-2004	
Interest on term loans		70.95		51.92
Interest on working capital borrowings/unsecured loans		343.24		272.78
Bank charges and commission		143.49		93.80
		557.68		418.50



**SCHEDULE 16 : ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE FIFTEEN MONTHS ENDED 30TH JUNE, 2005**

**A. Significant Accounting Policies :**

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



## SCHEDULE 16 (Contd.)

### B. Notes forming part of Accounts

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

Nature of dues	As at 30-6-2005 Rs. in lacs	As at 31-3-2004 Rs. in lacs	Period to which the amount relates	Disputes pending with
Income tax demand	1,107.62	1,083.98	AY 1990-91, 1993-94, 1994-95, 1997-98 to 2001-02	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. 945.08 lacs (Rs.124.43 lacs) paid against the above demand is included under Advances.

2. (i) Contingent Liabilities not provided for:

	As at 30-6-2005	As at 31-3-2004
a) Demand raised by Collector of Stamps, Bilaspur towards stamp duty arising on amalgamation of Viswalakshmi Petro Products Ltd.	32.24	–
b) Bank Guarantees issued on behalf of the Company	–	218.00
c) Corporate guarantees issued to Banks for the facilities availed by the wholly owned subsidiary Company	4,924.94	5,835.22
d) Customs duty payable in the event of non-fulfilment of export obligations	117.57	110.47

- (ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

– 6.48

3. a) During the period, 3,30,00,000 Equity Shares of Rs. 10 each of Paradeep Carbons Limited, a wholly owned subsidiary, were allotted as fully paid-up Shares on conversion of advances amounting to Rs. 33,00,00,000 given to the Company.
- b) The Board of Directors in principle have approved the merger of its wholly owned subsidiary Paradeep Carbons Limited with the Company, effective from 1st July, 2005 which is subject to all required approvals including approval by the Bombay High Court.
4. The amount of exchange loss in respect of forward contracts to be recognised in the Profit & Loss Account of subsequent period is Nil (Rs. 1.34 lacs).
5. Although there has been substantial erosion in the value of investments in the wholly owned subsidiary Paradeep Carbons Limited due to accumulated losses, no provision is presently considered necessary in view of the intrinsic value of the fixed assets and taking into account the business plans and strategies under consideration.
6. The Deferred Tax Liability (Net) as at 30th June, 2005 comprises of the following:

Rs. in lacs

	As at 30-6-2005	As at 31-3-2004
i) Deferred tax liability arising on account of:		
Depreciation	126.53	167.88
ii) Deferred tax assets arising on account of:		
Disallowance under Section 43B of the Income Tax Act, 1961	4.88	4.40
Provision for Doubtful Debts	2.63	2.86
Unabsorbed Business Loss	17.67	–
Others	1.06	1.79
Deferred tax liability (net)	100.29	158.83



**SCHEDULE 16 (Contd.)**

7. Remuneration to Executive Chairman and Managing Director:

	15 months ended 30-6-2005 Rs. in lacs	Year ended 31-3-2004 Rs. in lacs
Commission to Executive Chairman	–	4.99
Managing Director:		
Salary	7.50	6.00
Contribution to Provident and other funds	2.03	1.94
Perquisites	3.03	2.42
	12.56	10.36
COMPUTATION OF NET PROFIT UNDER SECTION 349 OF THE COMPANIES ACT, 1956 FOR COMMISSION TO EXECUTIVE CHAIRMAN		
Profit/(Loss) before tax for the period	(141.24)	135.71
Add: Directors sitting fees	2.50	1.49
Managerial remuneration	12.56	15.35
Loss on Sale of Assets	1.17	–
Provision for diminution in value of investments	–	0.91
	(125.01)	153.46
Less: Profit on Sale of Assets	(0.72)	–
	(125.73)	153.46
Overall limit 10%	–	15.35
Commission restricted to	–	4.99

8. Miscellaneous expenses includes donations given to political parties and details are as under: Rs. in lacs

Name of the Political Party	15 months ended 30-06-2005	Years ended 31-3-2004
Bharatiya Janata Party	1.00	–
Goa Pradesh Congress Party	1.00	–

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

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



**SCHEDULE 16 (Contd.)**

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

	15 months ended 30-6-2005		Year ended 31-3-2004	
	Quantity MT	Rs. in lacs	Quantity MT	Rs. in lacs
a) Particulars of installed capacity, production, stocks and turnover of Calcined Petroleum Coke				
Installed Capacity (being a technical matter, accepted by auditors as certified by management)	1,40,000 (per annum)		1,40,000 (per annum)	
Production	122,294		99,200	
Opening Stock	4,039	448.05	6,270	476.37
Purchases	7,364	631.94	–	–
Closing Stock	11,901	1,126.08	4,039	448.05
Turnover	121,796	12,103.08	101,431	9,348.15

	15 Months ended 30-6-2005		%	Year ended 31-3-2004		%
	Quantity MT	Rs. in lacs		Quantity MT	Rs. in lacs	
b) Raw material consumed						
Imported	138,609	7,932.12	76.47	113,434	5,911.20	78.01
Indigenous	27,711	2,440.85	23.53	19,845	1,665.94	21.99
Total	166,320	10,372.97	100.00	133,279	7,577.14	100.00

	15 Months ended 30-6-2005 Rs. in lacs	%	Year ended 31-3-2004 Rs. in lacs	%
c) Value of stores & spare parts consumed for repair jobs				
Indigenous	58.72	100	46.88	100

Rs. in lacs

	15 Months ended 30-6-2005	Year ended 31-3-2004
d) Value of imports on CIF basis Raw material	7,318.21	6,419.15
e) Earnings in foreign currency (FOB value of exports)	6,213.38	4,620.27
f) Expenditure in foreign currency		
Travelling	13.32	13.76
Interest	232.93	77.01
Analysis fee, subscriptions etc.	24.77	8.51



**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**

V.S. Dempo & Co. Private Limited

Paradeep Carbons Limited  
Marmagoa Shipping & Stevedoring Co. Pvt. Ltd.  
Aparant Iron & Steel Pvt. Ltd.  
Dempo Industries Pvt. Ltd.  
Dempo Mining Corp. Pvt. Ltd.  
Dempo Brothers Pvt. Ltd.  
Dempo Travels Pvt. Ltd.  
Motown Investments Pvt. Ltd.  
Hindustan Foods Ltd.  
Devarshi Real Estates Developers  
Vasantrao Dempo Education and Research Foundation  
Mr. Shrinivas V. Dempo (Executive Chairman)  
Dr. A. B. Prasad (Managing Director)

**Nature of relationship**

Ownership, directly and indirectly of more than 50% of the voting power.  
Wholly owned subsidiary company

Common Key Management Personnel

Key Management Personnel

ii) Transactions with the related parties:

Rs. in lacs

	Enterprise having ownership of more than 50%	Subsidiary	Enterprise with Common Key Management Personnel	Key Management Personnel
Loans taken:				
Taken during the period	1,590.00 (500.00)		42.32 (-)	
Repaid during the period	400.00 (300.00)		- (-)	
Interest Paid	83.47 (14.25)		35.29 (31.58)	
Investments		3,300.00 (-)		
Loans and advances given:				
Given during the period		4,705.73 (2,423.48)		
Repaid during the period		2,278.23 (2,484.18)		
Purchase of Assets			16.85 (-)	
Sale of Assets			1.00 (-)	
Purchase of goods		679.64 (557.98)	0.46 (1.21)	
Sale of goods		434.92 (247.14)	2.68 (-)	
Receiving of Services				
Stevedoring and other related charges including reimbursements port dues etc.	136.60 (153.45)		411.87 (319.35)	
Rent	8.75 (7.15)			
Air travel Expenses			27.45 (31.78)	
Reimbursement of other expenses	10.22 (8.33)		4.10 (0.49)	



**SCHEDULE 16 (Contd.)**

Rs. in lacs

	Enterprise having ownership of more than 50%	Subsidiary	Enterprise with Common Key Management Personnel	Key Management Personnel
Reimbursement of Salaries			6.24 (3.14)	
Others	1.24 (1.24)		0.33 (-)	
Rental income			0.36 (-)	
Security deposit paid			0.15 (-)	
Donations			2.00 (3.00)	
Remuneration				12.56 (15.35)
Credit balances as at 30-06-2005	1,432.43 (212.60)		349.94 (300.00)	- (4.99)
Debit balances as at 30-06-2005		0.12 (872.62)		

13. Earnings per share:

	15 months ended 30-6-2005	Year ended 31-3-2004
i) Profit after tax as per Profit/(Loss) Account (Rs. in lacs)	<b>(78.60)</b>	81.46
ii) Number of Equity Shares	<b>4,600,000</b>	4,600,000
iii) Basic and diluted earnings per share of Rs. 10/- each (in rupees)	<b>(1.71)*</b>	1.77

\* Not annualised

14. Segment reporting:

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

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

Particulars	Name of the Company	Balance as on 30-6-2005 Rs. in lacs	Maximum amount outstanding at any during the period Rs. in lacs
Interest free loans given to wholly owned subsidiary company	Paradeep Carbons Limited	0.12 (872.62)	3,283.30 (2,192.08)

Signatures to Schedule 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

SHRINIVAS V. DEMPO

Executive Chairman

M. K. ANANTHANARAYANAN  
Partner

K. BALARAMAN  
General Manager – Finance

Dr. A. B. PRASAD

Managing Director

Membership No. 19521

P. S. MANTRI  
Secretary

Panaji, Dated 21st October, 2005



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

**I. Registration Details :**

Registration No.                                State Code   

Balance Sheet Date       

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

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

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

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

Turnover (including other income)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="8"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="2"/>
Profit/(Loss) Before Tax	<input type="text" value=""/> <input type="text" value=""/> <input "="" type="text" value="("/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value=")"/>	Profit/(Loss) After Tax	<input type="text" value=""/> <input type="text" value=""/> <input "="" type="text" value="("/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value=")"/>
Earning per share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input "="" type="text" value="("/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value=")"/>	Dividend Rate %	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/>

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

Item Code No. (ITC Code)   

Product description





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

Amount in lacs

Name of the Subsidiary Company	Extent of interest in the Subsidiary at the end of financial year of the Subsidiary			Net aggregate amount of the Subsidiary's Profits/ (Losses) so far as it concerns members of the Holding Company			
				Profits/(Losses) not dealt with in the Holding Company's Accounts		Profits dealt with or (Losses) provided for in the Holding Company's Accounts	
	Subsidiary's Financial year ended on	No. of shares held	% of total paid-up capital	For the financial year of the Subsidiary	For the previous financial years since it became the Holding Company's Subsidiary	For the financial year of the Subsidiary	For the previous financial years since it became the Holding Company's Subsidiary
Paradeep Carbons Limited	30-6-2005	48,000,000	100.00	(619.36)	(931.32)	Nil	Nil

For and on behalf of the Board of Directors

SHRINIVAS V. DEMPO *Executive Chairman*

K. BALARAMAN  
*General Manager – Finance*

P. S. MANTRI  
*Secretary*

Dr. A. B. PRASAD *Managing Director*

Panaji, Dated : 21st October, 2005



## FINANCIAL HIGHLIGHTS FOR LAST FIVE YEARS

Rupees in lacs

	1-4-04 to 30-6-05	2003-04	1-1-02 to 31-3-03	1-4-01 to 31-12-01	2000-01
Sales	12,103.08	9,348.15	10,891.20	3,754.29	4,468.67
Other Income	419.10	385.89	227.80	47.33	168.22
(A)	12,522.18	9,734.04	11,119.00	3,801.62	4,636.89
Raw materials & manufacturing expenses	11,965.85	9,057.18	10,003.45	3,387.21	4,090.61
Finance charges	557.68	418.50	431.33	84.11	116.62
(B)	12,523.53	9,475.68	10,434.78	3,471.32	4,207.23
Gross Profit/(Loss) (A – B) (C)	(1.35)	258.36	684.22	330.30	429.66
Depreciation	139.89	122.65	168.99	59.96	170.71
Provision for Taxation	(62.64)	54.25	95.92	53.99	65.50
(D)	77.25	176.90	264.91	113.95	236.21
Net Profit/(Loss) (C – D)	(78.60)	81.46	419.31	216.35	193.45
Dividend declared	5%	10%	35%	17%	15%

<b>WHAT THE COMPANY OWNED</b>					
Net Fixed Assets	731.37	899.93	1,245.61	654.07	712.41
Investments	4,328.67	1,028.67	880.75	1,452.81	209.46
Current Assets, Loans & Advances	7,441.26	8,150.14	6,928.33	4,942.40	3,544.73
Preliminary expenses to the extent not written off	–	–	1.31	–	–
	12,501.30	10,078.74	9,056.00	7,049.28	4,466.60
<b>WHAT THE COMPANY OWED</b>					
Secured Loans	6,597.33	6,136.25	3,854.13	1,856.10	1,009.85
Unsecured Loans	1,758.11	500.00	300.00	300.00	70.00
Deferred tax liability	100.29	158.83	174.44	57.09	–
Current Liabilities & Provisions	1,684.99	818.25	2,291.47	2,233.96	859.42
	10,140.72	7,613.33	6,620.04	4,447.15	1,939.27
<b>NET WORTH OF THE COMPANY</b>					
Equity Share Capital	460.00	460.00	460.00	460.00	460.00
Reserves & Surplus	1,900.58	2,005.41	1,975.96	2,142.13	2,067.33
	2,360.58	2,465.41	2,435.96	2,602.13	2,527.33

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

**Annual Report &  
Accounts for the period  
ended 30-06-2005**

**BOARD OF DIRECTORS**

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

**VICE PRESIDENT (Operations)**

Mr. Rakesh Garg

**BANKERS**

Bank of India  
Bank of Baroda

**AUDITORS**

M/s Fraser & Ross, Chennai  
Chartered Accountants

**REGISTERED OFFICE**

Dempo House, Campal  
Panaji, Goa – 403 001

**WORKS**

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

# Directors' Report

Your Directors have pleasure in presenting the Ninth Annual Report and Audited Statement of Accounts of the Company for the period ended 30th June, 2005.

## FINANCIAL RESULTS :

	For the 15 months ended 30-06-2005 (Rs. in lacs)	For the 12 months ended 31-03-2004 (Rs. in Lacs)
Sales	10,487.03	6,595.07
Profit/(Loss) before Interest, Depreciation and Taxation	27.96	280.46
Less : Interest/Finance charges	473.29	440.37
Loss before Depreciation and Taxation	445.33	159.91
Add : Depreciation	174.03	125.31
Loss for the year before tax	619.36	285.22
Add: Provision for Fringe Benefit Tax	0.48	–
Loss for the year after tax	619.84	285.22
Add : Loss of previous year brought forward	1,349.09	1,063.87
Loss carried to Balance Sheet	1,968.93	1,349.09

## DIVIDEND :

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

## SHARE CAPITAL :

During the period under review, the Authorized, Issued and Paid-up Equity Capital of the Company was increased from Rs.15,00,00,000/- to Rs. 48,00,00,000/- and additional 3,30,00,000 shares of Rs.10/- each were issued to Goa Carbon Limited, the Holding Company.

## OPERATIONS :

The Sales turnover of the Company for the period under review was Rs. 10487.03 lacs (15 months) as compared to Rs. 6595.07 (12 months) during the previous year. Production of Calcined Petroleum Coke ("CPC") was 99454 MT (15 months) compared to 66412 MT (12 months) during the previous year.

Sales of CPC were 93977 MT (including exports 9185 MT) for the 15 months period under review as compared to 75507 MT (including exports 23090 MT) for the 12 months of the previous year. The increase in sales resulted in substantial increase in the sales value for the period under review as compared to previous year. The export turnover of the Company was Rs. 782.08 lacs (15 months) for the period under review as against Rs. 1554.04 lacs for the 12 months of the previous year. However, profitability for the period under review has been affected adversely due to steep increase in FOB price and ocean freight for Raw Petroleum Coke.

Your Directors are optimistic as regards the performance of the current year due to increase in selling prices of CPC.

The Board of Directors in principle have approved the merger of the Company with its Holding Company, Goa Carbon Limited, effective from 1st July, 2005 which is subject to all required approvals including approval by the Bombay High Court.

**DIRECTORS :**

Mr. Shrinivas V. Dempo and Mr. P. K. Das retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

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

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

**PERSONNEL :**

Labour relations continue to be cordial during the year under review.

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

**PARTICULARS OF CONSERVATION OF ENERGY ETC. :**

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

**AUDITORS' REPORT :**

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

**AUDITORS :**

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

**ACKNOWLEDGEMENT :**

Your Directors place on record their appreciation for the assistance and support received from the holding Company, Goa Carbon Limited, the Central and State Government authorities of Orissa and other statutory bodies, Financial Institutions and Banks during the period under review.

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

For and on behalf of the Board of Directors

SHRINIVAS V. DEMPO  
*Chairman*

Panaji, Dated : 20th October, 2005

## ANNEXURE II TO THE DIRECTORS' REPORT

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

#### (A) Conservation of Energy

##### (a) Energy conservation measures

The Electrical energy consumption during the year was 16.34 kwh p/mt of CPC as compared to 17.20 kwh of the previous year. The cost of electrical energy per mt of CPC was reduced to Rs.70.92 as compared to the previous year cost of Rs.73.13. If we considered the performance of 15 months i.e. for the period from 1<sup>st</sup> April 2004 to 30<sup>th</sup> June 2005 then the electrical energy consumption works out to be 16.46 kwh p/mt of CPC and cost p/mt of CPC Rs. 72.00.

The consumption of fuel i.e. F.O. P/MT of CPC during the year 2004-05 was 10.76 ltr. as compared to the previous year consumption of 13.49 ltr. The consumption of F.O. for 15 months i.e. for the period from April 2004 to 30<sup>th</sup> June 2005 was 11.14 ltrs. As such the consumption of energy has been reduced considerably. The consumption of energy is being monitored regularly.

##### (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy

It was proposed to have an independent dedicated Industrial Feeder Line for supply of electricity from CESCO, Paradeepgarh to avoid frequent power failure and fluctuation in voltages. The estimated cost for installation of overhead line (2.2 km) including the Govt. fees works out to about Rs. 8 lacs and for installation of underground line which is comparatively better will be about Rs. 26 lacs. The above work could not be taken up due to higher cost involved. Moreover we are also seeking the possibility for installation of a Power Generating unit for utilization of waste heat of kiln and to use the power for our own captive consumption and to sale the surplus power to CESCO/outside parties.

##### (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

The energy consumption is expected to be reduced further after having the independent feeder as mentioned in (b) above.

##### (d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure in respect of industries specified in the schedule thereto

Not applicable to our Industry.

#### (B) Technology Absorption

##### (e) Efforts made in technology absorption as per Form-B of the Annexure

Please refer to the enclosure.

#### (C) Foreign Exchange Earnings and Outgo

##### (f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans

The Company exported to one of the global aluminium majors during the year under review and is continuously making efforts to develop new export markets.

##### (g) Total foreign exchange used and earned

Foreign Exchange used for importing raw material, interest on foreign currency loans etc. was equivalent to Rs. 5866.14 lakhs. Foreign Exchange earned during the year under review by exporting finished product was equivalent to Rs. 782.08 lakhs.

## FORM - B

(See Rule 2)

### Form for disclosure of particulars with respect to Technology Absorption

#### Research and Development (R & D)

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

During the operation of 15 months of plant i.e. (from 1st April 2004 – 30th June 2005), we have been able to reduce the cost of electrical energy by 1.13 p/mt of CPC.

During the current financial year we want to achieve production of CPC to 1 lac MT and to dispatch the same qty. to the customers.

We have already procured equipment for testing of Mercury density at our Lab and the same is functioning well. Further we have also modified the equipment for testing of electrical resistivity as per the equipment of M/s. BALCO. Now our test results of electrical Resistivity is almost tallying with the result of M/s. BALCO.

#### 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.

The total production of CPC during the period 2004-05 was 74952 MT, which is higher by 8540 MT as compared to the previous years production. There is continuous improvement to achieve higher production during the current financial year.

Further to reduce the particulate matter in the stack emission and fugitive dust in the ambient, we have made the following modifications/technical improvements:

To reduce particulate matter.

- i. We have introduced water spraying systems from 12 points in the combustion chamber for kiln and from 4 points in the chimney which has resulted in settlement of the fine carbon particles in combustion chamber as well as at the chimney bottom. Due to the above settlement of fine particles the particulate matter in the stack emission has reduced considerably and the same is within the O.S.P.C.B. norms.

To reduce Fugitive Dust Omission in ambient.

- a) Due to provision of water spraying system through sprinklers in RPC yard the SPM in ambient has been reduced.
- b) For reduction of fugitive dust in finished product handling, grading and packing area, we are going to install 2 nos. of bag filters for which the major parts are being fabricated departmentally and the bought out items / accessories are being procured from different parties. The erection and commissioning of the above bag filter are expected to be completed shortly. This will minimize the fugitive dust in the ambient considerably. As such the SPM in the ambient will be well within the pollution control norms.

3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.
  - a) Technology imported
  - b) Year of Import
  - c) Has Technology been fully absorbed ?
  - d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

Not applicable

# Report of the Auditors

## TO THE MEMBERS OF PARADEEP CARBONS LIMITED

1. We have audited the attached Balance Sheet of PARADEEP CARBONS LIMITED as at 30th June, 2005 and the Profit and Loss Account and the Cash Flow Statement for the 15 months 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 are disqualified as on 30th June, 2005 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2005;
    - b) In the case of the Profit and Loss Account, of the Loss of the Company for the 15 months ended on that date; and
    - c) In the case of the Cash Flow Statement, of the Cash Flows for the 15 months ended on that date.

For FRASER & ROSS  
*Chartered Accountants*

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

Chennai, Dated : 20th October, 2005



# Annexure to the Auditors' Report

(Referred to in our report of even date)

1. a) The Company has maintained proper records showing full particulars, including quantitative details of fixed assets, which is however pending updation in respect of the location of individual assets.  
b) Physical verification of Fixed Assets has been carried out in a phased manner as determined by the management, whereby assets held at the factory have been verified during the period. 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 period, in our opinion, do not constitute a substantial part of the Fixed Assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2. a) The Company has carried out a physical verification of raw material, finished goods and stores & spares as at 30th June, 2005. In our opinion, the frequency of verification is reasonable. The physical verification of raw materials and finished goods was carried out on technical measurement basis.  
b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
3. a) The Company has not granted any loans, secured or unsecured to Companies, Firms, or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.  
b) The Company has taken interest free loan from its Holding Company, a Company covered in the Register maintained under Section 301 of the Companies Act, 1956, for which there are no specific terms of repayment stipulated. In our opinion, the terms and conditions against which the loan has been taken are not prima facie prejudicial to the interest of the Company. The maximum amount involved during the period was Rs. 3,283.30 lakhs and period-end balance was Rs. 0.12 lakhs.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
5. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the Register required to be maintained under that Section.  
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 rupees five lakhs in respect of any party during the period, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public during the period.
7. In our opinion, the Company has an Internal audit system commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956, in respect of the Company's product.

9. a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, income tax, sales tax, custom duty, excise duty, cess and other material statutory dues applicable to it. We are informed that the provisions of Employees' State Insurance Act are not applicable to the Company.
  - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty, excise duty and cess, which are outstanding as on 30th June, 2005 for a period of more than six months from the date they became payable.
  - c) According to the information and explanation given to us, there are no dues in respect of sales tax, income tax, customs duty, wealth tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
10. As at the end of the financial year, the accumulated losses of the Company do not exceed fifty percent of its net worth. The Company has incurred cash loss during the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
12. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, except in respect of a term loan of Rs. 10 crores availed by the Holding Company, the terms and conditions of which are not prima facie prejudicial to the interest of the Company.
16. According to the information and explanation given to us, the Company has not raised any term loan during the period.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the period.
20. The Company has not raised any money through public issues during the period.
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 period.

For FRASER & ROSS  
*Chartered Accountants*

M. K. ANANTHANARAYANAN  
*Partner*

Membership No. 19521

Chennai, Dated : 20th October, 2005

## BALANCE SHEET AS AT 30TH JUNE, 2005

Rupees in lacs

	Schedule	As at 30-6-2005	As at 31-3-2004
<b>SOURCES OF FUNDS</b>			
SHAREHOLDERS' FUNDS			
Share Capital	1	4,800.00	1,500.00
LOAN FUNDS			
Secured Loans		4,924.94	5,835.22
Unsecured Loans		0.12	872.62
TOTAL		9,725.06	8,207.84
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS			
Gross Block	3	2,994.92	2,851.56
Less: Depreciation		574.26	400.32
Net Block		2,420.66	2,451.24
Capital work-in-progress		27.45	3.94
		2,448.11	2,455.18
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	4	3,396.70	2,913.67
Sundry Debtors	5	1,652.56	912.51
Cash and Bank Balances	6	1,637.60	1,094.88
Loans and Advances	7	129.51	239.64
		6,816.37	5,160.70
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	8	1,501.77	754.07
Provisions	9	6.58	3.15
		1,508.35	757.22
NET CURRENT ASSETS		5,308.02	4,403.48
MISCELLANEOUS EXPENDITURE (to the extent not written off)			
Preliminary Expenses		-	0.09
Profit & Loss Account		1,968.93	1,349.09
TOTAL		9,725.06	8,207.84
Accounting Policies & Notes to the Accounts	14		

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS  
Chartered Accountants

SHRINIVAS V. DEMPO *Chairman*

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

Dr. A. B. PRASAD *Managing Director*

Panaji, Dated : 20th October, 2005

**PROFIT & LOSS ACCOUNT FOR THE FIFTEEN MONTHS ENDED  
30TH JUNE, 2005**

Rupees in lacs

	Schedule	15 Months ended 30-6-2005	Year ended 31-3-2004
<b>INCOME</b>			
Sales		11,981.10	7,402.93
Less: Excise duty		1,494.07	807.86
		10,487.03	6,595.07
Decrease(-)/Increase(+) in stock of finished goods		815.57	(548.12)
Other Income	10	103.91	314.63
		11,406.51	6,361.58
<b>EXPENDITURE</b>			
Raw Material Consumed	11	10,125.99	5,226.98
Manufacturing and other expenses	12	1,252.47	854.05
Finance charges	13	473.29	440.37
Depreciation		174.03	125.31
Preliminary expenses written off		0.09	0.09
		12,025.87	6,646.80
<b>LOSS FOR THE PERIOD BEFORE TAX</b>		619.36	285.22
Add: Provision for Fringe Benefit Tax		0.48	-
<b>LOSS FOR THE PERIOD AFTER TAX</b>		619.84	285.22
Add: Balance of Profit & Loss Account brought forward from previous year		1,349.09	1,063.87
Loss carried to Balance Sheet		1,968.93	1,349.09
Earnings (Basic and diluted) per share (face value Rs. 10/- each) Rs.		(3.54)*	(1.90)
Accounting Policies & Notes to the Accounts	14		

\* Not Annualised

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS  
Chartered Accountants

SHRINIVAS V. DEMPO *Chairman*

M. K. ANANTHANARAYANAN  
Partner  
Membership No. 19521

Dr. A. B. PRASAD *Managing Director*

Panaji, Dated : 20th October, 2005

## CASH FLOW STATEMENT FOR THE FIFTEEN MONTHS ENDED 30TH JUNE, 2005

Rupees in lacs

	15 Months ended 30-6-2005		Year ended 31-3-2004	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Loss for the period		(619.36)		(285.22)
Adjustment for				
Depreciation	174.03		125.31	
Finance charges	473.29		440.37	
Interest Income	(91.39)		(31.25)	
Unrealised exchange gain/loss (net)	(15.41)		(164.49)	
Bad debts written-off	2.19		0.18	
Loss on sale of Assets	0.40		-	
Preliminary expenses written off	0.09	543.20	0.09	370.21
Operating Profit/(Loss) before working capital changes		(76.16)		84.99
Adjustments for				
(Increase)/Decrease in trade and other receivables	(1,143.21)		(1,241.14)	
(Increase)/Decrease in inventory	(483.03)		(722.74)	
Increase/(Decrease) in Current Liabilities and Provisions	754.57	(871.67)	(466.48)	(2,430.36)
Cash flow from operations		(947.83)		(2,345.37)
Direct taxes paid		(15.48)		-
<b>Net cash outflow from operating activities</b>		<b>(963.30)</b>		<b>(2,345.37)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest received	70.36		29.55	
Sale of Fixed Assets	4.26		-	
Purchase of fixed assets	(171.62)		(46.73)	
<b>Net cash used in investing activity</b>		<b>(97.01)</b>		<b>(17.18)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
(Repayment)/Proceeds of long term borrowings from Banks	(307.17)		(215.62)	
(Repayment)/Proceeds from short term borrowings from Banks	(587.02)		3,021.23	
Loan from holding Company (net)	2,427.50		(60.70)	
Interest & Finance charges paid	(477.89)		(417.22)	
<b>Net Cash flow from financing activity</b>		<b>1,055.42</b>		<b>2,327.69</b>
Net increase in cash and cash equivalents (A+B+C)		<b>(4.89)</b>		<b>(34.86)</b>
Cash and cash equivalents at the beginning of the period		<b>20.60</b>		<b>55.46</b>
Cash and cash equivalents at the end of the period		<b>15.71</b>		<b>20.60</b>
<b>Note:</b> Cash and Cash equivalents represent cash and Bank balances in current accounts.				

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS  
Chartered Accountants

SHRINIVAS V. DEMPO Chairman

M. K. ANANTHANARAYANAN  
Partner  
Membership No. 19521

Dr. A. B. PRASAD Managing Director

Panaji, Dated : 20th October, 2005

## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE 1 : SHARE CAPITAL

Rupees in lacs

	As at 30-6-2005	As at 31-3-2004
Authorised:		
4,80,00,000 (1,50,00,000) Equity Shares of Rs. 10/- each	4,800.00	1,500.00
Issued and Subscribed:		
4,80,00,000 (1,50,00,000) Equity Shares of Rs. 10/- each fully paid in cash The entire equity capital of the company is held by Holding Company, Goa Carbon Limited and its nominees)	4,800.00	1,500.00

### SCHEDULE 2 : LOAN FUNDS

	As at 30-6-2005		As at 31-3-2004	
<b>SECURED LOANS</b>				
Term loan from a Bank	835.97		1,150.74	
Add: Interest accrued and due	5.20	841.17	5.88	1,156.62
(Secured by equitable mortgage on land & buildings by deposit of title deeds on a first charge basis and hypothecation of movable assets except stock-in-trade & book debts and guaranteed by the Holding Company)				
Working capital borrowings from Banks: (Secured by equitable mortgage on land and buildings on a second charge basis and hypothecation of all tangible movable assets, raw materials, finished goods, stores, spare parts and book debts, pledge of fixed deposit receipts and guaranteed by the Holding Company)		4,083.77		4,678.60
		4,924.94		5,835.22
[Term loan includes Rs. 208.97 lacs (Rs. 192.00 lacs) repayable within one year]				
<b>UNSECURED LOAN</b>				
From Holding Company, Goa Carbon Limited		0.12		872.62
		4,925.06		6,707.84

**SCHEDULE 3**

**FIXED ASSETS**

Rupees in lacs

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 31-3-2004	Additions	Deductions	As at 30-6-2005	Upto 1-4-2004	For the year	Deductions	Upto 30-6-2005	As at 30-6-2005	As at 31-3-2004
Land (Leasehold)	62.81	19.40	-	82.21	5.26	1.14	-	6.40	75.81	57.55
Stock Yard at Port *	-	96.35	-	96.35	-	5.56	-	5.56	90.79	-
Buildings	750.85	-	-	750.85	76.29	30.26	-	106.55	644.30	674.56
Plant and Machinery	1,881.51	14.12	-	1,895.63	280.73	124.72	-	405.45	1,490.18	1,600.78
Electrical Installations	73.24	1.39	0.28	74.35	6.32	4.40	0.01	10.71	63.64	66.92
Furniture, Office Equipments & Computers	47.91	2.88	-	50.79	17.93	4.56	-	22.49	28.30	29.98
Vehicles	13.85	8.93	4.47	18.31	8.91	2.06	0.08	10.89	7.42	4.94
Laboratory Equipments	21.39	5.04	-	26.43	4.88	1.33	-	6.21	20.22	16.51
<b>TOTAL</b>	2,851.56	148.11	4.75	2,994.92	400.32	174.03	0.09	574.26	2,420.66	2,451.24
Capital Work-in-progress at cost (including advances)									27.45	3.94
Previous Year's Total	2,533.38	318.18	-	2,851.56	275.01	125.31	-	400.32	2,448.11	2,455.18

\* Represents cost of construction of stock yard and compound wall on land licensed to the company by the Port Authorities.

**SCHEDULE 4 : INVENTORIES**

Rupees in lacs

	As at 30-6-2005	As at 31-3-2004
Raw Materials [Including in transit Rs. 682.66 lacs (Rs. 210.04 lacs)]	1,599.44	1,960.69
Finished goods	1,710.97	895.40
Stores & Spares	86.29	57.58
	<b>3,396.70</b>	2,913.67

**SCHEDULE 5 : SUNDRY DEBTORS (Unsecured, considered good)**

	As at 30-6-2005	As at 31-3-2004
Outstanding for a period exceeding six months	35.34	-
Other Debts	1,617.22	912.51
	<b>1,652.56</b>	912.51

**SCHEDULE 6 : CASH AND BANK BALANCES**

	As at 30-6-2005	As at 31-3-2004
Cash on hand	0.77	0.32
Balances with Scheduled Banks:		
In Current Accounts	14.94	20.28
In Fixed Deposits (Fixed deposit receipts pledged with the Banks as security for facilities availed from them)	1,621.89	1,074.28
	<b>1,637.60</b>	1,094.88

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

	As at 30-6-2005	As at 31-3-2004
Advances recoverable in cash or in kind or for value to be received		
Considered good	80.47	227.11
Considered doubtful	2.34	2.34
	<b>82.81</b>	229.45
Less: Provision for doubtful advances	2.34	2.34
	<b>80.47</b>	227.11
Interest accrued on Deposits	27.86	6.83
Deposits with customs and port trust etc.	0.08	0.08
Tax deducted at source	21.10	5.62
	<b>129.51</b>	239.64



**SCHEDULE 8 : CURRENT LIABILITIES**

Rupees in lacs

	As at 30-6-2005	As at 31-3-2004
Sundry Creditors		
Due to small scale industrial undertakings	–	–
Due to others	1,438.31	712.96
	1,438.31	712.96
Other Liabilities	43.43	17.17
Interest accrued but not due on secured loans	20.03	23.94
	1,501.77	754.07

**SCHEDULE 9 : PROVISIONS**

	As at 30-6-2005	As at 31-3-2004
Provision for leave encashment	1.34	0.73
Provision for gratuity	4.76	2.42
Provision for Fringe Benefit Tax	0.48	–
	6.58	3.15

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

	15 Months ended 30-6-2005	Year ended 31-3-2004
Interest (Gross)		
From Banks	91.39	30.74
[Includes Tax deducted at source Rs. 15.48 lacs (Rs. 5.21 lacs)]		
From others	–	0.51
	91.39	31.25
Miscellaneous Receipts	8.56	27.49
Exchange Gain/(Loss)	(21.17)	217.60
Profit on Sale of Raw Materials	25.13	38.29
	103.91	314.63

**SCHEDULE 11 : RAW MATERIALS CONSUMED**

	15 Months ended 30-6-2005	Year ended 31-3-2004
Opening stock	1,750.65	398.72
Add: Purchases	9,342.01	7,098.76
	11,092.66	7,497.48
Less: Cost of sales	49.89	519.85
	11,042.77	6,977.63
Less: Closing stock	916.78	1,750.65
	10,125.99	5,226.98

**SCHEDULE 12 : MANUFACTURING & OTHER EXPENSES**

Rupees in lacs

	<b>15 Months ended 30-6-2005</b>		<b>Year ended 31-3-2004</b>	
Salaries, wages and bonus		<b>89.96</b>		58.37
Contribution to Provident and other funds		<b>6.81</b>		6.80
Staff welfare expenses		<b>17.52</b>		10.95
Excise duty		<b>145.30</b>		18.80
Power, Fuel and Water		<b>220.28</b>		166.00
Repairs & Maintenance:				
Plant & Machinery	<b>128.92</b>		117.30	
Buildings	<b>14.60</b>		16.81	
Others	<b>17.83</b>	<b>161.35</b>	27.49	161.60
Packing & Forwarding		<b>342.30</b>		258.22
Selling & distribution expenses		<b>8.80</b>		0.48
Rent		<b>43.17</b>		55.93
Rates & Taxes		<b>44.08</b>		1.05
Travelling Expenses		<b>42.42</b>		38.85
Insurance		<b>13.88</b>		17.12
Bad debts written off		<b>2.19</b>		0.18
Auditors' Remuneration				
Statutory Audit Fee	<b>0.75</b>		0.75	
Tax Audit Fee	<b>0.25</b>		0.25	
Expenses	<b>0.05</b>	<b>1.05</b>	0.16	1.16
Directors sitting fees		<b>0.36</b>		0.30
Loss on sale of Fixed Assets		<b>0.40</b>		-
Miscellaneous expenses		<b>112.60</b>		58.24
		<b>1,252.47</b>		854.05

**SCHEDULE 13 : FINANCE CHARGES**

	<b>15 Months ended 30-6-2005</b>		<b>Year ended 31-3-2004</b>	
Interest				
On Term loans		<b>82.82</b>		136.37
On working capital borrowings from banks		<b>261.49</b>		202.64
Bank charges and commission		<b>128.98</b>		101.36
		<b>473.29</b>		440.37

## SCHEDULE 14 :

### ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE FIFTEEN MONTHS ENDED 30TH JUNE, 2005

#### A. Significant Accounting Policies

- (1) System of Accounting:  
Financial statements are prepared on historical cost convention based on accrual basis of accounting and applicable Accounting Standards.
- (2) Fixed Assets:
  - (i) Fixed Assets are stated at cost less depreciation.
  - (ii) Depreciation:
    - (a) Depreciation is provided on all assets other than leasehold land on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
    - (b) Cost of Leasehold Land is amortised over the period of lease.
    - (c) Cost of construction of stock yard on land licensed to the Company is amortised over the estimated period of utility.
- (3) Inventories:  
Inventories are valued at the lower of cost (net of cenvat where applicable) and net realisable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In respect of raw materials, cost is determined on specific identification 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.
- (4) Revenue recognition:  
Revenue from sales is recognised on despatch of goods.
- (5) Insurance claims:  
Insurance claims are accounted on settlement.
- (6) Retirement Benefits:  
Gratuity liability in respect of employees has been determined as per the Payment of Gratuity Act and provided for. Contribution to Provident Fund and Pension Fund are charged to Profit and Loss Account. Liability to leave encashment determined on the basis of actuarial valuation as on the Balance Sheet date is provided for.
- (7) Foreign Currency Transactions:
  - (i) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. The transactions outstanding at the year end are translated at the rate of exchange prevailing at the year end and profit or loss other than that relating to fixed assets is recognised in the Profit and Loss Account.
  - (ii) The foreign currency transactions entered into by the Company under Forward Contracts are recorded at the rate prevailing on the date of transaction and the difference between the forward contract rate and the exchange rate on the date of transactions is recognised in the Profit and Loss Account over the period of contract.
- (8) Borrowing costs:  
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. All other borrowing costs are charged to revenue.
- (9) Preliminary expenses are amortised over a period of five years.

#### B. Notes forming part of Accounts

1. Although the Company's net worth has been significantly eroded, taking into account the intrinsic value of the fixed assets and business prospects, plans, strategies and the continued assistance from the Holding Company, the accounts are presented on principles applicable to a going concern.  
During the year the Company has issued 3,30,00,000 equity shares of Rs. 10/- each to the Holding Company on conversion of loan received from the Holding Company into equity.
2. Immovable properties of the Company are mortgaged by way of second charge to Bank of India on pari-passu basis against the term loan facility granted to the Holding Company, Goa Carbon Limited.

	30-6-2005 Rs. in lacs	31-3-2004 Rs. in lacs
3. (i) Contingent Liabilities not provided for:		
a) Bank Guarantees issued on behalf of the Company	Nil	640.96
b) Customs duty payable in the event of non-fulfillment of export obligations	129.52	39.01
(ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2.61	3.12

**SCHEDULE 14 (Contd.)**

4. The unabsorbed business loss and depreciation relating to earlier years as well as the loss for the period have given rise to Net Deferred Tax Asset amounting to Rs. 671.39 lakhs as at the end of the financial year, which has not been recognised policy in the accounts as a prudent policy.
5. The amount of exchange variation in respect of forward contracts to be recognised in the Profit and Loss Account of subsequent period is gain of Rs. 2.17 lacs (Previous year – Loss Rs. 1.36 lacs).
6. Current year's figures in the Profit & Loss Account pertain to the 15 months ended 30th June 2005 while the previous year's figures relate to the 12 months ended 31st March 2004 and hence are not comparable.
7. Previous year's figures have been regrouped wherever necessary to conform to the classification for the current period.
8. Additional information pursuant to the provisions of paragraph 3, 4C, and 4D of Part II of Schedule VI to the Companies Act, 1956.

	15 months ended 30-06-2005			12 months ended 31-03-2004		
	Quantity MT	Rs. in lacs	%	Quantity MT	Rs. in lacs	%
a. Particulars of installed capacity, production, stocks and turnover						
Installed Capacity (being a technical matter, accepted by auditors as certified by management)	144,000 (per annum)			144,000 (per annum)		
Production	99,454			66,412		
Opening stock	7,685	895.40		16,780	1,443.52	
Closing stock	13,162	1,710.97		7,685	895.40	
Turnover	93,977	10,487.03		75,507	6,595.07	
b. Raw material consumed						
Imported	99,794	6,809.77	67.25	78,015	3,995.11	76.43
Indigenous	38,232	3,316.22	32.75	14,493	1,231.87	23.57
Total	138,026	10,125.99	100	92,508	5,226.98	100.00
c. Value of stores & spare parts consumed for repair jobs						
Indigenous		64.18	100		63.44	100
d. Value of imports on CIF basis						
Raw material		5,575.21			4,902.51	
Capital goods		4.26			–	
e. Earnings in foreign currency (FOB value of exports)		782.08			1,554.04	
f. Expenditure in foreign currency						
Interest		292.39			74.55	

**SCHEDULE 14 (Contd.)**

9. Disclosures in respect of Related Parties pursuant to Accounting Standard 18

i) List of related parties:

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

ii) Transactions with the related parties:

	Holding Company Rs. in lacs	Enterprise with Common Key Management Personnel Rs. in lacs	Key Management Personnel Rs. in lacs
<b>Loans:</b>			
Taken during the year	4,705.73 (2,423.48)		
Repaid during the year	2,278.23 (2,484.18)		
Sale of goods	679.64 (557.98)		
Purchase of goods	434.92 (247.14)		
Issue of Equity Shares of Rs. 10/-	3300.00 (-)		
Receiving of services: Travel Expenses		0.26 -	
Other Expenses		0.60 (0.60)	
Remuneration Sitting fees			0.20 (0.20)
Credit balances as at 30-06-2005	0.12 (872.62)	0.86 -	

10. Earnings per share:	15 Months ended 30-6-2005	12 Months ended 31-3-2004
i) Loss as per Profit & Loss Account (Rs. in lacs)	<b>619.84</b>	285.22
ii) Weighted Average Number of Equity Shares	<b>17,497,807</b>	15,000,000
iii) Basic and diluted earnings per share in rupees (face value Rs. 10/- per share) * Not annualised	<b>(3.54)*</b>	(1.90)

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.

12. The Board of Directors has, in principle approved to merger of The Company with its Holding Company, Goa Carbon Limited, effective from 1st July, 2005 which is subject to all required approval including approval by The Bombay High Court.



**Consolidated Accounts  
of  
Goa Carbon Group**



## Auditors' Report

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

1. We have audited the attached consolidated Balance Sheet of GOA CARBON LIMITED and its Subsidiary, Paradeep Carbons Limited as at 30th June, 2005, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the 15 months ended on that date annexed thereto. These financial statements are the responsibility of GOA CARBON LIMITED's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding component. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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. We report that the consolidated financial statements have been prepared by the GOA CARBON LIMITED's management in accordance with the requirements of Accounting Standard (AS-21). 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
4. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a) In the case of consolidated Balance Sheet of the state of affairs of Goa Carbon Limited and its subsidiary as at 30th June, 2005.
  - b) In the case of consolidated Profit and Loss account, of the Loss for the 15 months ended on that date, and
  - c) In the case of the consolidated Cash Flow statement, of the cash flows for the 15 months ended on that date.

For FRASER & ROSS  
*Chartered Accountants*

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

Chennai, Dated : 21st October, 2005





## CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2005

Rupees in lacs

	Schedule	As at 30-6-2005	As at 31-3-2004
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	460.00	460.00
Reserves and Surplus	2	71.85	939.55
		531.85	1,399.55
<b>LOAN FUNDS</b>	3		
Secured Loans		11,522.27	11,971.47
Unsecured Loans		1,758.11	500.00
Deferred Tax Liability		100.29	158.83
<b>TOTAL</b>		<b>13,912.52</b>	<b>14,029.85</b>
<b>APPLICATION OF FUNDS</b>			
<b>GOODWILL ARISING ON CONSOLIDATION</b>		<b>383.74</b>	<b>383.74</b>
<b>FIXED ASSETS</b>	4		
Gross Block		4,923.07	5,175.37
Less: Depreciation		2,492.72	2,412.97
Net Block		2,430.35	2,762.40
Capital work-in-progress		33.88	24.56
		2,464.23	2,786.96
<b>INVESTMENTS</b>	5	<b>4.05</b>	<b>4.05</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	6	6,961.31	5,771.19
Sundry Debtors	7	2,415.86	2,769.45
Cash and Bank Balances	8	3,357.01	3,061.61
Loans and Advances	9	1,519.66	828.23
		14,253.84	12,430.48
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	10	2,957.29	1,294.69
Provisions	11	236.05	280.78
		3,193.34	1,575.47
<b>NET CURRENT ASSETS</b>		<b>11,060.50</b>	<b>10,855.01</b>
<b>MISCELLANEOUS EXPENDITURE (to the extent not written off)</b>			
Preliminary expenses		-	0.09
<b>TOTAL</b>		<b>13,912.52</b>	<b>14,029.85</b>
Accounting Policies & Notes to the Accounts	16		

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS

Chartered Accountants

SHRINIVAS V. DEMPO

Executive Chairman

M. K. ANANTHANARAYANAN

K. BALARAMAN

General Manager – Finance

Dr. A. B. PRASAD

Managing Director

Partner  
Membership No. 19521

P. S. MANTRI

Secretary

Panaji, Dated 21st October, 2005



**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE FIFTEEN MONTHS ENDED  
30TH JUNE, 2005**

Rupees in lacs

	Schedule	15 Months ended 30-6-2005	Year ended 31-3-2004
<b>INCOME</b>			
Sales		24,409.22	17,507.29
Less: Excise duty		2,451.05	1,564.06
		21,958.17	15,943.23
Increase/(Decrease) in stock of finished goods		1,493.60	(576.43)
Other Income	12	499.45	665.19
		23,951.22	16,031.99
<b>EXPENDITURE</b>			
Raw Material Consumed	13	20,471.30	12,776.54
Manufacturing and other expenses	14	2,891.30	2,304.09
Finance Charges	15	1,030.97	858.87
Depreciation		461.19	386.01
Preliminary expenses written off		0.09	1.40
		24,854.85	16,326.91
<b>LOSS FOR THE PERIOD BEFORE TAX</b>		903.63	294.92
<b>LESS: PROVISION FOR TAX :</b>			
Current Tax – for the period		3.25	64.10
– relating to earlier years		(9.73)	5.75
Deferred Tax		(58.54)	(15.60)
Fringe Benefit Tax		2.86	–
		(62.16)	54.25
<b>LOSS FOR THE PERIOD AFTER TAX</b>		841.47	349.17
Add: Deficit of Profit & Loss Account brought forward from previous year		851.38	491.88
		1,692.85	841.05
Less: Loss relating to pre-acquisition period adjusted against goodwill: Paradeep Carbons Limited		–	41.68
<b>LOSS BEFORE APPROPRIATIONS</b>		1,692.85	799.37
Less: Appropriations:			
Proposed Dividend*		23.00	46.00
Corporate Tax on Dividend		3.23	6.01
		26.23	52.01
Deficit carried to Balance Sheet		1,719.08	851.38
Basic and diluted earnings per share of Rs. 10/- each ( in Rupees)		(18.29) #	(7.59)
Accounting Policies & Notes to the Accounts	16		

\*Proposed by the Holding Company # Not Annualised

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  
Secretary

SHRINIVAS V. DEMPO

Executive Chairman

Dr. A. B. PRASAD

Managing Director

Panaji, Dated : 21st October, 2005



**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FIFTEEN MONTHS ENDED 30TH JUNE, 2005**

Rupees in lacs

	15 Months ended 30-6-2005		Year ended 31-3-2004	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Loss for the period as per Profit and Loss Account		(903.63)		(294.92)
Adjustments for:				
Depreciation	461.19		386.01	
Finance charges	1,030.97		858.87	
Preliminary expenses amortised	0.09		1.40	
Loss on assets sold/scrapped	1.43		2.82	
Bad debts written-off	2.92		2.93	
Surplus on sale of assets	(0.73)		(1.23)	
Investments written off	-		0.91	
Interest Income	(212.50)		(63.66)	
Unrealised Exchange (Gain)/Loss (net)	(40.62)		(321.02)	
Dividend Income	(1.01)	1,241.74	(1.01)	866.02
Operating Profit before working capital changes		338.11		571.10
Adjustments for :				
(Increase)/Decrease in inventories	(1,190.12)		(580.41)	
(Increase)/Decrease in trade & other receivables	(637.70)		(2,720.17)	
Increase/(Decrease) in Current Liabilities	1,750.93	(76.89)	(1,626.63)	(4,927.21)
Cash flow from operations		261.22		(4,356.11)
Direct taxes (net)		(6.95)		(28.05)
Net cash inflow/(outflow) from operating activities		254.27		(4,384.16)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(239.83)		(110.80)	
Purchase of Investment in a subsidiary extinguished on Consolidation	-		(71.24)	
Sale of fixed assets	8.05		6.15	
Interest Income	175.84		60.91	
Dividend Income	1.01		1.01	
<b>Net cash used in investing activities</b>		(54.93)		(113.97)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from long/short term borrowings from Banks	176.60		5,645.17	
Proceeds from unsecured borrowings	1,632.32		500.00	
Repayment of long/short term borrowings from Banks	(582.63)		(368.77)	
Repayment of unsecured borrowings	(400.00)		(300.00)	
Finance charges paid	(997.16)		(820.51)	
Dividends paid	(46.22)		(157.43)	
Corporate tax on dividends paid	(6.01)		(20.62)	
Net cash inflow/(outflow) from financing activities		(223.10)		4,477.84



Rupees in lacs

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)		(23.76)		(20.29)
Add: CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		128.31		148.60
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE PERIOD		104.55		128.31

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

As per our Report of even date attached hereto

For and on behalf of the Board of Directors

For FRASER & ROSS

Chartered Accountants

**M. K. ANANTHANARAYANAN**

Partner

Membership No. 19521

**K. BALARAMAN**

General Manager – Finance

**P. S. MANTRI**

Secretary

**SHRINIVAS V. DEMPO** Executive Chairman

**Dr. A. B. PRASAD** Managing Director

Panaji, Dated : 21st October, 2005

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

### SCHEDULE 1 : SHARE CAPITAL

Rupees in lacs

	As at 30-6-2005	As at 31-3-2004
Authorised:		
2,20,00,000 Equity Shares of Rs. 10/- each	2,200.00	2,200.00
3,00,000 Preference Shares of Rs. 100/- each	300.00	300.00
	2,500.00	2,500.00
Issued and Subscribed:		
46,00,000 Equity Shares of Rs. 10/- each fully paid up (Of the above shares, 34,50,000 shares have been allotted as fully paid-up by way of Bonus Shares by Capitalisation of Capital Redemption Reserve and General Reserve)	460.00	460.00

### SCHEDULE 2 : RESERVES AND SURPLUS

	As at 30-6-2005	As at 31-3-2004
General Reserve		
As per last Balance Sheet	1,790.93	1,790.93
Deficit as per Profit & Loss Account	(1,719.08)	(851.38)
	71.85	939.55


**SCHEDULE 3 : LOAN FUNDS**

Rupees in lacs

	As at 30-6-2005		As at 31-3-2004	
<b>SECURED LOANS</b>				
Term Loan from Bank of India				
Rupee Loan	7.24		0.38	
Dual Currency Swing Loan	715.43		1,003.77	
	722.67		1,004.15	
Add: Interest accrued and due (Secured by mortgage of all fixed assets including land and buildings and plant and machinery, pledge of 150,00,000 equity shares held in Paradeep Carbons Limited, second charge on pari-passu basis on all immovable assets including land and buildings of Paradeep Carbons Limited and hypothecation of movable and other immovable assets)	–	722.67	1.58	1,005.73
Term Loan from Bank of Baroda	835.97		1,150.74	
Add: Interest accrued and due (Secured by equitable mortgage on land and buildings by deposit of title deeds on a first charge basis and hypothecation of all immovable and movable assets except stock-in-trade and book debts and guaranteed by the Company)	5.20	841.17	5.88	1,156.62
Working capital advances from banks (Secured by hypothecation of all tangible movable assets, raw materials, finished goods, stores, spare parts and book debts, pledge of fixed deposit receipts, including equitable mortgage on land and buildings on a second charge basis and guarantee of the Company in the case of loan availed by a subsidiary company)		9,958.43		9,809.12
		11,522.27		11,971.47
(Term loans include Rs. 431.16 lacs (Rs. 432.68 lacs) repayable within one year)				
<b>UNSECURED LOANS</b>				
Short term deposits from bodies corporate		1,732.32		500.00
Add: Interest accrued and due thereon		25.79		–
		1,758.11		500.00


**SCHEDULE 4 : FIXED ASSETS**

Rupees in lacs

Description	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK			
	As at 31-3-2004	Additions	Deductions	As at 30-6-2005	Upto 31-3-2004	For the period	Deductions 30-6-2005	Upto 30-6-2005	As at 30-6-2005	As at 31-3-2004
Land (Freehold)	5.00	-	-	5.00	-	-	-	-	5.00	5.00
Land (Leasehold)	80.07	19.40	-	99.47	7.72	1.53	-	9.25	90.22	72.35
Stock Yard at Port*	-	96.35	-	96.35	-	5.56	-	5.56	90.79	-
Plant and Machinery & Kiln	2,903.68	32.77	-	2,936.45	1,320.58	306.77	-	1,627.35	1,309.10	1,583.10
Plant and Machinery leased out	463.09	-	463.09	-	370.47	-	370.47	-	-	92.62
Buildings	1,277.08	34.88	0.76	1,311.20	467.38	96.13	0.07	563.44	747.76	809.70
Laboratory Equipments	64.62	5.04	-	69.66	38.50	4.73	-	43.23	26.43	26.12
Elect. Fittings & Equipments	179.14	3.41	0.28	182.27	74.61	18.43	0.04	93.00	89.27	104.53
Furniture, Office Equipments and Computers	152.12	10.17	3.28	159.01	104.65	16.71	2.29	119.07	39.94	47.47
Vehicles	50.57	28.49	15.40	63.66	29.06	11.33	8.57	31.82	31.84	21.51
<b>TOTAL</b>	<b>5,175.37</b>	<b>230.51</b>	<b>482.81</b>	<b>4,923.07</b>	<b>2,412.97</b>	<b>461.19</b>	<b>381.44</b>	<b>2,492.72</b>	<b>2,430.35</b>	<b>2,762.40</b>
Capital Work-in-progress at cost (including advances)									<b>33.88</b>	24.56
Previous Year's Total	5,546.64	361.63	732.90	5,175.37	2,472.76	386.01	445.80	2,412.97	2,762.40	3,073.88

**Note:** 1. Buildings include residential flats costing Rs. 12.98 lacs (Rs. 12.98 lacs) in respect of which registration in the name of the Company is pending.

\* 2. Represents cost of construction of Stock Yard and Compound Wall on Land licensed to the Company by the Port Authorities.


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

Rupees in lacs

	As at 30-6-2005	As at 31-3-2004
Quoted (Non-Trade)		
13,500 (13,500) Fully paid up Equity Shares of Rs. 10/- each in ICICI Bank Limited	4.05	4.05
	4.05	4.05
Market Value of Quoted Investments	56.91	39.95

**SCHEDULE 6 : INVENTORIES**

	As at 30-6-2005	As at 31-3-2004
Raw Materials [Including in transit Rs. 898.35 lacs (Rs. 211.76 lacs)]	3,945.24	4,272.26
Finished goods	2,837.05	1,343.46
Stores & Spares	179.02	155.47
	6,961.31	5,771.19

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

	As at 30-6-2005	As at 31-3-2004
Outstanding for a period exceeding six months		
Considered good	38.91	0.03
Considered doubtful	7.81	7.81
	46.72	7.84
Other Debts		
Considered good	2,376.95	2,769.42
	2,423.67	2,777.26
Less: Provision for Doubtful Debts	7.81	7.81
	2,415.86	2,769.45

**SCHEDULE 8 : CASH AND BANK BALANCES**

	As at 30-6-2005	As at 31-3-2004
Cash on hand	2.92	2.24
Balances with Scheduled Banks:		
On Current accounts	101.63	126.07
On Unpaid Dividend accounts	17.93	18.15
On Deposit accounts (Fixed deposit receipts are pledged with the Banks as security for facilities availed from them)	3,234.53	2,915.15
	3,357.01	3,061.61



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

	As at 30-6-2005	As at 31-3-2004
Advances recoverable in cash or in kind or for value to be received		
Considered Good	1,307.15	638.23
Considered Doubtful	2.34	2.34
	1,309.49	640.57
Less: Provision for Doubtful Advances	2.34	2.34
	1,307.15	638.23
Interest accrued on Deposits	50.62	13.96
Advance payment of Income tax and tax deducted at source	152.83	166.98
Balance with Customs & Excise Authorities	9.06	9.06
	1,519.66	828.23

**SCHEDULE 10 : CURRENT LIABILITIES**

	As at 30-6-2005		As at 31-3-2004	
Sundry Creditors :				
Due to small scale industrial undertakings	-		-	
Due to others	2,887.68		1,137.53	
Due to a Director	-	2,887.68	4.99	1,142.52
Interest accrued but not due on loans		51.68		41.40
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)		17.93		18.15
Deposit from lessee		-		92.62
		2,957.29		1,294.69

**SCHEDULE 11 : PROVISIONS**

	As at 30-6-2005	As at 31-3-2004
Income Tax	171.85	199.43
Fringe Benefit Tax	2.86	-
Leave encashment	27.23	24.24
Gratuity	7.88	5.10
Proposed Dividend	23.00	46.00
Corporate Tax on Dividend	3.23	6.01
	236.05	280.78





## SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

### SCHEDULE 12 : OTHER INCOME

Rupees in lacs

	15 Months ended 30-6-2005	Year ended 31-3-2004
Interest (Gross)		
* From Banks	198.69	62.63
From others	13.81	1.03
* [Tax deducted at source Rs. 33.50 lacs (Rs. 10.56 lacs)]		
	212.50	63.66
Lease income	0.56	0.96
Rent Income	0.36	–
Dividend from Non-trade Investments	1.01	1.01
Miscellaneous Receipts (Gross) [Tax deducted at source Rs. 0.24 lac (Rs. 0.11 lacs)]	139.11	57.91
Exchange gain (net)	66.75	507.20
Profit on Sale of raw materials	78.43	33.22
Profit on Sale of Assets	0.73	1.23
	499.45	665.19

### SCHEDULE 13 : RAW MATERIALS CONSUMED

	15 Months ended 30-6-2005	Year ended 31-3-2004
Opening stock	4,060.50	1,562.26
Add: Purchases	19,990.38	15,326.70
	24,050.88	16,888.96
Less: Cost of sales	532.69	51.92
	23,518.19	16,837.04
Less: Closing Stock	3,046.89	4,060.50
	20,471.30	12,776.54



**SCHEDULE 14 : MANUFACTURING & OTHER EXPENSES**

Rupees in lacs

	<b>15 Months ended 30-6-2005</b>		<b>Year ended 31-3-2004</b>	
Salaries, Wages, Bonus & Gratuity		<b>470.40</b>		361.20
Contribution to Provident Fund, Superannuation Fund, Family Pension Fund and ESI		<b>54.56</b>		41.84
Staff Welfare Expenses		<b>80.59</b>		46.51
Excise duty		<b>156.47</b>		31.70
Fuel, Power and Water		<b>484.43</b>		399.96
Repairs & Maintenance:				
Plant & Machinery	<b>212.11</b>		207.93	
Buildings	<b>28.79</b>		56.47	
Others	<b>29.47</b>	<b>270.37</b>	48.52	312.92
Packing & Forwarding		<b>720.25</b>		600.27
Selling & Distribution expenses		<b>52.57</b>		53.72
Rent		<b>75.78</b>		82.45
Rates & Taxes		<b>52.09</b>		5.18
Travelling Expenses		<b>130.51</b>		107.26
Insurance		<b>45.27</b>		39.24
Loss on assets sold/scrapped		<b>1.43</b>		2.82
Bad debts written off		<b>2.92</b>		2.93
Investments written off		<b>-</b>		0.91
Directors' sitting fees		<b>2.86</b>		1.79
Miscellaneous expenses		<b>290.80</b>		213.39
		<b>2,891.30</b>		2,304.09

**SCHEDULE 15 : FINANCE CHARGES**

	<b>15 Months ended 30-6-2005</b>		<b>Year ended 31-3-2004</b>	
Interest on term loans		<b>153.77</b>		188.29
Interest on working capital borrowings/unsecured loans		<b>604.73</b>		475.42
Bank charges and commission		<b>272.47</b>		195.16
		<b>1,030.97</b>		858.87



**SCHEDULE 16 : ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE FIFTEEN MONTHS ENDED 30th JUNE 2005**

**A. Principles of Consolidation**

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

**B. Significant Accounting Policies :**

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



**SCHEDULE 16 (Contd.)**

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

(9) Borrowing costs :

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

(10) Income tax :

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

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

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

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

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

**D. Notes forming part of Accounts**

Nature of dues	As at 30-6-2005 Rs. in lacs	As at 31-3-2004 Rs. in lacs	Period to which the amount relates	Disputes pending with
Income tax demand	1,107.62	1,083.98	AY 1990-91, 1993-94, 1994-95, 1997-98 to 2001-02	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.945.08 lacs (Rs.124.43 lacs) paid against the above demand is included under Advances.

**1. Contingent Liabilities not provided for:**

	30-6-2005 Rs. in lacs	31-3-2004 Rs. in lacs
a) Demand raised by Collector of Stamps, Bilaspur towards stamp duty w.r.t. amalgamation of Viswalakshmi Petro Products Ltd.	32.24	–
b) Bank Guarantees issued on behalf of the Company	–	858.96
c) Corporate guarantees issued to Banks for the facilities availed by the wholly owned subsidiary company	4,924.94	5,835.22
d) Customs duty payable in the event of non-fulfillment of export obligations	247.09	149.48
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2.61	9.60



**SCHEDULE 16 (Contd.)**

3. The amount of exchange variation in respect of forward contracts to be recognised in the Profit & Loss Account of subsequent period is Gain – Rs. 2.17 lacs (Loss Rs. 2.70 lacs)
4. The Deferred Tax Liability (Net) as at 30th June, 2005 comprises of the following: (Rs. in lacs)

	As at 30-6-2005		As at 31-3-2004	
i) Deferred tax liability arising on account of:				
Depreciation		126.53		167.88
ii) Deferred Tax Assets arising on account of:				
Disallowance under Section 43B of the Income Tax Act, 1961	4.88		4.40	
Provision for doubtful debts	2.63		2.86	
Unabsorbed Business Loss	17.67		–	
Others	1.06	26.24	1.79	9.05
Deferred Tax liability (Net)		100.29		158.83

**Note:** In respect of the subsidiary company, the unabsorbed loss and depreciation relating to earlier years and the loss for the year have given rise to Net Deferred Tax Asset amounting to Rs. 671.39 lacs, which has not been recognised in the Accounts of a subsidiary company as a prudent policy.

5. Donations given to political parties are as under:

	15 months ended 30-6-2005 Rs. in lacs	Year ended 31-3-2004 Rs. in lacs
<b>Name of the political party</b>		
Bharatiya Janata Party	1.00	–
Goa Pradesh Congress Party	1.00	–

6. Related Party Disclosures as per Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India :

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



**SCHEDULE 16 (Contd.)**

Transactions with the related parties:

	Enterprise having ownership of more than 50% Rs. in lacs	Enterprise with Common Key Management Personnel Rs. in lacs	Key Management Personnel Rs. in lacs
<b>Loans</b>			
Taken during the period	1,590.00	42.32	
Repaid during the period	(500.00)	(-)	
Interest Paid	400.00	-	
	(300.00)	(-)	
Purchase of Assets		16.85	
Sale of Assets		(-)	
Purchase of goods		1.00	
Sale of Goods		(-)	
Receiving of services:			
Stevedoring and other related charges including reimbursements of port dues etc.	136.60	411.87	
Rent	(153.45)	(319.35)	
Air Travel Expenses	8.75		
Reimbursement of other expenses	(7.15)		
Reimbursement of salaries		27.71	
Others		(31.78)	
Rental Income	10.22	4.70	
Security deposit paid	(8.33)	(1.09)	
Donations		6.24	
Remuneration		(3.14)	
Credit balances as at 30.6.2005	1.24	0.33	
	(1.24)	(-)	
		0.36	
		(-)	
		0.15	
		(-)	
		2.00	
		(3.00)	
			12.76
			(15.55)
	1,432.43	350.81	-
	(212.60)	(300.00)	(4.99)



**SCHEDULE 16 (Contd.)**

7. Segment reporting:

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

8. Earnings per share:

	15 months ended 30-6-2005	Year ended 31-3-2004
i) Profit/(loss) after tax as per Profit & Loss Account (Rs. in lacs)	(841.47)	(349.17)
ii) Number of Equity shares	4,600,000	4,600,000
iii) Basic and diluted earnings per share of Rs. 10/- each (in rupees) * Not annualised	(18.29)*	(7.59)

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

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

SHRINIVAS V. DEMPO *Executive Chairman*

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

K. BALARAMAN  
*General Manager – Finance*

Dr. A. B. PRASAD *Managing Director*

P. S. MANTRI  
*Secretary*

Panaji, Dated 21st October, 2005

