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DIAMANT CARBON & GRAPHITE PRODUCTS LTD.

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BOARD OF DIRECTORS

Sanat M. Shah	-	Chairman
Harshad H. Vasa	-	Vice Chairman
Rashid A. Maskati	-	Director
Mrs. M. U. Dalal	-	Director
Harshad N. Shah	-	Executive Director
C. K Paulson	-	Director

BANKERS

Syndicate Bank
Sir P. M. Road
Fort, Mumbai.

AUDITORS

M/s. P. Sanghani & Co.
Chartered Accountants, Mumbai

REGISTERED OFFICE

Hari Chambers
64, Shahid Bhagat Singh Road
Fort, Mumbai-400 023.

TWENTYFOURTH ANNUAL GENERAL MEETING

Date : 3rd September, 2004
Day : Friday
Time : 9.30 a.m.
Venue : Sidhwa House, 2nd Floor,
N. A. Sawant Marg,
Near Colaba Fire Brigade,
Mumbai - 400 005.

NOTICE

NOTICE is hereby given that Twenty Fourth Annual General Meeting of Members of **DIAMANT CARBON & GRAPHITE PRODUCTS LIMITED** will be held at Sidhwa House, 2nd Floor, N. A. Sawant Marg, Near Colaba Fire brigade, Colaba, Mumbai - 400 005 on Friday the 3rd September, 2004 at 9.30 a.m. to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st March, 2004 and Profit and Loss account for the year ended 31st March, 2004 and reports of the Directors and the Auditors thereon.
2. To declare a Dividend on equity shares for the year ended 31st March, 2004.
3. To appoint a Director in place of Mr. H. H. Vasa who retires by rotation, but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mrs. M. U. Dalal who retires by rotation, but being eligible offers herself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

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

6. As a Special Resolution

RESOLVED THAT consent of the Company be and is hereby accorded, pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, to the reappointment of Mr. Harshad N. Shah as Whole-time Director designated as Executive Director on the following terms:-

Period Up to 31.03.2005 and the same may be extended for a further period as may be mutually decided between Mr. S. M. Shah, Chairman and Mr. H. N. Shah, Executive Director.

The Agreement may be terminated by either party giving the other party three months' notice.

Gross remuneration Not exceeding Rs.21,080/- per month

Contribution to Provident Fund in accordance with the rules of the company not exceeding 12% of the basic salary of Mr. H. N. Shah,

Gratuity - not exceeding half a month's salary for each completed year of service.

Encashment of accumulated leave at the end of the tenure as per the rules of the Company.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. H. N. Shah as Whole-time Director of the Company, the remuneration as specified above, shall be paid as minimum remuneration for such year to Mr. H. N. Shah.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, matters, deeds and things including entering into a fresh agreement with Mr. H. N. Shah as may be necessary or expedient to give effect to this resolution.

NOTES :

1. Explanatory Statement as required under Section 173(2) of the companies Act, 1956 in respect of item No.6 being Special business is annexed hereto
2. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The instrument appointing a proxy shall be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
4. Members are requested to notify any change in their address/mandate/bank details immediately to the company.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 27th August, 2004 to Friday the 3rd September, 2004 (Both days inclusive).
6. Members who have multiple accounts in identical names or joint accounts in the same order are requested to send all the Share Certificate(s) to the Company's Registered Office for consolidation of all such shareholdings into one account to facilitate better service.

- 7 The dividends which remain unclaimed/unencashed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund, constituted by the Central Government under Section 205(A) & 205(C) of the Companies Act, 1956.

The details of dividends paid by the Company and their respective due dates of the proposed transfer to such Fund of the Central Government if they remain unencashed are as under:

Date of Declaration of dividend	Date of Dividend warrant	Dividends for the year	Dividend Rs. per share	Due date of the proposed transfer to the Central Government
18.09.1997	25.10.1997	1996-97	1.50	24.10.2004
03.09.1998	12.10.1998	1997-98	1.50	11.10.2005
25.09.1999	29.10.1999	1998-99	1.50	28.10.2006

It may please be noted that no claim will lie from a member once the transfer is made to the credit of the Investor Education & Protection Fund of the Central Government, under the amended provisions of Section 205(C) of the Companies Act, 1956.

In view of the new regulation, the shareholders are advised to send the entire unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

By Order of the Board
For **DIAMANT CARBON & GRAPHITE PRODUCTS LTD.**

H. N. SHAH
DIRECTOR

Registered Office : Hari Chambers, 64, Shahid Bhagatisngh Road,
Fort, Mumbai - 400 023

Date : 25.06.2004

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO.6

Mr. Harshad N. Shah was reappointed as Whole-time Director designated as Executive Director of the Company by the Board of Directors of the Company ("the Board") at their meeting held on 30.10.2003 on the terms and conditions as indicated in the resolution at item 6 of the accompanying notice subject to the consent of the members of the company under the provisions of the Companies Act, 1956.

The draft agreement between the Company and Mr. Harshad N. Shah is available for inspection by the Members at the registered Office of the Company between 10 a. m. and 12.00 noon on any working day (except Saturday).

The resolution set out at item 6 of the accompanying notice together with this explanatory statement are and should be read as an abstract under section 302 of the Companies Act, 1956.

The Board commends the resolution at item No 6 of the accompanying notice for the approval of the members.

Save and except the interest of Mr. H. N. Shah in varying his terms of appointment and remuneration, as aforesaid, no other director of the company is concerned or interested in this item of business.

By Order of the Board
For **DIAMANT CARBON & GRAPHITE PRODUCTS LTD.**

H. N. SHAH
DIRECTOR

Registered Office : Hari Chambers, 64, Shahid Bhagatisngh Road,
Fort, Mumbai - 400 023

Date : 25.06.2004

DIRECTORS' REPORT

Your Directors herewith present the 24th Annual Report with the audited accounts of the Company for the year ended 31st March, 2004.

FINANCIAL HIGHLIGHTS

The salient features of the Company's working are as under :

	2003-2004	Rupees in lakhs 2002-2003
Profit/(Loss) for the year	17.83	(4.49)
Less: Depreciation	1.12	(17.41)
Profit/(Loss) Before Tax	16.71	(21.90)
Exceptional Items :		
– Business support service fees	—	122.70
– Loss on slump sale of Mehsana undertaking	—	-16.56
Profit/(Loss) for the year	16.71	84.24
Less : Prior period lease expenses	—	14.64
Prior period item	0.25	—
Profit/ (Loss) before tax	16.46	69.60
Provision for Taxation:		
Current Tax	1.32	12.60
Deferred Tax	-1.20	-37.99
	0.12	-25.39
Profit/(Loss) after taxation	16.34	94.99
Short provision of Taxation for earlier years	0.21	15.87
Transfer to General Revenue	1.00	—
Proposed Dividend	12.00	—
Corporate dividend tax payable	1.54	—
Profit (Loss) for the year	1.59	79.12
Credit balance b/f from previous year	112.34	33.22
Balance c/f to balance sheet	113.93	112.34

YEAR IN RETROSPECT

As indicated in the previous Directors' Report, the proceeds received due to sale of assets by way of slump sales have been invested and spread out in fixed deposit with banks, mutual fund and shares. The said investment portfolio have been reviewed from time to time. The details of the investments are given in Schedule D and E of the balance sheet as at 31st March, 2004.

DIVIDEND

For the year under review, your Directors recommend a dividend of Re.1.00 (Rs.Nil) per equity share, subject to approval by the members at the annual general meeting.

INSURANCE

The fixed assets have been appropriately insured till March, 2004.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- (iii) the Directors had taken proper and sufficient care for the 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;
- (iv) the Directors had prepared the annual accounts on a going concern basis.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and company's Articles of Association, Mr. H. H. Vasa and Mrs. M. U. Dalal retire by rotation and are eligible for re-appointment.

AUDITORS

The auditors, M/s. P. Sanghani & Co. Mumbai, retire at the forthcoming annual general meeting and being eligible offers themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE/EARNING OUTGO

The Company is not a manufacturing organisation and hence did not have any activity relating to conservation of energy or absorption of technology nor did it have any foreign exchange earnings or outgo.

EMPLOYEES

During the year under report, none of the employees of the Company were in receipt of remuneration in excess of the limits prescribed under the Companies (particulars of Employees) Rules, 1975.

The Board place on record their appreciation of the dedicated and sincere work put in by the employees during the year under review.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the support extended by the Bankers, Syndicate Bank, Mumbai.

For and on behalf of the Board

Mumbai
Date: 25.06.2004

Harshad H. Vasa
Vice Chairman

R. A. Maskati
Director

AUDITORS' REPORT

The Members of
DIAMANT CARBON & GRAPHITE PRODUCTS LIMITED

1. We have audited the attached balance sheet of DIAMANT CARBON & GRAPHITE PRODUCTS LIMITED as at 31st March 2004, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for 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, a statement of our comments on the matters specified in paragraphs 4 and 5 of the said order are as under:
 - (i)
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) Though the company has disposed off a major part of the plant & machinery, according to the information and explanations given to us, we are of the opinion that the sale of the said part of plant & machinery has not affected the going concern status of the company.
 - (ii) The comment as to physical verification of inventory and maintenance of its records etc. are not made since the company does not have any inventory and thus not applicable.
 - (iii) The comment as to the acceptance of the loan by the company from other companies covered in the register maintained under section 301 of the Companies Act, 1956, the rate of interest, regularity in repayment of amount etc. are not made since the same is not applicable.
 - (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 regards to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
 - (v)
 - a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
 - (vi) In our opinion and according to the information and explanations given to us, since the company has not accepted any deposits from the public the compliance with the provisions