

**ORIENTAL CARBON & CHEMICALS LIMITED**



**24th ANNUAL REPORT  
2003-2004**

**DIRECTORS**

Mr. J.P. Goenka

*Chairman*

Mr. Bhaskar Mitter

Mr. Milan Sen

Mr. S.G. Bose Mullick

Mr. A. Goenka

Mr. Bodhishwar Rai

Mr. S.J. Khaitan

Mr. H.C. Taneja

*Whole Time Director*

Mr. O.P. Dubey

*(Nominee of Life Insurance Corporation of India)*

**COMPANY SECRETARY**

Mr. R.K. Ghosh

**AUDITORS**

Singhi & Co.

**SOLICITORS**

Khaitan & Co.

**BANKERS**

State Bank of India

State Bank of Patiala

**REGISTERED OFFICE**

31, Netaji Subhas Road,  
Kolkata - 700 001

**PLANTS**

Plot 3 & 4, Dharuhera Industrial Estate,  
P.O. Dharuhera,  
Distt. Rewari - 122 106  
Haryana

**WEBSITE**

<http://www.occlindia.com>

**NOTICE**

**NOTICE** is hereby given that the Twenty-fourth Annual General Meeting of the Shareholders of the Company will be held at the Williamson Magor Hall (1<sup>st</sup> Floor), The Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Kolkata-700 001 on Friday, the 30<sup>th</sup> July, 2004 at 11 A.M. to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2004, the Balance Sheet as at that date, the Auditors' Report thereon and the Directors' Report.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr S J Khaitan who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Milan Sen who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to authorise the Board to fix their remuneration.

**SPECIAL BUSINESS**

To consider and, if thought fit, to pass with or without modifications, the following resolutions:

**6. (AS AN ORDINARY RESOLUTION)**

**"RESOLVED** that consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to mortgage and/ or charge any or all immovable and movable assets of the Company, wherever situate, present and future in favour of State Bank of India, Overseas Branch, Vijaya Building, 17, Barakhamba Road, New Delhi - 110 001 as security for fund based and non-fund based working capital facilities aggregating Rs. 950 lakhs on terms and conditions as set out in the Sanction Letter with liberty to the Directors of the Company to create in future any further or other charge on the said assets.

**RESOLVED FURTHER** that mortgage/charge created and/or all agreements/documents executed/to be executed and acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

**7. (AS AN ORDINARY RESOLUTION)**

**"RESOLVED** that consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to mortgage and/ or charge any or all immovable and movable assets of the Company, wherever situate, present and future in favour of State Bank of India (SBI), Overseas Branch, Vijaya Building, 17, Barakhamba Road, New Delhi - 110 001 and State Bank of Patiala (SBP), Commercial Branch, Chandralok Building, 34, Janpath, New Delhi-110001 as security for the following facilities:

SBI	Term Loan Rs. 14 Crores
	Letter of Credit Rs. 5 Crores
SBP	Term Loan Rs 7 Crores

in terms of the respective Loan Agreements and Sanction Letters such security to rank pari-passu with mortgages and/or charges already created or to be created in future by the Company as may be agreed to between the concerned parties and as may be thought expedient by the Board of Directors.

**RESOLVED FURTHER** that mortgage/charge created and/or all agreements/documents executed/to be executed and acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

Registered Office :  
31, Netaji Subhas Road,  
Kolkata - 700 001  
Dated : 1<sup>st</sup> June, 2004

By Order of the Board

R K GHOSH  
Company Secretary

**ORIENTAL CARBON & CHEMICALS LIMITED****NOTES :**

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and, on poll, to vote instead of himself. A proxy need not be a member of the Company.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 26<sup>th</sup> of July, 2004 to 30<sup>th</sup> of July, 2004, both days inclusive.
3. The dividend as recommended by the Board, if sanctioned at the meeting, will be paid on and from 11th August, 2004 to those members whose names appear on the Company's register of members on 30<sup>th</sup> July 2004. In respect of the shares in electronic form, the dividend will be payable on the basis of ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Ltd. for this purpose.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to special business is annexed to this Notice.

**ANNEXURE TO THE NOTICE**

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

**ITEM 6 & 7**

The limit of fund based and non-fund based working capital with the State Bank of India (SBI) Overseas Branch, Vijaya Building, 17, Barakhamba Road, New Delhi - 110 001 has been enhanced to Rs. 950 lakhs from Rs. 850 lakhs and your company has made arrangements with SBI and State Bank of Patiala, Commercial Branch, Chandralok Building, 2nd floor, 34, Janpath, New Delhi - 110 001 for availing Term Loans aggregating Rs 21 Crores and Letter of Credit facility of Rs. 5 crores from State Bank of India for the purpose of part financing the setting up of a new Insoluble Sulphur Plant.

As per the Banks' terms of sanction, such credit and Term Loan facilities are to be secured, *inter alia*, by way of creation of mortgage and/or charge on the Company's movable and immovable assets, both present and future.

Since mortgaging and/or charging of its assets by the Company in favour of the Banks may be considered as disposal of its undertaking, it is desirable to obtain necessary consent of the shareholders of the Company pursuant to Section 293(1)(a) of the Companies Act, 1956, at the ensuing Annual General Meeting. The resolutions set out at item 6 & 7 of the annexed Notice are intended for this purpose. Your Directors recommend that the resolutions be passed.

No Director of the Company is concerned with or interested in the resolutions.

The documents mentioned in the resolution will be available for inspection of members at the Registered Office of the Company on any working day during the hour of 10.00 a.m. and 12.00 noon and will also be available at the meeting.

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors hereby present their twenty Fourth Report together with the Audited Accounts of the Company for the accounting year ended March 31, 2004.

#### 1. FINANCIAL RESULTS

	<b>For the Year ended <u>31.3.2004</u></b>	<b>(Rs., Lakhs) For the year ended <u>31.3.2003</u></b>
Profit/(Loss) Before Taxation	250.38	172.87
Provision for Taxation*	<u>(121.02)</u>	<u>(75.80)</u>
Profit/(Loss) after Taxation	129.36	97.07
Add: Surplus Brought Forward	704.07	6,58.26
Transfer from Capital Reserve Account	<u>0.60</u>	<u>0.60</u>
Amount Available for Appropriation	834.03	755.93
Appropriation:		
Proposed Dividend on Equity Shares	45.97	45.97
Tax on Dividend	<u>5.89</u>	<u>5.89</u>
Balance Carried to Balance Sheet	<u>782.17</u>	<u>704.07</u>

\* Including Rs 9.66 lakhs deferred tax provision (Rs.63.98 lakhs in previous year)

#### 2. DIVIDENDS

Your Directors are pleased to recommend Dividend of 5% on 91,94,814 Equity Shares (Rs.0.50 per share of Rs. 10 each). The Dividend will absorb Rs. 51.86 lakh (Inclusive of Dividend Tax of Rs. 5.89 lakh).

#### 3. OPERATIONS

The Insoluble Sulphur Plant is running at more than full capacity, leaving little scope for increase in production. Improvements in consumption norms of raw material and power utilities through better operating efficiency resulted in curtailing the increase in production costs inspite of raw material costs increase. There was significant increase in demand for Insoluble Sulphur in the domestic market resulting in decrease in availability of material for Exports. However realisations could be maintained through better sales management resulting in better realisation compared to last year.

Inspite of high sulphur prices prevalent during the whole of the year, the sales and production of Sulphuric Acid were higher by 5% and 4% at 28693MT and 28391 MT respectively. Due to increase in demand, the sales realisation improved which coupled with sale of by Product, steam to Insoluble Sulphur plant, resulted in reduction of loss in the plant by more than 50% compared to previous year.

#### 4. FUTURE PROSPECTS

Our product, being a Rubber Chemical, is mainly consumed by the tyre manufacturers and with a rapid growth in the Industry Domestic demand of Insoluble Sulphur is growing which is making it difficult for your company to meet its export commitments. Therefore, the company is not able to get its share of growth in demand of the industry. Due to restricted capacity of the plant the Company is not able to even fully meet the growing demands of our existing export customers. Hence your Company has decided to set up an EOU unit of Insoluble Sulphur of the same capacity as of the existing unit at the same premises at Dharuhera to cater to Export Market.

The performance of Sulphuric acid plant has also improved from the previous year. There has been a growth of 8% in the demand in the previous year which is likely to continue at the same pace next year also.

#### 5. RESEARCH & DEVELOPMENT

R&D cell has been providing gainful inputs to the Quality Assurance functions besides the prime work of developing better product-mix and new process techniques. New Insoluble Sulphur products have been identified out of which some are in final stage of development for production. So far, the results have been encouraging and unrelented efforts shall continue in these paramount directions.

#### 6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed to this Report.

#### 7. POLLUTION CONTROL

Your Company's Plants at Dharuhera have Pollution Control Equipments installed to meet the standard norms in this regard.

**ORIENTAL CARBON & CHEMICALS LIMITED****8. SUBSIDIARY COMPANIES**

Vindhyaachal Finance & Investments Limited, Subsidiary of the Company, has ceased to be the subsidiary of the Company from 19<sup>th</sup> December 2003, after its name was struck off under Section 560 of the Companies Act, 1956 under the simplified exit scheme.

**9. COST AUDIT**

The appointment of M/s. J K Kabra and Co., Cost Auditors, for conducting Audit in respect of Sulphuric Acid and Fertiliser Units for the year ending March 2005 is pending with the Department of Company Affairs and is expected to be received anytime now.

**10. PUBLIC DEPOSITS**

Fixed Deposits from public, outstanding with your Company at the end of the financial year, stood at Rs.4,45,83,000/-. Deposits aggregating Rs.28,14,000/- due for repayment on or before 31<sup>st</sup> March, 2004 were not claimed by the depositors. Out of these, deposits totaling Rs.5,15,000 /- have since been claimed and settled.

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures in the financial statement;
- ii) the accounting policies have been selected and applied consistently and judgements and estimates have been reasonably and prudently made when required so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) annual accounts for the financial year have been prepared on a going concern basis.

**12. AUDIT & INVESTORS/SHAREHOLDERS GRIEVANCE COMMITTEE**

Your Company has a well structured Internal Audit System commensurate with its size and operations. An Audit Committee consisting of independent non-executive Directors is in place with terms of reference as per the provisions of the Companies Act 1956 and Listing Agreement with the Stock Exchanges.

The Company also has a Committee of Directors for reviewing shareholders/investors complaints.

**13. DIRECTORS**

Messrs S.J. Khaitan and Milan Sen retire by rotation and, being eligible, offer themselves for re-election.

**14. AUDITORS AND AUDIT REPORT**

Messrs Singhi & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. As regards the comments in the Auditors' Report, the relevant notes in the Accounts are self explanatory and may be treated as information/ explanation submitted by the Board as contemplated under Section 217(3) of the Companies Act, 1956.

**15. CORPORATE GOVERNANCE**

As per the amended Listing Agreement with the Stock Exchanges, a Management Discussion & Analysis, a Report on Corporate Governance together with the Auditors' certificate regarding the Compliance of conditions of Corporate Governance forms part of the Annual Report.

**16. PARTICULARS OF EMPLOYEES**

In compliance with the Provision of Section 217(2)(A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, a statement giving the required information relating to the employees is annexed to this report.

**17. ACKNOWLEDGMENTS**

The Board places on record its appreciation of the support and assistance of various Banks, Government Agencies, Suppliers, valued Customers and the shareholders in particular and looks forward to their continued support. Relations between your Company and its employees remain cordial and the Directors wish to express their appreciation for the co-operation and dedication of all employees of the Company.

By Order of the Board

Place: New Delhi  
Date : 1st June, 2004

J. P. Goenka  
Chairman

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

## ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (1) (E) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004

## 1. CONSERVATION OF ENERGY

- (a) Energy Conservation Measures taken:
- Utilisation of excess steam generated in Sulphuric Acid Plant by installing High Pressure Heat Boiler and Turbo Blower in place of 390HP Motor.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
- (i) Replacement of existing motors with lower rating as per actual requirement and also with high efficiency ones.
  - (ii) Replacement of old pumps with improved technology & high efficiency.
  - (iii) Improvements of power factor.
- (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
- The above measures have helped in the conservation of energy for reducing the cost of production.
  - Surplus steam available for utilisation in Insoluble Sulphur Plant.
- (d) Total energy consumption and energy consumption per unit of production:

## FORM-A

Form for disclosure of particulars with respect to conservation of energy.

## A. POWER AND FUEL CONSUMPTION

		Current year	Previous year
<b>1. Electricity</b>			
(a) Purchased Units	(KWH)	57,98,968	53,88,945
Total Amount	(Rs. in Lakhs)	235.74	221.69
Rate/ Unit	(Rs.)	4.07	4.11
(b) Own generation			
(i) Through Diesel Generator			
Units	(KWH)	24,34,235	27,82,525
Units/Ltr. Of Diesel	(KWH)	3.36	3.14
Cost/Unit	(Rs.)	5.50	5.34
<b>2. Coal (specify quantity and where used)</b>			
Quantity	(Tonnes)	-	-
Total cost	(Rs.)	-	-
Average Rate	(Rs.)	-	-
<b>3. Furnace Oil /LDO/HSD</b>			
Quantity	(Ltrs)	6,43,372	6,48,889
Total cost	(Rs. in Lakhs)	112.32	91.63
Average Rate	(Rs.)	17.46	14.12
<b>4. Other / Internal Generation</b>			
(Process Steam)			
Quantity	(MT)	18,486	18,270
Total Cost of fuel utilised	(Rs. in Lakhs)	43.98	39.07
Rate/ Unit	(Rs.)	237.90	213.85

## B. CONSUMPTION PER UNIT OF PRODUCTION (MT)

Products		Standards if any		
(a) Sulphuric Acid				
Electricity	(in Units)	N.A.	34	33
(b) Oleum				
Electricity	(in Units)	N.A.	72	74
(c) Insoluble Sulphur				
(i) Electricity	(in Units)	N.A.	1557	1606
(ii) Furnance Oil /LDO/ HSD	(in Ltrs)	N.A.	90	89
(iii) Others-Process Steam	(in MT)	N.A.	4	4

**ORIENTAL CARBON & CHEMICALS LIMITED****II. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption as per Form-B of the Annexure to the Rules.

**1. Research & Development**

- (i) Specific area in Which R&D carried out by the Company : Positive feedback has been attained in respect of better thermal stability of Insoluble Sulphur.
- (ii) Benefits derived as a result of the above R&D : Grit reduction has been achieved to a great extent and further measures are in contemplation.
- (iii) Future plan of action : Physical tests of Rubber compounds are planned in house by procuring Rheometer. Development of other grades of Insoluble Sulphur is taken up.
- (iv) Expenditure on R&D (Rs. in Lacs)
- (a) Capital : 1.77
- (b) Recurring : 8.88
- (c) Total : 10.65
- (d) Total R&D expenditure as a percentage of total turnover : 0.27%
- 2. Technology absorption, adaptation and innovation:** : Developed value added grade

**III. FOREIGN EXCHANGE EARNING AND OUTGO.**

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans. : New markets have been explored to increase the exports and the response appears to be positive.
- (b) Total foreign exchange used and earned (Rs. in lacs)
- (i) Earned : 1822.20
- (ii) Used : 117.22

By Order of the Board

Place : New Delhi  
Date : 1st June, 2004

J.P.GOENKA  
Chairman

**ANNEXURE TO DIRECTORS' REPORT**

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004

Sl. No.	Name	Designation & Nature of Duties	Remuneration (Rs.)	Qualification & Total Service Experience (Years)	Age (Years)	Date of Commencement of Employment	Last employment held before joining the Company	
							Company	Designation
<b>(A) EMPLOYED THROUGHOUT THE YEAR</b>								
1.	Taneja H.C.	Whole Time Director	27,85,246	B.Sc., Tech Engg (Chemical) (35)	58	04.02.1991	Ram Ganga Fertilizer Ltd.	Vice President
<b>(B) EMPLOYED FOR PART OF THE YEAR</b>								
-	-	-	-	-	-	-	-	-

**NOTES :**

- Remuneration has been calculated on the basis of Section 198 of the Companies Act, 1956 and includes expenditure incurred by the Company on salary and for provision of benefits to the employees and actuarial valuation of privilege leave.
- The nature of employment in all cases is contractual.
- None of the above employee is relative of any Director of the Company.

By order of the Board

Place : New Delhi  
Date : 1st June, 2004

J.P. GOENKA  
Chairman



**ORIENTAL CARBON & CHEMICALS LIMITED****MANAGEMENT DISCUSSION AND ANALYSIS**

Your Company is primarily engaged in the business of manufacturing and sales of Insoluble Sulphur, a chemical used in the Rubber Industry, mainly Tyre Industry. The Company also manufactures Sulphuric Acid and Oleums.

**INDUSTRY STRUCTURE AND DEVELOPMENTS****Insoluble Sulphur**

Insoluble Sulphur is a raw material used primarily in the tyre industry. The consumption being higher in radial tyres than in cross-ply tyres. Increase in share of radial tyres in the Indian Tyre market is resulting in increase in demand of Insoluble Sulphur. Exports form a major part of Insoluble Sulphur sales and hence the prospects of your company are affected both by global as well as domestic trends.

Internationally, Insoluble Sulphur Industry is dominated by one manufacturer. Insoluble Sulphur, in Asia, besides India, is being manufactured in Japan and Malaysia by established manufacturers and in China by local manufacturers. The production of Insoluble Sulphur in Japan is just enough to meet their domestic requirement. In China, there are a few small manufacturers of Insoluble Sulphur but again, due to the substantial increase in demand of Insoluble Sulphur in China coupled with setting up of new greenfield plants by international tyre manufacturers, the supply is more or less meeting the demand. The Malaysian plant, owned by the largest manufacturer of Insoluble Sulphur, is now catering to the demand of Insoluble Sulphur mainly in China and South East Asia.

In India, there is one more manufacturer of Insoluble Sulphur besides your Company. The demand of Insoluble sulphur is growing twofold, one with growth in the tyre Industry and other with the increase in the share of radial tyres in the total tyre market. The consumption of Insoluble Sulphur in India is much less than that of other comparable economies and it is therefore slated to continue to increase at a healthy double digit growth rate in the coming five to six years.

Currently, the global demand of Insoluble Sulphur is on the rise which has created a healthy demand supply balance. However, with the high growth in consumption of Insoluble Sulphur from countries like China and India, demand is expected to increase at a fast pace.

During the year under review, as the plant is running at full capacity, exports from your company suffered due to increase in domestic demand. The domestic sales of your company were higher by 15% at 1889 Mt. A situation has arisen where it has become difficult to cater even to the normal increase in demands of the existing customers.

Even though the dollar remained weak throughout the year, sales realization could be improved by effective management of sales in the international and domestic market.

Keeping in view the inability of your company to meet the demand of insoluble Sulphur from its customers due to capacity constraints, your Company has embarked on an Expansion project. The work for doubling the capacity of Insoluble Sulphur by way of setting up a new plant has already started. The plant is being set up as an Export Oriented Unit in view of the high percentage of exports in the total sales. Financial arrangement for the above expansion has already been tied up with State Bank of India and State Bank of Patiala. With the increased capacity, which is expected to come on line by March 2005, your company shall become one of the major Insoluble Sulphur Manufacturers in the world. The new plant, which is being set up at the same site as the existing plant in Dharuhera, resulting in savings in many overhead expenditures, should contribute significantly to the profitability of the Company.

Share of value added and new grades in the total demand is expected to keep on increasing in line with the existing trends. There is a good demand in the international market for pre-disbursed Insoluble Sulphur, and your company is exploring the possibilities of entering the market. A lot of preparatory work has already been done in this direction.

**Sulphuric Acid and Oleums**

Sulphuric Acid is used as sulphonating agent in manufacture of Detergents and in other inorganic chemicals. During the year, the demand of Sulphuric Acid grew by about 8% in North India. Similar growth is expected in the current year also. Due to the forgoing, our Sulphuric Acid sales grew 5% to 28693 Mt over last year. Sales realization also remained buoyant throughout the year. Similar trends are expected in the coming year also. Demand for oleums also increased during the year and sales grew by 9% over last year at 3534Mt.

**OPPORTUNITIES, THREATS, RISKS, CONCERNS AND OUTLOOK****Insoluble Sulphur**

The demand in the domestic market continues to increase by double digit growth rates. Globally also the year witnessed a growth in demand which was fuelled in particular by China and South East Asia. The current trends indicate that this growth shall continue in the near future which should tilt the balance of trade in favour of supplies.

The domestic market is expected to grow at a much higher rate as share of radial tyres in the tyre market increases. In order to maintain market share and to increase it, this is the time to increase capacities.

The demand of Insoluble Sulphur grades tailored to the requirement of the individual buyers and value added grades like High Stability and High dispersion is increasing at a higher rate. The International prices are stable even after the new capacities introduced in Malaysia and Japan have been fully absorbed. This indicates that the current market prices are at sustainable levels.

There is a trend globally of consumers shifting to pre-disbursed sulphur. Your Company is taking steps to acquire capability to manufacture pre-disbursed sulphur at its plant.

Market of North and South America, Japan and China are still untapped due to non availability of material and can contribute significantly to exports from the new plant.

Impact of reduction in Customs Duty in the future is not expected to be significant as the current domestic prices are prevailing at levels

**ORIENTAL CARBON & CHEMICALS LIMITED**

that can absorb such reductions. Though China has several small manufacturers of Insoluble Sulphur, there are only two or three manufacturers of quality Insoluble Sulphur. The burgeoning demand of Insoluble Sulphur in China means that there should not be significant material available with them to export out of China. In fact, even though exact figures are not available, it is estimated that China is a net importer of Insoluble Sulphur. Therefore, there does not appear to be any immediate threat from Chinese material. The prices of Insoluble Sulphur in China are in line with the international prices, leaving little incentive for exports.

**Sulphuric Acid and Oleums**

Your Company was able to once again sell record quantity of Sulphuric Acid. The demand for Sulphuric Acid in North India increased by about 8% during the year. This helped in keeping the prices buoyant throughout the year. The growth rate is expected to be sustained in near future also. Therefore, it is expected that sales realisations should also be sustained.

M/s Hindustan Zinc Ltd. is expected to come on line with increased capacities after one year. This may result in increasing the supply of material in the market. However, with the current rate of growth in the market, a substantial part of the new material can be easily absorbed.

**PERFORMANCE OF THE COMPANY**

During the year, your Company managed to achieve a Gross profit of Rs.570 lakhs and Rs.250 lakhs after provision of Depreciation and Interest. Production of Insoluble Sulphur touched yet another record of 4440 Mt compared to 4313 Mt last year. The Sales of the Company increased 9% to Rs. 4101.67 lakhs (net of Excise)

**HUMAN RESOURCES**

The Company has, under its employment, 263 officers and workmen.

Development of skills and knowledge is essential for continuous growth of any organisation. Your Company implements in-house programs for skill development and updation of competency of its employees. Employees are also sent to suitable programs outside to keep them abreast of the latest developments in the industry and economy.

Your company lays great emphasis on building a motivated work force, which can participate constructively in the growth of the Company. Innovative ideas are regularly received from the officers and staff of the Company, many of which were implemented for improvement in areas of quality, cost savings and increased productivity.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has an effective system of accounting and administrative controls supported by qualified outside Internal Auditors with a proper and adequate system of internal checks and controls to ensure safety and proper recording of all assets of the Company and their proper and authorised utilisation.

The Internal Control systems are designed to ensure the reliability of financial and other records for preparation of financial statements and maintaining accountability of assets. The Statutory Auditors have evaluated the system of internal controls of the Company and have reported that the same are adequate and commensurate with the size of the Company and nature of its business.

The finding of the Internal Audit are reviewed by the top Management and by the Audit Committee of the Board and proper follow up action is ensured wherever required.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE****Financial Information**

- i. Fixed Assets: The Gross Block of Capital Assets stood at Rs 5904.94 lakhs as at 31<sup>st</sup> March 2004 against Rs. 6549.77 lakhs as at 31<sup>st</sup> March 2003. The reduction in Gross block is mainly due to disposal of Single Super Phosphate (SSP) fertilizer plant during the year consequent to discontinuation of its operation during the preceeding year.
- ii. Inventory: The inventory at the end of the current year stood at Rs. 612.39 lakhs against Rs 698.98 lakhs at the end of previous year. The decrease in inventory is due to reduction in stock of Insoluble Sulphur on account of higher sales inspite of record production.
- iii. Sundry Debtors: Sundry debtors at the end of the year stood at Rs. 351.9 lakhs down from the last years level of Rs. 363.72 lakhs. Even before considering the impact of Bill Discounting, factoring etc., the average outstanding reduced to 60 days from 73 days last year.

**Results of Operations**

	<b>(Rupees, Lakhs)</b>	
	<b>2003-2004</b>	<b>2002-2003</b>
Income from Operations(Net of Excise)	<b>4109.73</b>	3831.16
Other Income	<b>86.91</b>	60.39
Total Income	<b>4196.64</b>	3891.55
Profit before Interest, Depreciation and Tax	<b>569.53</b>	613.25
Profit before Tax	<b>250.38</b>	172.87
Profit after Tax	<b>129.36</b>	97.07

Your Company continues to take steps to decrease costs of production which contributed to the profitability of the Company. The cost saving exercise is an ongoing one with emphasis on savings in energy consumption and reduction in wastages.

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

## CORPORATE GOVERNANCE

## 1. Company's Philosophy on Corporate Governance

The salient features of the philosophy on Company's Corporate Governance hinges upon transparency and ethical practices in professional working environment conducive to optimal performance with focus on enhancing shareholder's long term value through constant innovation, commitment to quality and customer satisfaction whilst exploring new avenues of growth.

## 2. Board of Directors

The Board of Directors consists of nine Directors out of which eight are non-executive of which six are independent including one Nominee Director :

Name of Director	No. of Board Meetings attended during 2003-04	Whether Attended last AGM	Number of other Directorship of Public Ltd. Cos.	Number of other Committee memberships	Number of other Committee Chairmanships
Mr. J P Goenka @ <i>Chairman</i>	3	No	2	-	1
Mr. Bhaskar Mitter#	3	Yes	5	6	1
Mr. Milan Sen #	1	Yes	2	-	-
Mr. S G Bose Mullick #	3	No	-	-	-
Mr. A Goenka @	4	Yes	2	2	-
Mr. B Rai #	4	Yes	14	4	4
Mr. S J Khaitan #	1	No	6	2	2
Mr. H C Taneja \$ <i>Whole time Director</i>	4	Yes	-	-	-
Mr. O P Dubey # <i>(LIC Nominee)</i>	4	Yes	1	1	-

@ Non-executive Directors

# Non-executive Independent Directors

\$ Executive Director

During the financial year ended March 31, 2004, four Board Meetings were held on May 27, 2003, July 28, 2003, October 29, 2003 and January 28, 2004.

## 3. Audit Committee

The Company has a qualified and independent Audit Committee comprising of three Non-executive Independent Directors. The Whole time Director is a permanent invitee to the Committee meetings. The Terms of Reference of the Committee are in consonance with provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

There were three meetings of the Committee during the year on May 27, 2003, October 29, 2003 and January 28, 2004. The names of members of Committee and their attendance are as follows :

Name of Members		No. of Meetings Attended
Mr. B Rai	Chairman	3
Mr. S G Bose Mullick	Member	3
Mr. O P Dubey	Member	3

## 4. Investors/Shareholders Grievance Committee

The Company has a four member Investors/Shareholders Grievance Committee of the Board of Directors under the Chairmanship of a Non-Executive Director to specifically look into the redressal of grievances of the investors namely shareholders and Fixed deposit holders. The Committee deals with grievances relating to transfer of shares, non receipt of Balance Sheet or dividend, dematerialisation of shares, complaint letters received from Stock Exchanges, SEBI etc. The Board of Directors has delegated power of approving transfer/transmission of shares to a Share Transfer Committee. During the year, the Committee met four times. The Details of the Members and their attendance is as below :

Name of Directors	No. of Meetings Attended
Mr. J P Goenka	3
Mr. A Goenka	4
Mr. B Rai	4
Mr. S J Khaitan	1

Mr. R K Ghosh, Company Secretary, is the Compliance officer of the Company

During the year under review, the total number of Grievances received and replied to the satisfaction of the shareholders were 14. No Share Transfer/Transmissions/issue of Duplicate share certificates were pending as on 31st of March, 2004.

**ORIENTAL CARBON & CHEMICALS LIMITED****5. Remuneration Committee**

A Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/Whole time Directors. The Committee comprises of three Non-Executive Independent Directors. The name of the Members as follows:

Name of Directors	
Mr. S G Bose Mullick	Chairman
Mr. S J Khaitan	Member
Mr. Bhaskar Mitter	Member

The Remuneration Policy of the Company is :

- For Managing/Whole time Directors, the total remuneration consists of Salary, perquisites, performance bonus based on performance criteria and/or commission within the limits prescribed under Schedule XIII to the Companies Act, 1956 and as approved by the shareholders. There is no separate provision for payment of severance fee under the resolution governing the appointment of Executive Directors. The Statutory provisions will, however, apply. A six month notice on either side is provided for the termination of contract.
- Non-Executive Directors are entitled to receive, in case of adequacy of profits, commission on the net profits of the relevant year computed in accordance with the provisions of the Companies Act, 1956. Other than this, they do not draw any remuneration from the Company except the sitting fees, as permitted under the Companies Act 1956, for attending meetings of the Board or Committee thereof.

The aggregate value of salary, perquisites, commission, performance bonus paid to the Whole time Director, Mr H C Taneja is Salary: Rs. 8.40 lakhs, Perquisites: Rs. 8.37 lakhs, Retirement Benefits including PF etc.: Rs.2.44 lakhs, Performance Bonus: Rs. 7.75 lakhs, Total Rs. 26.96 lakhs.

Sitting fees paid to Non-Executive Directors for the year 2003-2004 are as follows :

Mr. J P Goenka, Chairman Rs. 31,500/-, Mr. Bhaskar Mitter Rs. 20,000/-, Mr. Milan Sen Rs. 5,000/-, Mr. S G Bose Mullick Rs. 50,000/-, Mr. A Goenka, Rs. 38,000/-, Mr. B Rai Rs. 63,000/-, Mr. S J Khaitan Rs. 12,500/-, and Mr. O P Dubey Rs. 55,000/-.

**6. Directors**

Messrs Milan Sen and S J Khaitan, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting. Their brief resume is given below

- Mr. Milan Sen aged about 80 years is an industrialist. In the past, he was President of Calcutta Trade Brokers Association under Bengal Chamber of Commerce & Industries, Calcutta Clearing Agents Association and Indian Roads & Transport Development Association. He is also Director of M/s. Bells Controls Limited, M/s. Duncans Industries Limited, M/s. Bi.Bi.Ti.Ci. Pvt. Ltd. and M/s. R. Sen & Company Investment & Finance Pvt. Ltd. The nature of his expertise in specific functional area is "Transportation, Shipping and Chemical Industries".
- Mr. S J Khaitan aged 45 years is an eminent Lawyer practicing at New Delhi with 20 years experience in Litigation, Arbitration, Corporate matters, Intellectual matters, Infrastructure, Capital Market and Finance, Taxation etc. Mr. Khaitan is on the Managing Committee of ASSOCHAM, ICC India, a Member of Indian Centre for Alternative Dispute Resolution and in the Executive Committee of Society of Indian Law Firms and has also served as Office Bearer in Supreme Court Advocate on Record Association.

**List of Directorship & Committee positions held as on 31-3-2004**

Name of the Company	Name of Committee	Member /Chairman
Hindustan Vidhyut Products Ltd.	1) Remuneration Committee 2) Investors/Shareholders Grievance Committee	Member Member
Jindal Polyester Ltd. Jindal Stainless Ltd. KPL International Lumax Industries Ltd. Rameshwara Transport Ltd.	Audit Committee Share Transfer Committee	Chairman Chairman

**Other Directorship:** The Associated Chamber of Commerce and Industries.

**7. General Body Meetings**

Location, Dates & Time and Venue of last three Annual General Meetings held :

Year	Date & Time	Venue
2002 - 2003	28/07/2003 11.00 A.M.	Williamson Magor Hall (1st floor) The Bengal Chamber of Commerce & Industry 6, Netaji Subhas Road, Kolkata - 700 001
2001 - 2002	26/07/2002 11.00 A.M.	Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017
2000 - 2001	25/09/2001 12.30 P.M.	Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017

No special resolution was put through postal ballot last year. Postal Ballot rules will be complied with when required.

**ORIENTAL CARBON & CHEMICALS LIMITED****8. Disclosures**

The Company did not enter into any materially significant related party transactions with its promoters, directors or the management, their subsidiaries or relatives etc., that may have a potential conflict with the interests of the Company at large.

There were no Non-Compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any Statutory Authority or any matter relating to Capital Markets during the last three years.

**9. Means of Communication**

Quarterly Results are published in prominent daily newspapers viz., The Financial Express (National), Khabarer Kagaj (Vernacular) and Kalantar (Vernacular)

**Management Discussion & Analysis Report forms part of the Annual Report.**

**SHAREHOLDER INFORMATION****a. Annual General Meeting :**

Date and Time : 30<sup>th</sup> July, 2004 at 11.0 AM

Venue : Williamson Magor Hall (1st floor)

The Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Kolkata - 700 001

**b. Financial Calendar (tentative and subject to change)**

Financial Results for the Quarter ending 30 June, 2004

End of July 2004

Financial Results for the Quarter ending 30 September, 2004

End of October 2004

Financial Result for the Quarter ending 31 December, 2004

End of January 2005

Financial Results for the Year ending 31 March, 2005

End of May 2005

Annual General Meeting for the year ending 31 March, 2005

End of July 2005

**c. Date of Book Closure :** 26<sup>th</sup> July, 2004 to 30<sup>th</sup> July, 2004 (both days inclusive)

**d. Dividend will be paid on and from :** 11th August, 2004.

**e. List of Stock Exchanges where shares are listed :**

The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023

The Calcutta Stock Exchange Association Ltd., 7 Lyons Range, Kolkata 700 001

Shares of the Company had been delisted from the Delhi Stock Exchange Association Ltd. with effect from 17<sup>th</sup> November, 2003.

Listing fee in respect of all the above Stock Exchanges have been paid for the year 2004-2005

**f. Stock Code**

Calcutta Stock Exchange (The Regional Stock Exchange) 25065

The Stock Exchange, Mumbai 506579

**g. Market Price Data**

Monthly High and Low of Company's Equity Shares (Rs. 10 per Share) for the year ended March 2004 at The Stock Exchange Mumbai :

Month	Company's Share		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2003	9.85	7.55	3,221.90	2,904.44
May 2003	12.45	8.50	3,200.48	2,934.78
June 2003	12.50	9.30	3,632.84	3,170.38
July 2003	13.50	10.00	3,835.75	3,534.06
August 2003	15.40	10.10	4,277.64	3,722.08
September 2003	14.80	10.45	4,473.57	4,097.55
October 2003	14.03	11.02	4,951.11	4,432.93
November 2003	13.00	10.60	5,135.00	4,736.70
December 2003	19.96	10.81	5,920.76	5,082.82
January 2004	17.80	10.05	6,249.60	5,567.68
February 2004	10.90	8.75	6,082.80	5,550.17
March 2004	10.18	7.03	5,951.03	5,324.78

**h. Address for Correspondence for Share transfer and related matters :**

All application for Transfer of Shares, Dematerialisation of shares and other related matters may be sent to M/S INTIME SPECTRUM REGISTRY LIMITED, Registrar & Share Transfer Agent of the Company for both physical shares and electronic connectivity, at the following address :

Intime Spectrum Registry Limited

1/17, Prince Gulam Mohammed Road, Kolkata - 700 025

Phone - 033-24645145 E - mail : kolkata@intimespectrum.com

**ORIENTAL CARBON & CHEMICALS LIMITED****i. Share Transfer System**

All physical shares lodged with the Company or the Registrar and Share Transfer Agent of the Company, M/S Intime Spectrum Registry Limited for transfer together with valid transfer deed are processed and returned to the shareholders within the stipulated period. In case of bad deliveries, relevant documents are returned immediately.

**j. Dematerialisation of shares**

41.30% of total Equity Shares is held in dematerialised form with NSDL and CDSL as at 31 March, 2004.

Members can hold shares in electronic forms and trade the same in Depository system. However, they may hold the same in physical form also.

International Securities Identification Number NSDL & CDSL : INE 321D01016

**k. Shareholding pattern (as on 31st March, 2004)**

Category	No. of Shares held	% of Shareholding
Promoters	3826509	41.62
Mutual Funds & UTI	228314	2.48
Bank, Financial Institutions & Insurance Company	1633467	17.77
Private Bodies Corporate	651032	7.08
Indian Public	2717151	29.55
NRI/OCBs	138341	1.50
<b>Total</b>	<b>9194814</b>	<b>100.00</b>

**l. Distribution of shareholding (as on 31st March, 2004)**

Shareholding of nominal value of Rs.	No. of Holders	%	No. of Shares	%
Upto 5,000	17752	96.08	1728129	18.80
5,001 to 10,000	418	2.26	313490	3.41
10,001 to 20,000	173	.94	251142	2.73
20,001 to 30,000	40	.22	102543	1.11
30,001 to 40,000	26	.14	92486	1.01
40,001 to 50,000	11	.06	50200	.55
50,001 to 1,00,000	23	.12	161256	1.75
1,00,001 and above	34	.18	6495568	70.64
<b>Total</b>	<b>18477</b>	<b>100.00</b>	<b>9194814</b>	<b>100.00</b>

**m. Plant Location**

Plot 3&4, Dharuhera Industrial Estate, P.O. Dharuhera, Distt. Rewari - 122 106 Haryana

**n. Address for Correspondence**

Oriental Carbon & Chemicals Ltd  
Duncan House, 31, Netaji Subhas Road, Kolkata - 700 001  
Phone No. : 033-22206831 Fax No. : 033-22434772  
fin@occlindia.com

**o. E-mail****AUDITORS' CERTIFICATE**

To The Members of Oriental Carbon & Chemicals Ltd.

We have examined the compliance of conditions of Corporate Governance by Oriental Carbon & Chemicals Ltd., for the year ended on 31-3-2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

We state that no Investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/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 and on behalf of  
SINGHI & CO.  
Chartered Accountants  
Auditors

Place: New Delhi  
Date : 1<sup>st</sup> June, 2004

R K Anand  
Partner  
Membership No. 17009

**ORIENTAL CARBON & CHEMICALS LIMITED****Auditors' Report to the Members of Oriental Carbon & Chemicals Limited**

1. We have audited the attached Balance Sheet of Oriental Carbon & Chemicals Limited as at 31st March, 2004 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. 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 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 in (3) and subject to notes as below and read with other notes thereon, we report that:
  - a) **Note No. 6 regarding Loans/Advances including interest from bodies corporate/others amounting to Rs. 2138.75 lacs (including from erstwhile Subsidiary company amounting to Rs. 650.66 lacs) which includes interest upto 31.3.2000 Rs. 313.89 lacs, for which no provision for doubtful Loans/Advances have been made in accounts for the reasons stated therein. Interest for the year and for the previous years except to the extent as mentioned above from such parties have not been provided in accounts (i) where the amount has been ascertained is Rs. 351.30 lacs (including for the year Rs.67.65 lacs) and (ii) where the amount has not been ascertained in the cases as mentioned in note no 6(i) for the reasons stated therein for which we can not comment upon/form any opinion and (b) Note No. 7 regarding Rs. 75.00 lacs due from a company under liquidation M/s Woolcombers of India Ltd as interest free Security Deposit, no provision for doubtful amount has been made in accounts for the reason stated therein; in Schedule 16.**
5. 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.
6. 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.
7. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
8. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 and subject to notes as referred in (4) above.
9. On the basis of written representations received from the directors, as on 31st March, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
10. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to notes as above give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
  - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date;  
and
  - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For SINGHI & CO.  
Chartered Accountants

R.K.ANAND  
Partner

Membership No. 17009

Place : New Delhi  
Date : 1<sup>st</sup> June, 2004

**Annexure to the Auditors' Report**

Referred to in paragraph (3) of our report of even date,

- i.
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. We have been informed that the Management during the year at reasonable intervals has conducted the physical verification of fixed assets and no material discrepancy has been noticed on such verification.
- ii.
  - a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

- c. On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material which has been properly dealt in books of account.
- iii. According to the information and explanations given to us, the Company has not granted or taken any loan, secured or unsecured, to/ from the Companies, Firms or other Parties listed in the Register maintained under the section 301 of the Companies Act 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- v. a. In our opinion and according to the information and explanation given to us, there is no transaction which needs to be entered in to a register in pursuance of Section 301 of the Companies Act 1956.
- b. According to the information and explanation given to us there are no transactions of purchase and sale of goods materials and services made in pursuance of contracts or arrangement entered in the register maintained u/s. 301 of the Companies Act 1956 aggregating during the year to Rs. 5,00,000 or more in respect of each party.
- vi. The company has complied with the provision of section 58A and 58AA of the Companies Act 1956 and the Companies (acceptance of deposit) Rule 1975 with regard to the deposit accepted from the public.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the cost records maintained in respect of Chemicals & Fertilizers Division, where pursuant to the rules made by the Central Government, the maintenance of cost records have been prescribed under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that, prima facie, the prescribed records have been maintained. We have not, however, made a detailed examination of the records with a view of determining whether they are accurate or complete.
- ix. a. In our opinion and according to the information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty and other statutory dues with appropriate authorities. There was a delay in depositing of unclaimed deposit of Rs. 14,000/- to the Investor Education & Protection Fund of Central Government. However, according to information and explanation given to us there are no undisputed amount payable in respect of such statutory dues which have remained outstanding as at 31.03.2004 for a period more than six months from the date they become payable.
- b. According to the information and explanations given to us, disputed demands for Sales tax aggregating Rs. 7.48 lakhs have not been deposited since the matters are pending with the relevant appellate authorities.
- x. The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year and it has no accumulated loss.
- xi. Based on our audit and as per information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a bank.
- xii. As per records of the company and information given to us, the company has granted loan on the basis of security by way of pledge of shares which have been transferred in the name of the company and adequate documents and records are being maintained.
- xiii. The company is not a chit fund, nidhi or mutual benefit fund/society.
- xiv. The company is not dealing or trading in shares, securities, debentures or other investments.
- xv. According to information given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. The company has not taken any term loans during the year.
- xvii. The funds raised on short-term basis have not been used for long term investments and vice-versa
- xviii. The company has not allotted any share during the year.
- xix. During the period covered by our audit report, the company has not issued debentures.
- xx. The company has not raised any money by public issue during the year.
- xxi. Based on our audit and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For SINGHI & CO.  
Chartered Accountants

Place : New Delhi  
Date : 1<sup>st</sup> June, 2004

R.K.ANAND  
Partner  
Membership No. 17009



## ORIENTAL CARBON &amp; CHEMICALS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule	As at 31.03.2004	(Rs. Lakhs) As at 31.03.2003
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	9,17.28	9,17.28
(b) Reserves and Surplus	2	<u>43,95.66</u>	<u>43,48.16</u>
		<b>53,12.94</b>	52,65.44
<b>2. LOAN FUNDS</b>			
(a) Secured Loans	3	1,10.43	33.41
(b) Unsecured Loans	4	<u>6,87.29</u>	<u>10,25.85</u>
		<b>7,97.72</b>	10,59.26
<b>3. DEFERRED TAX LIABILITY (NET)</b>			
(Refer Note No. 8 of Schedule 16)		7,46.18	7,36.52
<b>TOTAL</b>		<u><u>68,56.84</u></u>	<u><u>70,61.22</u></u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
(a) Gross Block	5	59,04.94	65,49.77
(b) Less Depreciation		<u>29,78.83</u>	<u>33,47.46</u>
(c) Net Block		<b>29,26.11</b>	32,02.31
(d) Capital Work-in-Progress		-	-
(e) Expenditure on New Project (Refer Note No 10 of Schedule 16)		<b>30.49</b>	
<b>2. INVESTMENTS</b>	6	<b>2,78.00</b>	65.57
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Interest accrued on Investments		1.09	-
(b) Inventories	7	6,12.39	6,98.98
(c) Sundry Debtors	8	3,51.90	3,63.72
(d) Cash & Bank Balances	9	3,36.93	3,64.57
(e) Loans & Advances	10	<u>29,14.83</u>	<u>30,51.59</u>
		<b>42,17.14</b>	44,78.86
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>	11	<u>5,94.90</u>	<u>6,85.52</u>
<b>TOTAL</b>		<u><u>36,22.24</u></u>	<u><u>37,93.34</u></u>
		<b>68,56.84</b>	<b>70,61.22</b>
<b>Contingent Liabilities, Accounting Policies &amp; Notes forming part of the Accounts</b>	16		

The Schedules referred to above form part of the Balance Sheet

For and on behalf of the Board

As per our report attached  
For SINGHI & CO.  
Chartered Accountants

J.P. GOENKA  
Chairman

R.K.ANAND  
Partner

Place : New Delhi  
Date : 1st June, 2004

Membership No.17009

R.K. Ghosh  
Company Secretary

H.C. TANEJA  
Whole Time Director

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

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

(Rs. Lakhs)

	Schedule	Current Year	Previous Year
<b>INCOME</b>			
Sales & Other Income	12	<b>41,96.64</b>	38,91.55
Increase/(Decrease) in Stocks	13	<u>(61.68)</u>	<u>(86.33)</u>
		<b>41,34.96</b>	38.05.22
<b>EXPENDITURE</b>			
Raw Material Consumed	14	<b>13,22.87</b>	11,14.42
Manufacturing & Other Expenses	15	<b>22,42.56</b>	20,77.55
Interest (Net) & Financial Charges (Refer Note No. 14 of Schedule 16)		<b>44.12</b>	1,66.82
Depreciation		<b>2,90.23</b>	2,96.72
Less : Transferred from Revaluation Reserve Account		<u>15.20</u> <u>2,75.03</u>	<u>23.16</u> <u>2,73.56</u>
		<b>38,84.58</b>	<u>36,32.35</u>
<b>PROFIT BEFORE TAXATION</b>		<b>2,50.38</b>	1,72.87
Provision for Taxation		<b>1,10.98</b>	11.50
Wealth Tax		<b>0.38</b>	0.32
Deferred Tax (Net)		<b>9.66</b>	63.98
<b>PROFIT AFTER TAXATION</b>		<b>1,29.36</b>	97.07
Add: Surplus from Previous Year brought forward		<b>7,04.07</b>	6,58.26
		<b>8,33.43</b>	<u>7,55.33</u>
Add: Transfer from Capital Reserve Account		<b>0.60</b>	0.60
Balance available for Appropriation		<b>8,34.03</b>	<u>7,55.93</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		<b>45.97</b>	45.97
Tax on Dividend		<b>5.89</b>	5.89
<b>SURPLUS CARRIED TO BALANCE SHEET</b>		<b>7,82.17</b>	<u>7,04.07</u>

Accounting Policies &  
Notes forming part of the Accounts 16

The Schedules referred to above form part of the Profit & Loss Account

As per our report attached  
For SINGHI & CO.  
Chartered Accountants

For and on behalf of the Board

J.P. GOENKA  
Chairman

R.K.ANAND  
Partner  
Place : New Delhi  
Date : 1st June, 2004    Membership No.17009

R.K. Ghosh  
Company Secretary

H.C. TANEJA  
Whole Time Director

**ORIENTAL CARBON & CHEMICALS LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004**

	As at 31.03.2004	(Rs. Lakhs) As at 31.03.2003
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
99,90,000 Equity Shares of Rs.10 each	9,99.00	9,99.00
1,000 11% Redeemable cumulative Preference Shares of Rs.100 each	1.00	1.00
	<u>10,00.00</u>	<u>10,00.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
*91,94,814 Equity Shares of Rs.10 each fully called up (Previous Year same)	9,19.48	9,19.48
Less Calls in Arrears**	2.20	2.20
Paid up Capital	<u>9,17.28</u>	<u>9,17.28</u>

\* Includes :

- (i) 23,53,400 Equity Shares of Rs. 10 each fully paid up and allotted to the Shareholders of erstwhile Oriental Carbon Limited without payment being received in cash on amalgamation.
- (ii) 8,04,988 fully paid up Bonus Equity shares issued by capitalisation of General Reserve.
- (iii) 33,47,772 Equity Shares of Rs. 10 each allotted on conversion of Fully Convertible Debentures

\*\* Includes Rs. 0.18;(Previous year Rs. 0.18) arrears arising on conversion as per terms of issue of 14% Fully Convertible Debentures into Equity Shares.

**2. RESERVES & SURPLUS**

	As at			As at	As at
Description	01.04.2003	Additions	Deductions	31.03.2004	31.03.2003
<b>A.</b>					
1. Capital Reserve	17,28.77	-	0.60*	17,28.17	17,28.77
2. Revaluation Reserve	2,78.79	-	30.00@	2,48.79	2,78.79
3. Share Premium Account (see note below(a))	15,41.90	-	-	15,41.90	15,41.90
4. Capital Redemption Reserve	0.25	-	-	0.25	0.25
<b>B.</b>					
1. General Reserve	94.38	-	-	94.38	94.38
2. Surplus in Profit & Loss Account	7,04.07	78.10	-	7,82.17	7,04.07
	<u>43,48.16</u>	<u>78.10</u>	<u>30.60</u>	<u>43,95.66</u>	<u>43,48.16</u>

Notes :

- (a) Share Premium Account excludes Rs. 8.11;(Previous year Rs. 8.11) receivable on allotment of Shares issued on Right basis in the year 1993-1994.
- \* Transfer for Subsidy on D.G. Set.
- @ Includes Rs. 14.80 on Sale/ Discard of Assets; (Previous year Rs. Nil).

**3. SECURED LOANS**

	As at 31.03.2004	As at 31.03.2003
Cash/Packing Credit	39.32	-
Loan from Others	71.11	33.41
	<u>1,10.43</u>	<u>33.41</u>

Notes :

- 1. Cash and Packing Credit facilities from Bank is secured by hypothecation of Inventories and Book Debts both present and future and second charge on Fixed Assets of the Company.
- 2. Loan from Others :
  - (a) Includes Loan from H.D.F.C. Limited secured by way of 1st Equitable mortgage of 3 residential flats at Gurgaon, Haryana and further secured by 5 residential flats at Bhiwadi, Rajasthan (repayable within one year Rs. 6.16; Previous year Rs. Nil).
  - (b) Others are secured by way of absolute charge on specific assets purchased under the scheme (Repayable within one year Rs. 18.20; Previous year Rs. 20.20).

**4. UNSECURED LOANS**

	As at 31.03.2004	(Rs. Lakhs) As at 31.03.2003
1. Fixed Deposits* (Repayable within one year Rs. 3,29.26; Previous year Rs. 5,93.06)	4,45.83	8,09.24
2. Deposits from Bodies Corporate (Repayable within one year)		
Interest accrued & due	-	0.36
3. Sales Tax Deferred Liabilities **	2,41.46	2,16.25
	<u>6,87.29</u>	<u>10,25.85</u>

\* Includes Rs. 28.14 Unclaimed Matured Fixed Deposits to be transferred to the Investor Education and Protection Fund on due date.

\*\* Against Bank Guarantees of Rs. 47.03; Previous year Rs. 38.03 and for balance Surety Bonds given by the Director/Whole Time Director/Ex-Whole Time Directors on behalf of the Company.

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

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

(Rs. Lakhs)

	Schedule	Current Year	Previous Year
<b>INCOME</b>			
Sales & Other Income	12	<b>41,96.64</b>	38,91.55
Increase/(Decrease) in Stocks	13	<u>(61.68)</u>	<u>(86.33)</u>
		<b>41,34.96</b>	38,05.22
<b>EXPENDITURE</b>			
Raw Material Consumed	14	<b>13,22.87</b>	11,14.42
Manufacturing & Other Expenses	15	<b>22,42.56</b>	20,77.55
Interest (Net) & Financial Charges (Refer Note No. 14 of Schedule 16)		<b>44.12</b>	1,66.82
Depreciation		<b>2,90.23</b>	2,96.72
Less : Transferred from Revaluation Reserve Account		<u>15.20</u> <u>2,75.03</u>	<u>23.16</u> <u>2,73.56</u>
		<b>38,84.58</b>	<u>36,32.35</u>
<b>PROFIT BEFORE TAXATION</b>		<b>2,50.38</b>	1,72.87
Provision for Taxation		<b>1,10.98</b>	11.50
Wealth Tax		<b>0.38</b>	0.32
Deferred Tax (Net)		<b>9.66</b>	63.98
<b>PROFIT AFTER TAXATION</b>		<b>1,29.36</b>	97.07
Add: Surplus from Previous Year brought forward		<b>7,04.07</b>	6,58.26
		<b>8,33.43</b>	<u>7,55.33</u>
Add: Transfer from Capital Reserve Account		<b>0.60</b>	0.60
Balance available for Appropriation		<b>8,34.03</b>	<u>7,55.93</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		<b>45.97</b>	45.97
Tax on Dividend		<b>5.89</b>	5.89
<b>SURPLUS CARRIED TO BALANCE SHEET</b>		<b>7,82.17</b>	<u>7,04.07</u>

Accounting Policies &  
Notes forming part of the Accounts 16

The Schedules referred to above form part of the Profit & Loss Account

As per our report attached  
For SINGHI & CO.  
Chartered Accountants

For and on behalf of the Board

J.P. GOENKA  
Chairman

R.K.ANAND  
Partner

Place : New Delhi  
Date : 1st June, 2004

Membership No.17009

R.K. Ghosh  
Company Secretary

H.C. TANEJA  
Whole Time Director

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

	As at 31.03.2004	(Rs. Lakhs) As at 31.03.2003
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
99,90,000 Equity Shares of Rs.10 each	<b>9,99.00</b>	9,99.00
1,000 11% Redeemable cumulative Preference Shares of Rs.100 each	<b>1.00</b>	1.00
	<b><u>10,00.00</u></b>	<b><u>10,00.00</u></b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
*91,94,814 Equity Shares of Rs.10 each fully called up (Previous Year same)	<b>9,19.48</b>	9,19.48
Less Calls in Arrears**	<b>2.20</b>	2.20
Paid up Capital	<b><u>9,17.28</u></b>	<b><u>9,17.28</u></b>

\* Includes :

- (i) 23,53,400 Equity Shares of Rs. 10 each fully paid up and allotted to the Shareholders of erstwhile Oriental Carbon Limited without payment being received in cash on amalgamation.
- (ii) 8,04,988 fully paid up Bonus Equity shares issued by capitalisation of General Reserve.
- (iii) 33,47,772 Equity Shares of Rs. 10 each allotted on conversion of Fully Convertible Debentures

\*\* Includes Rs. 0.18;(Previous year Rs. 0.18) arrears arising on conversion as per terms of issue of 14% Fully Convertible Debentures into Equity Shares.

**2. RESERVES & SURPLUS**

Description	As at			As at	
	01.04.2003	Additions	Deductions	31.03.2004	31.03.2003
<b>A.</b>					
1. Capital Reserve	17,28.77	-	0.60*	<b>17,28.17</b>	17,28.77
2. Revaluation Reserve	2,78.79	-	30.00@	<b>2,48.79</b>	2,78.79
3. Share Premium Account (see note below(a))	15,41.90	-	-	<b>15,41.90</b>	15,41.90
4. Capital Redemption Reserve	0.25	-	-	<b>0.25</b>	0.25
<b>B.</b>					
1. General Reserve	94.38	-	-	<b>94.38</b>	94.38
2. Surplus in Profit & Loss Account	7,04.07	78.10	-	<b>7,82.17</b>	7,04.07
	<b><u>43,48.16</u></b>	<b><u>78.10</u></b>	<b><u>30.60</u></b>	<b><u>43,95.66</u></b>	<b><u>43,48.16</u></b>

Notes :

- (a) Share Premium Account excludes Rs. 8.11;(Previous year Rs. 8.11) receivable on allotment of Shares issued on Right basis in the year 1993-1994.
- \* Transfer for Subsidy on D.G. Set.
- @ Includes Rs. 14.80 on Sale/ Discard of Assets; (Previous year Rs. Nil).

**3. SECURED LOANS**

	As at 31.03.2004	As at 31.03.2003
Cash/Packing Credit	<b>39.32</b>	-
Loan from Others	<b>71.11</b>	33.41
	<b><u>1,10.43</u></b>	<b><u>33.41</u></b>

Notes :

1. Cash and Packing Credit facilities from Bank is secured by hypothecation of Inventories and Book Debts both present and future and second charge on Fixed Assets of the Company.
2. Loan from Others :
- (a) Includes Loan from H.D.F.C. Limited secured by way of 1st Equitable mortgage of 3 residential flats at Gurgaon, Haryana and further secured by 5 residential flats at Bhiwadi, Rajasthan (repayable within one year Rs. 6.16; Previous year Rs. Nil).
- (b) Others are secured by way of absolute charge on specific assets purchased under the scheme (Repayable within one year Rs. 18.20; Previous year Rs. 20.20).

**4. UNSECURED LOANS**

	As at 31.03.2004	(Rs. Lakhs) As at 31.03.2003
1. Fixed Deposits* (Repayable within one year Rs. 3,29.26; Previous year Rs. 5,93.06)	<b>4,45.83</b>	8,09.24
2. Deposits from Bodies Corporate (Repayable within one year)		
Interest accrued & due	-	0.36
3. Sales Tax Deferred Liabilities **	<b>2,41.46</b>	2,16.25
	<b><u>6,87.29</u></b>	<b><u>10,25.85</u></b>

\* Includes Rs. 28.14 Unclaimed Matured Fixed Deposits to be transferred to the Investor Education and Protection Fund on due date.

\*\* Against Bank Guarantees of Rs. 47.03; Previous year Rs. 38.03 and for balance Surety Bonds given by the Director/Whole Time Director/Ex-Whole Time Directors on behalf of the Company.

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

## 5. FIXED ASSETS

(Rs. Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.04.2003	Additions	Deductions/ Adjustments	Cost as at 31.03.2004	As at 01.04.2003	For the year	Deductions/ Adjustments	As at 31.3.2004	As at 31.3.2004	As at 31.3.2003
Land	74.72	-	-	74.72*	-	-	-	-	74.72	74.72
Building	7.00.25	3.51	-	7,03.76*	2,00.66	18.54	-	2,19.20	4,84.56	4,99.59
Plant & Machinery	46,03.04	17.59	6,06.44 @	40,14.19*	25,69.73	2,13.95	5,89.20	21,94.48	18,19.71	20,33.31
Electrical Installation	6,30.58	0.45	69.29 @	5,61.74*	3,50.30	24.25	54.59	3,19.96	2,41.78	2,80.28
Vehicles	1,16.69	31.85	27.28	1,21.26	34.41	11.13	14.12	31.42	89.84	82.28
Furniture & Fixtures & Other Equipments	89.00	7.06	2.28	93.78	46.97	6.42	0.95	52.44	41.34	42.03
Technical Know-how	3,35.49	-	-	3,35.49	1,45.39	15.94	-	1,61.33	1,74.16	1,90.10
<b>TOTAL</b>	<b>65,49.77</b>	<b>60.46</b>	<b>7,05.29</b>	<b>59,04.94</b>	<b>33,47.46</b>	<b>2,90.23</b>	<b>6,58.86</b>	<b>29,78.83</b>	<b>29,26.11</b>	<b>32,02.31</b>
Previous Year	64,94.00	1,02.26	46.49	65,49.77	30,74.05	2,96.72	23.31	33,47.46		
Capital Work-in-Progress										
									<b>29,26.11</b>	<b>32,02.31</b>

\* Includes amount added on revaluation Rs. 456.01 during 1992-93.

@ Includes Single Super Phosphate, Sodium Silico Fluoride and Liquid SO3 Plants disposed off during the year which remained unoperational in the past.

Note : Block includes Rs. 93.78 purchased under Hire Purchase / Car Finance Scheme.

## 6. INVESTMENTS

(Rs. Lakhs)

## LONG TERM

## TRADE INVESTMENTS

In Subsidiary Company(Vindhyachal Finance &amp; Investments Ltd.)(Unquoted)\*

Nil (Previous Year 5017) Equity shares of Rs. 10 each fully paid up.

- 0.50

## OTHERS :

## Unquoted :

Volga Investments Ltd.

Nil (Previous year 22820) Equity shares of Rs.10 each fully paid up

- 0.23

Preoption Investments Ltd.

Nil (Previous year 23550) Equity shares of Rs.10 each fully paid up

- 0.24

Cosmopolitan Investments Ltd.

Nil (Previous year 30640) Equity shares of Rs.10 each fully paid up

- 0.31

Bonny Investments Ltd.

Nil (Previous year 34800) Equity shares of Rs.10 each fully paid up

- 0.35

Disciplined Investments Ltd.

Nil (Previous year 32425) Equity shares of Rs.10 each fully paid up

- 0.32

Haldia Investments Ltd.

Nil (Previous year 80340) Equity shares of Rs.10 each fully paid up

- 0.81

- 2.26

Less : Provision for Diminution in Value of Investments

- 1.69

- 0.57

## Quoted :

Duncan International (India) Ltd.

8351 (Previous year 8351) Equity shares of Rs.100 each fully paid up  
(Market value Rs. 14.61;Previous year Rs. 14.61)

15.42 15.42

New India Investment Corporation Ltd.

3353 (Previous year 3353) Equity shares of Rs. 75 each fully paid up  
(Market value Rs. 1.44;Previous year Rs. 1.44)

1.46 1.46

India Glycols Ltd.

10000 (Previous year Nil) Equity shares of Rs. 10 each fully paid up  
(Market value Rs. 10.90;Previous year Rs. Nil)

10.73 -

27.61 16.88

Less : Provision for Diminution in Value of Investments

0.83 0.83

26.78 16.05

26.78

16.62

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

	As at 31.03.2004	(Rs. Lakhs) As at 31.03.2003
<b>OTHER CURRENT INVESTMENTS</b>		
<b>Unquoted :</b>		
475875 (Previous year Nil) Units of SBI Magnum monthly income Plan monthly dividend reinvestment (Repurchase value Rs. 50.13; Previous Year Rs. Nil).	50.00	-
582613 (Previous year Nil) Units of SBI Insta Cash Fund Dividend Plan reinvestment (Repurchase value Rs. 61.40; Previous Year Rs. Nil).	60.00	-
28214 (Previous year Nil) Units of Reliance Vision Fund Dividend Plan reinvestment (Repurchase Value Rs. 9.51; Previous year Rs. Nil).	10.00	-
238773 (Previous year Nil) Units of HDFC MF Monthly Income Plan long term monthly Dividend reinvestment. (Repurchase value Rs. 24.45; Previous year Rs. Nil).	24.35	-
447570 (Previous year Nil) Units of A 61 Alliance Monthly Income monthly Dividend reinvestment (Repurchase Value Rs. 50.73; Previous year Rs. Nil).	50.00	-
27824 (Previous year Nil) Units of HDFC Growth Fund Dividend reinvestment. (Repurchase value Rs. 3.91; Previous year Rs. Nil).	4.25	-
45032 (Previous year Nil) Units of Birla Monthly Income Plan monthly Dividend reinvestment. (Repurchase value Rs. 5.00; Previous year Rs. Nil)	5.00	-
	<u>2,03.60</u>	-
Less : Provision for Diminution in Value of Investments	<u>0.83</u>	-
	2,02.77	-
48450, 6.75% Tax Free US 64 Bonds of Rs. 100 each of Unit Trust of India. (Previous year 482500 units of Rs. 10 each which were converted into Bonds during the year) (Repurchase value Rs 48.45; Previous year Rs. 48.45)	<u>48.45</u>	<u>48.45</u>
(As required by Rule 3A of Companies (Acceptance of Deposits) Amendment Rule 1978)	<u>48.45</u>	48.45
	<u>2,78.00</u>	<u>65.57</u>

\* The name of Subsidiary Company has been struck off from the records of the Registrar of Companies under simplified exit scheme on 19th December 2003

Note : 447811 Units of Birla Cash Plus Retail Dividend reinvestment and 641949 Units of HDFC Cash MGMT Fund Investment Plan Dividend reinvestment purchased and redeemed during the year.

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

(Rs. Lakhs)

	As at <b>31.03.2004</b>	As at 31.03.2003
<b>7. INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Raw Materials (In Transit Rs. 1,27.21; Previous year Rs. 1,91.32)	<b>2,75.83</b>	2,79.96
Fuel Stock	<b>9.12</b>	12.90
Stores and Spare Parts (Including Capital Goods and Tools in Hand)	<b>2,19.02</b>	2,36.02
Finished Goods	<b>88.58</b>	1,36.19
Goods-in-Process	<b>19.84</b>	33.91
	<b><u>6,12.39</u></b>	<u>6,98.98</u>
<b>8. SUNDRY DEBTORS</b>		
(Unsecured, Considered Good Unless Otherwise Stated)		
Outstanding for more than six months (Under Litigation Rs. Nil; Previous year Rs. 46.82)	<b>1.13</b>	58.81
Other Debts	<b><u>3,50.77</u></b>	<u>3,04.91</u>
	<b><u>3,51.90</u></b>	<u>3,63.72</u>
<b>9. CASH AND BANK BALANCES</b>		
<b>Cash/Cheques in Hand (as certified)</b>	<b>33.62</b>	50.55
Balance with Scheduled Banks		
In Current Accounts*	<b>2,03.13</b>	97.34
In Margin Money Account (In Term Deposits Rs. 74.76; Previous year Rs. 95.80)	<b><u>84.16</u></b>	<u>1,27.49</u>
(Including interest accrued Rs. 9.36; Previous year Rs. 6.32)	<b>2,87.29</b>	2,24.83
Short Term Deposits with Banks	<b>16.02</b>	89.19
(As required by Rule 3A of Companies (Acceptance of Deposits) Amendment Rule 1978) (Including interest accrued Rs. 0.02; Previous year Rs. 1.75)	<b><u>3,36.93</u></b>	<u>3,64.57</u>
* Includes Rs. 4.01; Previous year Rs. 2.63 against Unclaimed Dividend (As per contra) to be transferred to the Investor Education and Protection Fund on due date.		
<b>10. LOANS AND ADVANCES</b>		
<b>PARTLY SECURED</b>		
Loan/Deposit with a Body Corporate (Partly secured by pledge of Shares; market value Rs. 2,78.36; Previous year Rs. 2,23.48) (Including interest accrued & due Rs. 1,91.39; Previous year Rs. 1,91.39)	<b>3,03.59</b>	3,09.59
<b>UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED</b>		
Loans/Deposits with Bodies Corporate/Others	<b>20,32.78</b>	21,75.38
(Including interest accrued & due Rs. 1,39.87; Previous year Rs. 1,42.47)		
Advances recoverable in Cash or in kind for value to be received (including Capital Goods)	<b>2,43.85</b>	1,39.86
Claims Recoverable	-	0.14
Subsidy Receivable	<b>8.28</b>	15.26
Advance Income Tax/Tax deducted at Source (Net of Provision)	<b>1,97.38</b>	2,72.76
Deposit with/Recoverable from Excise Authorities	<b>12.83</b>	9.95
Security and Other Deposits (Including with Government Departments)	<b><u>1,16.12</u></b>	<u>1,28.65</u>
	<b><u>29,14.83</u></b>	<u>30,51.59</u>



## ORIENTAL CARBON &amp; CHEMICALS LIMITED

## 11. CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.2004	As at 31.03.2003
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Dues to Small Scale Industrial Undertakings Rs. Nil; Previous Year Rs. Nil)	406.91	4,72.88
Other Liabilities	92.07	85.17
Advances received from Customers	3.59	-
Contribution to Gratuity Fund	10.68	9.63
Interest accrued but not due on Loans/Fixed Deposits	23.39	61.02
Security Deposits received from Customers/Contractors	2.01	2.01
Unclaimed Dividend (As per contra)*	4.01	2.63
	<u>5,42.66</u>	<u>6,33.34</u>
<b>PROVISIONS</b>		
Wealth Tax	0.38	0.32
Proposed Dividend	45.97	45.97
Tax on Dividend	5.89	5.89
	<u>52.24</u>	<u>52.18</u>
	<u>5,94.90</u>	<u>6,85.52</u>

\* To be transferred to the Investor Education and Protection Fund on due date.

## 12. SALES &amp; OTHER INCOME

	Current Year	Previous Year
Sales (Gross)	43,58.24	39,29.85
Less : Excise Duty Recovered on Sales	3,49.06	2,85.17
Sales (Net)	<u>40,09.18</u>	<u>36,44.68</u>
Inter Unit Transfer for own use	92.49	1,30.43
Provisions made in earlier years no longer required/ Sundry Balances Written Back (Net)	10.30	4.90
Subsidy on Single Super Phosphate	-	0.84
Dividend Received from Other Investments (Gross)	1.44	-
Claims Received	1.12	7.05
Export Entitlements	60.91	36.78
Service Charges Received	0.38	-
Profit on Sale of Fixed Assets (Net)	0.53	-
Sale of Scrap/Waste	12.23	11.66
Exchange Rate Difference (Net)	8.06	55.21
Miscellaneous Receipts	-	-
	<u>41,96.64</u>	<u>38,91.55</u>

## 13. INCREASE/(DECREASE) IN STOCKS

<b>Closing Stock</b>		
Finished Goods	88.58	1,36.19
Goods-in-Process	19.84	33.91
	<u>1,08.42</u>	<u>1,70.10</u>
<b>Less : Opening Stock</b>		
Finished Goods	1,36.19	2,34.09
Goods-in-Process	33.91	22.34
	<u>1,70.10</u>	<u>2,56.43</u>
	<u>1,70.10</u>	<u>2,56.43</u>
Increase/(Decrease) in Stocks	<u>(61.68)</u>	<u>(86.33)</u>

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

## 14. RAW MATERIAL CONSUMED

	Current Year	Previous Year
Opening Stock	2,79.96	2,36.15
Add : Purchases (Net)	<u>13,08.68</u>	<u>11,58.23</u>
	15,88.64	13,94.38
Less : Closing stock	<u>2,75.83</u>	<u>2,79.96</u>
	13,12.81	11,14.42
Add : Purchase of Finished Goods(IS)	<u>10.06</u>	-
	<u>13,22.87</u>	<u>11,14.42</u>

## 15. MANUFACTURING &amp; OTHER EXPENSES

*Salaries, Wages, Allowances and Bonus etc. (Including Workmen's' Compensation Rs. 0.20; Previous year Rs. 0.20)	3,09.27	3,29.81
*Contribution to Provident Fund and SAF	31.10	30.62
Contribution to Gratuity Fund	10.35	15.09
Labour and Staff Welfare	53.59	55.47
Consumption of Stores and Spares	18.93	23.32
Power and Fuel	5,82.46	6,01.39
Rent (Net)	24.62	21.81
Rates and Taxes	19.22	3.92
<b>Repairs and Maintenance</b>		
Buildings	5.79	7.48
Plant and Machinery	2,03.22	1,93.06
Others	<u>42.69</u>	<u>38.67</u>
	2,51.70	2,39.21
Excise Duty on Closing Stock of Finished Goods (Net of Opening) and Samples	(8.76)	(12.05)
Insurance (Net)	63.00	56.26
Travelling Expenses (Including for Directors Rs. 17.23; Previous year Rs. 22.49)	80.11	84.54
Packing and Forwarding Expenses (Including Packing Expenses Rs. 56.13; Previous year Rs. 63.15)	2,39.75	2,67.30
Commission and Discount (Including Commission to Selling Agents Rs. 68.55; Previous year Rs. 55.13; Discount Rs. Nil; Previous Year Rs. 14.83; and Cash Discount Rs. 0.56; Previous year Rs. 0.74)	69.12	70.70
Auditors' Remuneration	4.38	4.15
Cost Auditors' Remuneration	0.36	0.36
Directors' Fee	2.75	1.68
Service Charges	1,09.42	85.86
Donation	3.25	1.00
Legal & Professional Expenses	1,12.73	21.89
Miscellaneous Expenses	1,34.15	1,05.71
Loss on Sale / Discard of Fixed Assets (Net)	-	2.60
Loss on Sale of Stores (Net)	6.14	-
Loss on Sale / Discard of Investments / Diminution in value of Investments	2.20	19.82
Less : Provision for Diminution in value of Investments Written Back	<u>1.69</u>	-
	0.50	19.82
Add : Provision for Diminution in value of Investments	<u>0.83</u>	2.52
	1.33	22.34
Bad Debts/Loans & Advances/Sundry Balances/Subsidy Written Off	1,23.59	56.68
Less: Provision for Doubtful Debts/Loans&Advances/Subsidy Written Back	-	12.11
	<u>1,23.59</u>	<u>44.57</u>
	<u>22,42.56</u>	<u>20,77.55</u>

\*Less Reimbursement

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

## 16. NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004

## 1. Statement of Significant Accounting Policies

## A. Fixed Assets:

- (i) Freehold Land, Buildings and Plant & Machinery etc. are stated at revalued amount except relating to Insoluble Sulphur (IS) Division.
- (ii) Other Fixed Assets are stated at cost.

## B. Depreciation:

- (i) Depreciation on Fixed Assets has been provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (ii) Depreciation includes adjustment on account of revaluation which is written off on the basis of residual life as assessed by the Valuers and adjusted by transfer from Revaluation Reserve account.
- (iii) Depreciation on Fixed Assets arising due to exchange rates fluctuation is charged during the residual life of such Assets.

## C. Treatment of Expenditure during construction period:

Expenditure and interest on borrowed funds during construction period is included under Capital Work-in-progress / Expenditure on new project/pre-operative expenses and the same is allocated to the respective Fixed Assets on completion of construction period.

## D. Investments:

Long Term Investments are stated at cost, less permanent diminution. Other Current Investments are valued at lower of cost and net realisable value

## E. Valuation of Inventories:

- (i) Raw Materials, Fuel Stock and Stores & Spares at cost
- (ii) Finished Stocks at cost or net realisable value whichever is lower.
- (iii) Goods-in-Process at cost or net realisable value whichever is lower.

The cost of Finished Goods is determined by taking material, labour and related factory overheads including depreciation. Raw Materials are valued on FIFO basis. Stores & Spare parts and Fuel Stock are valued at weighted average cost. Process Stock is valued at material cost and stage-wise direct cost including depreciation. Finished Goods lying at factories have been valued at inclusive of Excise Duty and Custom Duty payable on Raw Material in Bonded Warehouse have been considered as part of cost and hence considered for valuation as per guidelines issued by ICAI.

## F. Foreign Currencies:

- (i) Income & Expenditure in foreign currency are accounted at exchange rates prevailing on the date of transaction. Current Assets and Liabilities in foreign currency as at the Balance Sheet date are reconverted at rates prevailing at the year end and the resultant net gains or losses are adjusted in the accounts.
- (ii) All foreign currency loans/liabilities are stated at the rates ruling at the year end and exchange rates difference arising on such transactions are dealt within the Profit & Loss Account except those relating to acquisition of fixed assets which are adjusted in the cost of Assets.

## G. Recognition of Income and Expenditure:

Income (Including benefits under advance/intermediate licences) and expenditure are generally accounted on accrual basis.

## H. Sales:

Net Sales excludes excise duty recovered and is net of sales returns / rebate and trade discount.

## I. Retirement benefits:

Year end liabilities on account of retirement benefits to employees are provided and funded to approved Gratuity / Superannuation / Provident Funds as per actuarial valuation / Company Rules. Liability on account of unavailed leave has been provided in the accounts on actuarial basis.

## J. Research &amp; Development Expenditure:

- (i) Revenue expenditure on Research & Development is charged to profit and loss account in the year in which it is incurred.
- (ii) Equipments purchased for Research & Development for existing products are capitalised in the year of installation.

## K. Interim / Proposed Dividend :

Interim dividend / dividend as decided / proposed by the Directors are accounted for in the books of account, pending ratification / approval at the Annual General Meeting.

## L. Provision for Doubtful Debts / Advances:

Doubtful Debts / Advances are provided on gross value of Debts/ Advances basis.

## M. Deferred Revenue Expenditure:

Amortised over a period of five years

## N. Taxes on Income:

Provision for taxation is made as per the provision of Income Tax Act, 1961. Deferred Tax is recognized on account of timing differences being the difference between taxable income and accounting income

## O. Segment reporting :

The Accounting policies adopted for segment reporting are in line with the accounting policy of the Company.

## P. Contingent Liabilities:

Contingent liabilities are not provided for in the accounts and are separately shown elsewhere.

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

	(Rs. Lakhs)	
	As at	As at
	31.03.2004	31.03.2003
2. Contingent Liabilities:		
(i) Counter Guarantees (Gross) given in favour of the Company's Bankers for Guarantees given by them to various Govt. Authorities/Others (Margin money/Short Term Deposits Rs. 25.41; Previous year Rs. 51.97)	25.41	51.97
(ii) Letters of Credit outstanding (Gross) (Margin money/Short Term Deposits Rs.1.14; Previous Year Rs. 3.70)	7.52	3.70
(iii) Bills discounted with Banks and others	3,74.99	1,57.45
(iv) Sales Tax demands under appeal (Amount deposited Rs. 14.33; Previous year Rs. 7.89)	21.81	18.52
(v) (a) Income Tax demands under appeal (Amount Adjusted Rs. 62.89; Previous year Rs. 16.75)	62.89	16.75
(b) Demand (under appeal) u/s 201 & 201(1A) of the income tax act 1961 (deposited Rs. 1.84; Previous year Rs. 0.50)	1.84	8.42
3. Estimated amount of capital commitments outstanding and not provided for (Gross) (Advance paid Rs.57.66; Previous year Rs. 1.61)	7,48.60	9.71
4. Miscellaneous expenses include:		
(i) Rs. 4.75; (Previous year Rs. 1.96) as legal expenses paid/payable to solicitors' firms in which a director is partner.		
(ii) Stores written off Rs. 24.17; (Previous year Rs. 5.70)		
(iii) Research & Development expenses Rs. 8.88; (Previous year Rs. 7.36) Details are as under		
a) Salaries, Wages, Bonus and Other benefits	6.14	4.31
b) Contribution to P.F and S.A.F.	0.49	0.35
c) Stores & Spares	0.48	1.16
d) Other expenses	1.77	1.54
	<u>8.88*</u>	<u>7.36*</u>
* Excluding Capital Expenditure during the year Rs. 1.77; (Previous year Rs. 5.91)		
5. The company initiated arbitration proceedings for recovery of damages against M/s Sanshin Chemical Industry Co. Ltd., Japan, erstwhile technical collaborator as they have not fulfilled certain provisions of the agreement. M/s Sanshin Chemical Industry Co. Ltd., Japan has also raised a counter claim in this regard. Based on the legal opinion, the company does not envisage any liability on this account. During the year arbitration proceedings have already started.		
6. Loans & Advances include		
i) Rs. 12,80.89; (Previous year Rs. 13,16.03) including interest due up to 31.03.2000 Rs. 1,92.11 (Previous year Rs. 1,93.50) due from Bodies Corporate including erstwhile Subsidiary Company. On the basis of status reports, one time settlement made by the Company after assessing their repayment capacity/net worth position as on 31.03.2000, no provision is considered necessary in the opinion of the management as the same is fully recoverable. No provision for interest for the period from 01.04.2000 to 31.03.2004 has also been made as per the terms of one time settlement.		
ii) Rs. 8,57.86 (Previous year Rs. 9,42.12) (including interest due up to 31.03.2000 Rs. 1,21.78 (Previous year Rs. 1,21.78) due from the Bodies Corporate/Firms as on 31.03.2000, no provision for interest amounting to Rs. 3,51.30 including for the current year Rs. 67.65 has been made in the Accounts for the period from 01.04.2000 to 31.03.2004 wherever applicable. The same has been done as per the consistent policy followed by the Company since 01.04.2000 in view of non recovery of previous dues from the parties. In the opinion of the management the same is fully recoverable.		
7. Security and other deposits include deposit of Rs 75.00 with M/s Woolcombers of India Ltd. (company under liquidation) against the use of their office premises. No provision is considered necessary as the property continues to be in possession of the company.		
8. Major components of deferred tax assets and liabilities arising on account of timing differences are :	(Rs. Lakhs)	
	As at	As at
	31.03.2004	31.03.2003
Liability:		
(i) Depreciation	7,57.13	7,53.26
Assets :		
(i) Leave encashment	2.97	1.54
(ii) Voluntary Retirement Scheme	7.98	10.56
(iii) Diminution/Provision in value of Investments	-	4.64
	<u>10.95</u>	<u>16.74</u>
Deferred Tax Liability (Net)	<u>7,46.18</u>	<u>7,36.52</u>

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

9. Payment to the Auditors:		
(i) Audit Fees	2.16	1.94
(ii) Taxation Matters	0.66	0.79
(iii) Company Law Matters	0.27	0.27
(iv) Other Services	1.11	1.00
(v) Reimbursement of expenses	0.18	0.15
	<u>4.38</u>	<u>4.15</u>
10. Expenditure on new project - 100% Export Oriented Unit (pending capitalisation) includes payment for procurement of construction material and to contractors (Rs. 14.43) besides direct/allocable expenses decided by the Management as under:		
(i) Salary & allowances (Including PF & S.A.Fund Contribution Rs. 0.32)	3.91	-
(ii) Financial Charges	10.00	-
(iii) Fees & Subscription	0.17	-
(iv) Travelling/Conveyances	1.49	-
(v) Others	0.49	-
	<u>16.06</u>	<u>-</u>
11. During the year State Bank of India and State Bank of Patiala have sanctioned Term Loans of Rs. 21,00.00 for new project -100% Export Oriented Unit, which is secured against first charge on the fixed assets of the company including equitable mortgage of factory land and building on paripassu basis. The same is also personally guaranteed by Mr. J.P. Goenka, a Director of the company. However, no disbursement for the same was made by the banks as on 31.03.2004.		
12. Advances Include:		
Due from Whole Time Director	-	0.62
Maximum balance during the year	0.62	1.56
Due from Officer of the Company	-	-
Maximum balance during the year	-	0.03
13. Expenses/adjustment relating to previous years Rs. 2.77 (Debit); (Previous year Rs. 20.62 (Debit)) including amount ascertained during the year, not separately shown unless otherwise stated, have been debited/credited to respective revenue accounts. (representing Packing & Forwarding expenses Rs. Nil; (Previous year Rs.1.53); Commission & Discount Rs. 0.98 (Previous year Rs.14.83); Interest & Financial Charges (Net) Rs. 1.44; (Previous year Rs. Nil); Other Expenses Rs. 0.35;Previous year Rs. 4.26)		
14. Interest & Financial Charges(Net) Rs. 44.12; (Previous year Rs. 1,66.82) represent Interest paid:		
On Debentures and other Fixed Loans	69.43	1,60.57
On Other Loans / to Banks etc.(Net)*	(25.31)	6.25
	<u>44.12</u>	<u>1,66.82</u>
*(After adjusting interest received (Gross) (i) on deposits with banks and from others Rs. 38.56; Previous year Rs. 42.98 (Tax deducted at source Rs. 7.46; Previous year Rs. 9.32), (ii) On Income Tax refunds Rs. 33.37;Previous year Rs. Nil, (iii) On Investments Rs. 2.73;Previous year Rs. 0.24).		
15. Managerial Remuneration to Whole Time Director has been paid as per Schedule XIII of the Companies Act 1956 for the year ended 31.03.2004 as per details given below:		
(i) Salary	8.40	6.00
(ii) Performance Bonus	7.75	5.50
(iii) Contribution to P.F./E.P.S.,S.A.F. & Gratuity	2.44	2.05
(iv) Value of other perquisites	8.37	6.00
	<u>26.96</u>	<u>19.55</u>
16. Earnings per Share has been computed as under:		
(i) Net profit after tax	1,29.36	97.07
(ii) Number of Equity Shares Outstanding	9194814	9194814
(iii) Earnings per share (Rs) - Basic & Diluted (Face Value of Rs. 10 per share)	1.41	1.06

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

For the year ended 31st March 2004

## 17. Segment Information:

(Rs. Lakhs)

The company is organised into two business segments namely Chemicals &amp; Fertilizers and Insoluble Sulphur.

	Chemicals & Fertilisers	Insoluble Sulphur	Elimination	Total
<b>1. Revenue</b>				
External	8,06.84	32,97.31	-	41,04.15
	(5,73.99)	(31,87.13)	-	(37,61.12)
Inter segment	92.49	-	(92.49)	-
	(1,30.43)	-	(1,30.43)	-
Total Revenue	8,99.33	32,97.31	(92.49)	41,04.15
	(7,04.42)	(31,87.13)	(1,30.43)	(37,61.12)
<b>2. Result</b>				
Profit(+)Loss(-) before tax and interest	(-46.27)	3,40.77	-	2,94.50
	(-1,02.07)	(4,41.76)	-	(3,39.69)
Interest (Net)				44.12
				(1,66.82)
Profit Before Tax				2,50.38
				(1,72.87)
Provision for Tax				1,10.98
				(11.50)
Wealth Tax				0.38
				(0.32)
Deferred Tax				9.66
				(63.98)
Profit After Tax				1,29.36
				(97.07)
<b>3. Other Information</b>				
Segment Assets	6,63.52	39,03.49	-	45,67.01
	(7,08.71)	(40,90.22)	-	(47,98.93)
Segment Liabilities	95.68	4,17.97	-	5,13.65
	(71.55)	(4,95.98)	-	(5,67.53)

Note : Figures in Brackets relate to Previous Year.

## 18. Related parties disclosures :

## 1. Name and Relationship of the related parties :-

- a) Subsidiary Company : Vindhyaal Finance & Investments Ltd.\*  
b) Other related party : Duncan International (India) Ltd.  
c) Key Management Personnel : Mr. A. Goenka - Director  
Mr. H. C. Taneja - Whole time Director

## 2. Transactions with the related parties during the year :

Nature of Transactions	Subsidiary Company	Other related Party	Key Management Personnel	Total
Loan given & squared-up	-	-	-	-
	-	(1,18.00)	-	(1,18.00)
Sale of fixed assets	-	2.05	-	2.05
	-	(2.13)	-	(2.13)
Service charges reimbursed	-	72.50	-	72.50
	-	(52.20)	-	(52.20)
Expenses reimbursed (Net)	-	20.76	-	20.76
	-	(23.70)	-	(23.70)
Remuneration to Whole Time Director	-	-	27.61	27.61
	-	-	(19.55)	(19.55)
Sitting Fees	-	-	0.38	0.38
	-	-	(0.26)	(0.26)
Interest received	-	-	-	-
	-	(6.77)	-	(6.77)
Outstanding payable as on 31.03.2004	-	5.35	-	5.35
	-	(6.29)	-	(6.29)
Outstanding receivable as on 31.03.2004	-	-	-	-
	-	-	(0.62)	(0.62)

\* The name of Subsidiary Company has been struck off from the records of the Registrar of Companies under simplified exit scheme on 19th December, 2003.

Note : Figures in Brackets relate to Previous Year.

## ORIENTAL CARBON &amp; CHEMICALS LIMITED

19. (a) Quantitative information in respect of capacity, opening stock, production, sales and closing stocks:

(i) Capacity (Per Year)	Current Year (Qty.)		Previous Year (Qty.)	
	Licensed Installed (as certified by the Management)	Licensed Installed (as certified by the Management)	Licensed Installed (as certified by the Management)	Licensed Installed (as certified by the Management)
Sulphuric Acid	44,000 MT	41,250MT	44,000MT	41,250MT
Oleum 65% and 24 %	11,000 MT	13,750MT	11,000MT	13,750MT
Stabilised Liquid Sulphur Trioxide (Liquid SO <sub>3</sub> ) (Refer Note in Schedule 5)	3,300MT	-	3,300MT	3,300MT
Single Super Phosphate (Refer Note in Schedule 5)	66,000MT	-	66,000MT	66,000MT
Sodium Silico Fluoride (Refer Note in Schedule 5)	330MT	-	330MT	330MT
Insoluble Sulphur*	5,000MT	5,000MT	5,000MT	5,000MT
* Based on optimum product mix which is equivalent to 4300 MT				
(ii) Opening Stock:	Qty.(MT)	Rs. Lakhs	Qty.(MT)	Rs. Lakhs
Sulphuric Acid	1,084	30.33	1,122	20.45
Oleum	302	10.04	254	5.82
Single Super Phosphate	-	-	70	1.58
Insoluble Sulphur	178	95.82	377	2,06.24
		1,36.19		2,34.09
(iii) Production:				
Sulphuric Acid	28,391		27,290	
Oleum (Excluding Reprocessed from 65% to 24% Nil MT; Previous Year 3 MT)	3,515		3,273	
Insoluble Sulphur (Including Finished Goods Purchased 16 MT Rs. 10.06; Previous Year Nil)	4,440		4,313	
(iv) Sales Net (shortage, claims and samples etc.excluded):				
Sulphuric Acid	28,693	6,83.47	27,328	4,89.31
Oleum	3,534	94.19	3,228	71.21
Single Super Phosphate	-	-	30	0.60
Insoluble Sulphur	4,501	32,31.52	4,511	30,83.56
		40,09.18		36,44.68
(v) Closing Stock				
Sulphuric Acid	782	24.34	1,084	30.33
Oleum	283	8.61	302	10.04
Insoluble Sulphur	116	55.63	178	95.82
		88.58		1,36.19
(b) Raw Material Consumed:				
Sulphur	14,630	8,14.42	14,315	6,42.14
Liquid Nitrogen	1,574	1,36.85	1,528	1,31.64
Nepthanic Oil (KL)	1,181	2,98.10	1,179	2,87.30
Others		63.44		53.34
		13,12.81		11,14.42
(c) C.I.F. Value of Imports				
(i) Raw Materials		4,41.37		3,89.91
(ii) Components & Spare Parts		9.23		7.70
(iii) Finished goods (I.S)		10.06		-
(d) Value of Imported Consumable and Indigenous % of total Stores and Spare Parts consumed (excluding Consumption charged to other revenue heads):			% of total Consumption	
(i) Imported	-	-	-	-
(ii) Indigenous	100.00	18.93	100.00	23.32
	100.00	18.93	100.00	23.32
(e) Value of consumption of Raw Materials:				
(i) Imported	49.39	6,48.34	52.59	5,86.06
(ii) Indigenous	50.61	6,64.47	47.41	5,28.36
	100.00	13,12.81	100.00	11,14.42

**(f) Expenditure in Foreign Currency:**

(i) Travelling Expenses	7.63	14.70
(ii) Others	1,09.16	58.05
(iii) Remittance to Shareholders on account of Dividend (Net of Tax)	0.49	-
No of Shareholders	244	--
No of Shares held by them	97126	-
Dividend for the year	2002-2003	-

**(g) Earning in Foreign Currency:**

F.O.B Value of exports (including Indirect/Deemed Exports Rs. 18.23; Previous year Rs. 10.46)	18,22.20	19,20.43
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20. Balance Sheet abstract and Company's general business profile as required in Part IV of the Companies Act,1956 is appended herein below :

**(i) Registration details**

Registration No.31539

State Code :21

(Rs. Lakhs)

Balance Sheet Date	As at 31.03.2004	As at 31.03.2003
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**(ii) Capital raised during the year**

Public Issue	Nil	Nil
Bonus Issue	Nil	Nil
Rights Issue	Nil	Nil
Private placement	Nil	Nil

**(iii) Position of Mobilisation & Development of Funds**

Total Liabilities	74,51.74	77.46.74
Total Assets	74,51.74	77.46.74
Sources of Funds:		
Paid-up-Capital	9,17.28	9.17.28
Reserves & Surplus	43,95.66	43.48.16
Secured Loans	1,10.43	33.41
Unsecured Loans	6,87.29	10,25.85
Net Deferred Tax Liability	7,46.18	7.36.52
Application of funds:		
Net Fixed Assets	29,56.60	32,02.31
Investments	2,78.00	65.57
Net Current Assets	36,22.24	37,93.34

**(iv) Performance of Company**

Turnover / Other Income	41,96.64	38,91.55
Total Expenditure	39,46.26	37,18.68
Profit before Tax	2,50.38	1,72.87
Profit after Tax	1,29.36	97.07
Earning per share (Rupees)	1.41	1.06

**(v) Generic names of Principal Products / Services of Company (as per monetary terms)**

<b>Item Code No. (ITC Code)</b>	<b>Product Description</b>
280700.10	Sulphuric Acid
280700.20	Oleum
280200.30	Sublimed (Flowers) Sulphur(Insoluble Sulphur)

21. The previous year figures have been regrouped/rearranged wherever necessary, to conform to this year's classification.

For and on behalf of the Board

As per our report attached  
For SINGHI & CO.  
*Chartered Accountants*

J.P. GOENKA  
*Chairman*

R.K.ANAND

Place : New Delhi  
Date : 1st June, 2004

*Partner*  
Membership No.17009

R.K. Ghosh  
*Company Secretary*

H.C. TANEJA  
*Whole Time Director*



## CASHFLOW STATEMENT

	Current Year	Previous Year	(Rs. Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before tax and Extra ordinary items*	2,50.38	1,72.87	
<b>Adjustments for:</b>			
Depreciation	2,75.03	2,73.56	
(Profit)/Loss on Sale / Discard of Fixed Assets (Net)	(0.53)	2.60	
Interest (Net) & Financial Charges	44.12	1,66.82	
Dividend Income	(1.44)	-	
Exchange Rate Difference (Net)	(8.06)	(55.21)	
Loss on Sale / Discard of Investments/Diminution/Provision for Diminution in value of investments	1.33	22.34	
<b>Operating Profit before Working Capital Changes</b>	<b>5,60.83</b>	<b>5,82.98</b>	
<b>Adjustments for :</b>			
Trade and Other Receivables	(29.42)	3,59.94	
Inventories	86.59	46.14	
Trade and Other Payables	(53.05)	(1,05.84)	
<b>Cash generated from Operations</b>	<b>5,64.95</b>	<b>8,83.22</b>	
Interest and Financial Charges paid	(1,56.77)	(2,35.46)	
Direct Tax paid/Refund received	(35.60)	(11.09)	
<b>Net cash flow before Extraordinary Items</b>	<b>3,72.58</b>	<b>6,36.67</b>	
<b>Extraordinary Item during the year-Capital Subsidy</b>	<b>6.54</b>	<b>-</b>	
<b>Net cash from Operating Activities after Extraordinary Activities</b>	<b>3,79.12</b>	<b>6,36.67</b>	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	(1,04.92)	(1,01.47)	
Expenditure on New Project	(30.49)	-	
Loans to Bodies Corporate/ Others (Net)	1,46.00	(14.91)	
Investments Sold	0.57	28.92	
Investments Purchased	(2,14.33)	(14.30)	
Sale of Fixed Assets	32.16	20.58	
Interest Received	74.86	86.65	
Dividend Received	1.44	-	
Payment of Wealth Tax	(0.32)	(0.31)	
<b>Net Cash used in investing activities</b>	<b>(95.03)</b>	<b>5.16</b>	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend Paid	(45.97)	-	
Tax on Dividend	(5.89)	-	
Long Term Borrowings	(3,02.19)	(5,43.60)	
Working Capital From Bank	39.32	-	
Hire Purchase	1.69	(0.55)	
Calls in Arrears	-	0.02	
<b>Net Cash From Financing Activities</b>	<b>(3,13.04)</b>	<b>(5,44.13)</b>	
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>(28.95)</b>	<b>97.70</b>	
<b>CASH AND CASH EQUIVALENT(OPENING BALANCE)</b>	<b>3,56.50</b>	<b>2,58.80</b>	
<b>CASH AND CASH EQUIVALENT(CLOSING BALANCE)</b>	<b>3,27.55</b>	<b>3,56.50</b>	

\* After adjusting prior period expenses amounting to Rs. 2.77 (Net), previous year Rs. 20.62 (Net)

Note : (i) Figures in bracket represent outflows.

(ii) The previous year figures have been regrouped/rearranged wherever necessary, to conform to this year's classification.

For and on behalf of the Board

As per our report attached  
For SINGHI & CO.  
Chartered Accountants

J.P. GOENKA  
Chairman

R.K. ANAND  
Partner

R.K. Ghosh  
Company Secretary

H.C. TANEJA  
Whole Time Director

Place : New Delhi  
Date : 1st June, 2004

Membership No.17009

**ATTENDANCE SLIP**  
**ORIENTAL CARBON & CHEMICALS LIMITED**

Registered Office : 31, Netaji Subhas Road, Calcutta - 700 001

(Particulars to be completed by Member / Proxy)

Name of Member : \_\_\_\_\_ (In Block Letters)

Member's Folio Number	DP.Id**	CLIENT Id**
-----------------------	---------	-------------

No. of Shares held : \_\_\_\_\_

Name of Proxy, if attending for Member : \_\_\_\_\_  
(In Block Letters)

I hereby record my presence at the TWENTY-FOURTH ANNUAL GENERAL MEETING of the Company at 'Williamson Magor Hall' (1st Floor), of The Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Kolkata - 700 001 on Friday, the 30th of July, 2004 at 11.00 A.M.

Member's/Proxy's Signature\*

\*To be signed at the time of handing over the slip.

\*\*Applicable if shares are held in electronic form

**MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT TO THE MEETING. NO COPY OF THE REPORT WILL BE DISTRIBUTED AT THE MEETING.**

**PROXY**  
**ORIENTAL CARBON & CHEMICALS LIMITED**

Registered Office : 31, Netaji Subhas Road, Calcutta - 700 001

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district  
of \_\_\_\_\_ being a member/members of the above  
named Company hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district  
of \_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_ in the district  
of \_\_\_\_\_ as my / our Proxy to vote for  
me/us on my/our behalf at the Annual General Meeting of the Oriental Carbon & Chemicals Limited to be held at 11.00 A.M. on  
Friday, the 30th of July, 2004 and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_

day of \_\_\_\_\_ 2004.

Signature \_\_\_\_\_

Folio Number	DP.Id*	CLIENT Id*
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No. of Shares held \_\_\_\_\_

\*Applicable if shares are held in electronic form.

Note : This Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting.

Affix  
Revenue  
Stamp

## **BOOK-POST**

*If undelivered, please return to :*

**ORIENTAL CARBON & CHEMICALS LIMITED**

12th Floor, Hindustan Times House,

18-20 Kasturba Gandhi Marg,

New Delhi-110 001, INDIA