

REPORT ON CORPORATE GOVERNANCE

I. Corporate Governance Philosophy

The Company believes that the governance process must aim at managing the affairs without undue restraints for efficient conduct of its business, so as to meet the aspirations of shareholders, employees and society at large.

II. Board of Directors

Composition, category, other directorships, other Committee Positions held as on 31st March, 2015

The strength of the Board of Directors as on 31st March, 2015 was ten comprising the non-executive Chairman (promoter director), one Executive Director, six non-executive directors of whom five are independent and two additional directors appointed by the Board on 25th August, 2014 (who would acquire the status of Independent Directors on their appointment by the members in the ensuing AGM of the Company).

Name	Category	Directorships in other Public Limited Companies incorporated in India	Other# Committee ^ positions held	
			As Chairman	As Member (including Chairmanship)
K K Bangur	Promoter-Chairman Non-Executive	6	—	—
N S Damani	INED	3	—	2
A V Lodha	INED	3	1	2
Dr. R Srinivasan	INED	5	2	4
P K Khaitan	INED	9	—	3
N Venkataramani	INED	1	—	—
J D Curravala	Non-Executive	1	—	—
Gaurav Swarup	Additional Director Non-Executive	6	—	3
Renu Challu (Mrs)	Additional Director Non-Executive	9	2	5
M B Gadgil	Executive Director	—	—	—

INED – Independent Non-Executive Director

excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

^ only two Committees, viz. the Audit Committee and the Stakeholders' Relationship Committee are considered

Attendance of the Directors at the Board Meetings and at the last AGM

Four meetings of the Board of Directors were held during the year on 9th May, 2014, 12th August, 2014, 10th November, 2014 and 13th February, 2015. The requisite information as per Annexure X forming part of Clause 49 of the Listing Agreement has been made available to the Board. The Board periodically has reviewed compliance reports of all laws applicable to the Company, prepared by the Company and appropriate steps taken by the Company, where applicable.

Attendance Record

Names of Directors	Number of Board Meetings during April, 2014 to March, 2015		Attended last Annual General Meeting (AGM) held on 12th August, 2014
	Held	Attended	
K K Bangur	4	4	Yes
N S Damani	4	2	Yes

Names of Directors	Number of Board Meetings during April, 2014 to March, 2015		Attended last Annual General Meeting (AGM) held on 12th August, 2014
	Held	Attended	
A V Lodha	4	4	Yes
R Srinivasan	4	4	Yes
P K Khaitan	4	4	Yes
Sanjiv Goenka (refer note 1)	4	—	No
D J Balaji Rao (refer note 1)	4	2	Yes
Gaurav Swarup (refer note 2)	4	2	—
Renu Challu (Mrs) (refer note 2)	4	2	—
N Venkataramani	4	4	Yes
J D Curravala	4	4	Yes
M B Gadgil	4	4	Yes

Notes:

- (1) Mr. D J Balaji Rao and Mr. Sanjiv Goenka resigned as directors on 12th August, 2014 and 18th August, 2014 respectively.
- (2) Mr. Gaurav Swarup and Mrs. Renu Challu were appointed additional directors by the Board of Directors on 25th August, 2014. They will attain the status of Independent Director on their appointment by the members in the ensuing AGM of the Company.

Code of Conduct

The Board has laid a Code of Conduct (Code) for all Board Members and Senior Management of the Company. The Code has been posted on the website of the Company. All Board Members and Senior Management personnel have affirmed compliance of the Code.

III. Audit Committee

Composition and Scope of Activity

The Audit Committee of the Company comprises Mr.A.V.Lodha as its Chairman with Dr. R.Srinivasan, Mr. N Venkataramani and Mr. J D Curravala as its members.

The terms of reference of the Audit Committee include the powers as laid down in Clause 49 III (C), the role as stipulated in Clause 49 III (D) and review of information as laid in Clause 49(III) (E) of the Listing Agreement with the Stock Exchanges. The scope of activity of the Committee is also in consonance with the provisions of Section 177 of the Companies Act, 2013.

Committee Meetings held and attendance during the year

Four meetings of the Audit Committee were held during the year on 9th May, 2014, 12th August, 2014, 10th November, 2014 and 13th February, 2015.

Name	Position in the Audit Committee	Meetings	
		Held	Attended
A V Lodha	Chairman	4	4
Dr. R Srinivasan	Member	4	4
N Venkaramani	Member	4	4
J D Curravala	Member	4	4

All members of the Audit Committee are non-executive – all of them except Mr. J D Curravala are independent directors. All members are financially literate and persons of repute and erudition. Mr. A. V. Lodha, Dr R Srinivasan and Mr. J D Curravala are experts in finance and accounting.

The Executive Director and Sr. Vice President (Finance) remained present at all meetings of the Committee.

The Audit Committee invites, as and when it considers appropriate, the statutory auditors and the internal auditors to be present at the meetings of the Committee.

An Audit Committee meeting was held on 9th May, 2014 to review and approve the draft annual accounts of financial year 2013-2014 for recommendation to the Board. The Audit Committee had also reviewed the unaudited quarterly results during the year before recommending the same to the Board of Directors for adoption and required publication.

The Company Secretary acts as the Secretary to the Audit Committee.

The Chairman of the Audit Committee, Mr. A V Lodha attended the last Annual General Meeting (AGM) held on 12th August, 2014.

IV. Nomination and Remuneration Committee

The "Nomination & Remuneration Committee" (NRC) comprise Mr. P. K. Khaitan as its Chairman with Mr. A V Lodha and Dr. R Srinivasan as its members. The terms of reference include matters included in Section 178 (2) to (4) of Companies Act, 2013 and Clause 49 (IV) of the Listing Agreement.

Name	Position in NRC	Meetings	
		Held	Attended
P K Khaitan	Chairman	3	3
Dr. R Srinivasan	Member	3	3
A V Lodha	Member	3	3

Remuneration Policy

Remuneration to non-executive directors is decided by the Board as authorised by the Articles of Association of the Company. The members of the Company have in their meeting held on 3rd August, 2012 authorised the Board of Directors of the Company to pay commission to non-executive directors upto 1% of net profits of the Company for a period of five financial years w.e.f. 1st April, 2012.

Fees to non-executive directors for attending Board Meetings (being the fixed component) are within limits prescribed by the Central Government. Presently, Rs. 20,000/- per meeting is being paid as fees for attending Board / Committee meetings. Fees are not paid to members of the Corporate Social Responsibility Committee for attending meetings of the Committee. Performance linked remuneration in the form of commission is paid to directors, taking into account the performance of each director on the basis of criteria framed and time and effort devoted by a director in the business affairs of the Company. Performance evaluation of all directors is done by the Nomination & Remuneration Committee and of the Independent directors is done by all members of the Board, excluding the director being evaluated. Evaluation of non-executive directors and Chairperson is done in a separate meeting of Independent Directors. No Stock Options have been granted to any non-executive director.

Details of remuneration paid / payable during the year by the Company and directors shareholdings (in individual capacity) -

Name	Salary	Contribution to Provident and Other Funds	Other Benefits	Ex-gratia	Commission*	Sitting Fees *	No. of Shares held as on 31st March, 2015*
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
K K Bangur	—	—	—	—	10300000	160000	510885@
N S Damani	—	—	—	—	200000	60000	—
A V Lodha	—	—	—	—	300000	240000	—
Dr. R Srinivasan	—	—	—	—	300000	240000	—
P K Khaitan	—	—	—	—	200000	240000	—
Sanjiv Goenka	—	—	—	—	—	—	—
D J Balaji Rao	—	—	—	—	—	40000	—

ii. Special Resolution passed in previous three AGMs

AGM	Whether Special Resolution passed	Details of Special Resolution
39th	Yes	(i) Consent u/s 180(1) (a) of Companies Act, 2013 for creating mortgage and / or charge on Company's assets upto a limit of Rs.2000 crore. (ii) Consent u/s 180(1) (c) of Companies Act, 2013 for borrowing moneys not exceeding Rs.2000 crore. (iii) Consent u/s 94 of Companies Act, 2013 for keeping Register of Members, debentureholder etc. with Index, annual returns etc. at the office of the Registrars & Share Transfer agents in Mumbai.
38th	None	
37th	Yes	Payment of remuneration by way of commission to non-executive directors, u/s 309 of the Companies Act, 1956

All special resolutions pertaining to the 39th AGM mentioned above, were passed through e-voting process. Option to members to vote through physical ballot forms was also provided. Mrs. Swati Bajaj, Partner, M/s. P S & Associates, Kolkata was appointed as the Scrutinizer for the purpose of scrutinizing the e-voting process and ascertaining the results. Details of voting pattern are as under -

	No. of votes cast in favour		No. of votes cast against		No. of votes abstained		Total votes cast
	No	% of total voting cast	No	% of total voting cast	No	% of total voting cast	
Consent u/s 180 (1) (a) of Companies Act, 2013 – Creation of charge / mortgage upto Rs. 2000 crore	15,55,72,523	99.997	4,701	0.003	2	—	15,55,77,226
Consent u/s 180 (1) (c) of Companies Act, 2013 – Borrowings upto Rs. 2000 crore	15,55,72,444	99.997	4,782	0.003	—	—	15,55,77,226
Consent u/s 94 of Companies Act, 2013 – Keeping Register of Members etc. in the office of Registrars & Share Transfer Agents in Mumbai	15,55,73,249	99.997	3,877	0.003	100	—	15,55,77,226

There was no special resolution passed last year through Postal Ballot.

In the forthcoming AGM, there is no special resolution on the agenda that needs approval through postal ballot.

Resume and other information regarding the directors being appointed/ seeking reappointment as required by Clause 49 VIII (E) (1) of the Listing Agreement has been given in the Notice of the Annual General Meeting annexed to this Annual Report.

VII. Disclosure

A. The Company has significant related party transactions with Graphite Cova GmbH (wholly owned step down German subsidiary), where pricing is arrived at in accordance with prevailing transfer pricing norms. However, there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

The related party relationships and transactions as required under Accounting Standard (AS) 18 on Related Party Disclosures specified under the Companies Act, 2013 disclosed in Note No. 46 to the Standalone Financial Statements for the year ended 31st March, 2015 may be referred.

The Company has framed a policy to deal with Related Party Transactions (RPTs). The policy has been posted on the Company's website and can be viewed on http://www.graphiteindia.com/View/investor_relation.aspx under the head "Corporate Governance".

- B. In terms of Clause 49 (VIII) (D) (2) of the Listing Agreement, the senior management have disclosed to the Board that they have no personal interest in material financial and commercial transactions of the Company, that may have a potential conflict with the interest of the Company at large.
- C. During the last three years, there were no strictures or penalties imposed by SEBI, Stock Exchanges or any statutory authorities for non-compliance of any matter related to the capital markets.
- D. The Company has adopted a Whistle Blower Policy (Vigil Mechanism) which has been posted on the Company's website and can be viewed on http://www.graphiteindia.com/View/investor_relation.aspx under the head "Corporate Governance". No personnel has been denied access to the audit committee.
- E. (i) The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement.
(ii) Non-Mandatory requirements
 - a. The Company maintains a Chairman office at its expense. Reimbursement of expenses incurred in performance of his duties are made.
 - b. The audit report on the financial statements of the Company for the previous year has no qualifications.
 - c. The Company has separate persons to the post of Chairman and Executive Director.
 - d. The Internal Auditor can report directly to the Audit Committee.
 - e. Half yearly declaration of financial performance including summary of significant events in last six months are not sent to each household of shareholders.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 2013.

VIII. Means of Communication

In compliance with the requirements of Clause 41 of the Listing Agreement, the Company regularly intimates unaudited quarterly results as well as audited financial results to the stock exchanges immediately after the same are approved by the Board. Further, coverage is given for the benefit of the shareholders and investors by publication of the financial results in the Business Standard and Aajkal. The Company's results are displayed on the Website www.graphiteindia.com. Details relating the quarterly performance are disseminated to the shareholders through earnings presentation on the Company's, BSE & NSE websites.

The Company has a separate e-mail ID investorgrievance@graphiteindia.com for investors to intimate their grievances, if any.

There were no presentations made to the Institutional Investors or to the Analysts.

The Management Discussion and Analysis Section setting out particulars in accordance with Clause 49 (VIII) (D) (1) of the Listing Agreement has been included in the Directors' Annual Report to the Shareholders.

IX. General Shareholder Information

AGM Date, Time and Venue	11th August, 2015 at 4.00 p.m. at Kala Mandir, Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017
Financial Year	1st April to 31st March
Date of Book Closure	Wednesday, 5th August, 2015 to Tuesday 11th August, 2015 (both days inclusive)
Dividend Payment Date	By 26th August, 2015
Listing on Stock Exchanges	BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001

National Stock Exchange of India Ltd. (NSE)
Exchange Plaza, 5th Floor,
Bandra-Kurla Complex
Bandra (E), Mumbai 400 051

The Company has paid the listing fees for the period April, 2015 to March, 2016 to BSE & NSE.

Stock Code

509488 on Bombay Stock Exchange Limited GRAPHITE on National Stock Exchange

Demat ISIN Number for NSDL and CDSL

INE 371A01025

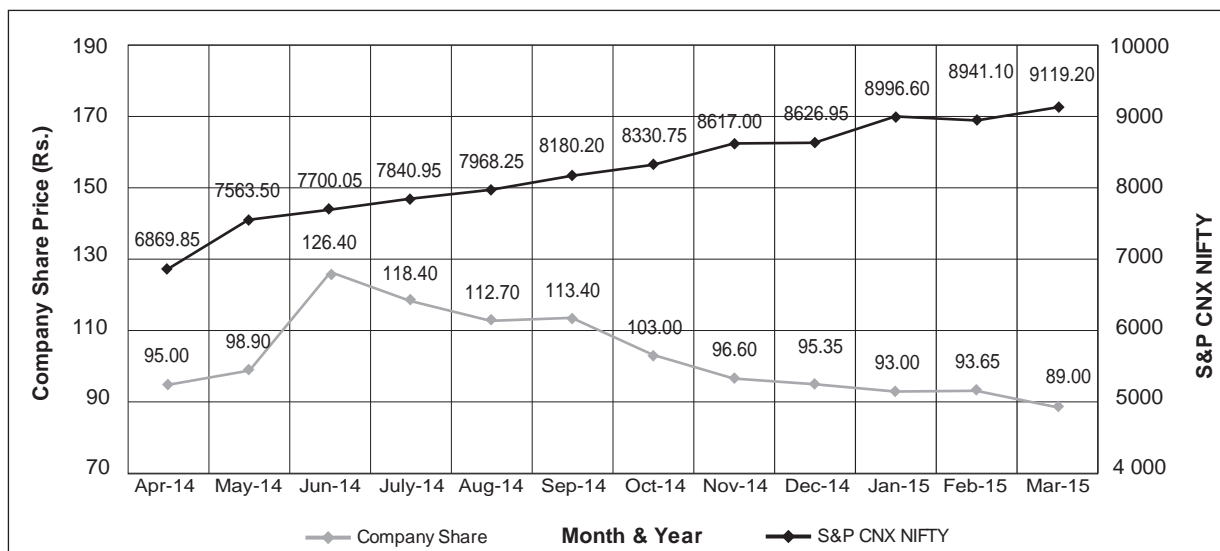
High, Low of market price of the Company's shares traded on National Stock Exchange of India Limited is furnished below:

Period	High Rs	Low Rs	Period	High Rs	Low Rs
April, 2014	95.00	82.20	October, 2014	103.00	87.05
May, 2014	98.90	75.00	November, 2014	96.60	82.10
June, 2014	126.40	82.00	December, 2014	95.35	80.10
July, 2014	118.40	99.55	January, 2015	93.00	77.00
August, 2014	112.70	91.10	February, 2015	93.65	77.25
September, 2014	113.40	94.50	March, 2015	89.00	80.05

S&P CNX NIFTY

Period	High	Period	High
April 2014	6869.85	October 2014	8330.75
May 2014	7563.50	November 2014	8617.00
June 2014	7700.05	December 2014	8626.95
July 2014	7840.95	January 2015	8996.60
August 2014	7968.25	February 2015	8941.10
September 2014	8180.20	March 2015	9119.20

Stock Performance of the Company in comparison to S&P CNX NIFTY



**Registrar and Share Transfer Agents
(For both Demat and Physical modes)**

Link Intime India Pvt. Ltd.,
C-13 Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W), Mumbai 400 078
Phone: 022-25946970, Fax : 022- 25946969
E-mail: rnt.helpdesk@linktime.co.in

Link Intime India Pvt. Ltd.,
59C Chowringhee Road, 3rd Floor, Kolkata -700 020
Phone : 033 22890540, Fax. : 033 22890539
kolkata@linktime.co.in

Share Transfer System

All the transfers received are processed by the Registrar and Transfer Agents and are approved by the Company Secretary, who has been authorised by the Board of Directors in this regard. Share Transfers are registered and returned within fifteen days from the date of lodgment, if documents are complete in all respects.

Distribution of Shareholding as on 31st March, 2015

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1 – 500	97344	94.5896	4655709	2.383
501 – 1000	2848	2.7674	2274203	1.164
1001 – 2000	1351	1.3128	2017949	1.0329
2001 – 3000	483	0.4693	1221265	0.6251
3001 – 4000	217	0.2109	771773	0.395
4001 – 5000	201	0.1953	951374	0.4869
5001 – 10000	224	0.2177	1649140	0.8441
10001 – 30000	137	0.1331	2296912	1.1756
30001 – 50000	31	0.0301	1212189	0.6204
50001 – 100000	24	0.0233	1718039	0.8794
100001 and above	52	0.0505	176607041	90.3936
Total	102912	100.00	195375594	100.00
No. of shareholders in Physical mode	66933	65.03	3154961	1.61
Electronic Mode	35979	34.97	192220633	98.39
Total	102912	100.00	195375594	100.00

Shareholding Pattern as on 31st March, 2015

Category	No. of Shares	%
Promoters Holding		
Promoters		
Indian Promoters	117885047	60.34
Foreign Promoters	9601711	4.91
Persons acting in concert	—	—
Sub-Total	127486758	65.25

Category	No. of Shares	%
Non-Promoters Holding		
Institutional Investors		
Mutual Fund and UTI	3416672	1.75
Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	6951013	3.56
FII's	28190754	14.43
Sub-Total	38558439	19.74
Others		
Private Corporate Bodies	11393603	5.83
Indian Public	15595718	7.98
NRI / OCBs	2341076	1.20
Any Other	—	—
Sub-Total	29330397	15.01
Grand Total	195375594	100.00
Total Foreign Shareholding		
Foreign Promoters	9601711	4.91
FII's	28190754	14.43
NRIs / OCBs	2341076	1.20
Total	40133541	20.54

Dematerialisation of shares and liquidity

As on 31st March 2015, 192,220,633 shares of the Company representing 98.39% of the total shares are in dematerialised form.

As per agreements of the Company with NSDL and CDSL, the investors have an option to dematerialize their shares with either of the depositories.

Outstanding GDRs / ADRs/ Warrants/ Convertible Instruments

The Company has not issued any GDRs / ADRs / Warrants or any other convertible instruments.

Plant Locations

Graphite	P.O. Sagarbhanga Colony, Dist –Burdwan, Durgapur -713211, West Bengal, Phone : (0343) 2556642-45/ 2557743
	88 MIDC Industrial Area Satpur, Nashik - 422 007, Phone : (0253) 2203300
	Visveswaraya Industrial Area, Whitefield Road, Bangalore - 560 048 Phone : (080) 43473300
Coke	Village- Phulwaria, National Highway 28, P O & Dist. Barauni - 851 112, Bihar, Phone : (06279) 232252 / 232844
Impervious Graphite Equipment	C-7 MIDC Industrial Area, Ambad, Nashik - 422 010, Phone : (0253) 2302100
Glass Reinforced Pipes/ Tanks	Gut No. 523/524, Village Gonde, Taluka – Igatpuri, Nashik - 422 403 Phone : (02553) 229400
Powmex Steels	AT - Turla, PO – Jagua, PS – Titilagarh, District Bolangir, Odisha - 767066 Phone : (06655) 220504 / 220505

Power

Chunchanakatte, K R Nagar Taluk, Dist - Mysore, Karnataka - 571 617
Phone : (08223) 281116

Link Canal Mini Hydrel Plant, Peehalli, Arekere Hobli, Srirangapatna Taluk,
Mandya Dist Karnataka - 571415

Visveswaraya Industrial Area, Whitefield Road, Bangalore - 560 048
Phone : (080) 43473300

88 MIDC Industrial Area, Satpur, Nashik - 422 007, Phone : (0253) 2203300

R & D Centre

Visveswaraya Industrial Area, Whitefield Road, Bangalore - 560 048
Phone : (080) 43473300

Sales Office

407 Ashoka Estate, 24, Barakhamba Road, New Delhi - 110 001
Phone : (011) 23314364 / 65

Address for Correspondence

Graphite India Limited
Bakhtawar, 2nd Floor
Nariman Point
Mumbai 400 021
Phone : (022) 22886418-21
Fax : (022) 22028833
E-Mail ID gilbakt@graphiteindia.com
investorgrievance@graphiteindia.com

Graphite India Limited
31, Chowringhee Road
Kolkata - 700 016
Phone : (033) 40029600
Fax : (033) 40029676/ 22496420
E-Mail ID: corp_secy@graphiteindia.com

Link Intime India Pvt. Ltd.,
C-13 Pannalal Silk Mills Compound,
LBS Marg, Bhandup(W)
Mumbai 400 078
Phone: 022-25946970
Fax : 022- 25946969
E-mail: rnt.helpdesk@linktime.co.in

Link Intime India Pvt. Ltd.,
59 C, Chowringhee Road,
3rd Floor,
Kolkata - 700 020
Phone: 033-22890540
Fax: 033- 22890539
E-mail: kolkata@linkintime.co.in

On behalf of the Board

Kolkata
May 14, 2015

K. K. Bangur
Chairman

Declaration

All the Board Members and the Senior management Personnel have as on 31.03.15 affirmed their compliance of the "Code of Conduct for Directors/Senior Management Personnel dated 09.05.2014" in terms of Clause 49(II)(E)(2) of the Listing Agreement.

Kolkata
May 14, 2015

M. B. Gadgil
Executive Director, Graphite India Limited

**AUDITORS' CERTIFICATE
REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To the Members of Graphite India Limited

We have examined the compliance of conditions of Corporate Governance by Graphite India Limited, for the year ended March 31, 2015, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that 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 Price Waterhouse
Firm Registration Number - 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 57572

Place: Kolkata
Date: May 14, 2015