



GRAPHITE INDIA LIMITED



BOARD OF DIRECTORS

Mr. K. K. Bangur, Chairman
Mr. P. K. Khaitan
Mr. S. Goenka
Mr. N. S. Damani
Mr. A. V. Lodha
Dr. R. Srinivasan
Mr. D. J. Balaji Rao
Mr. J. D. Curravala
Mr. N. Venkataramani
Mr. M. B. Gadgil, Executive Director

COMPANY SECRETARY

Mr. B. Shiva

AUDITORS

Price Waterhouse

SOLICITORS

Khaitan & Co.
Orr, Dignam & Co.

BANKERS

Bank of India
Canara Bank
Citibank N.A.
Corporation Bank
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
ING Vysya Bank Limited
State Bank of India
The Hongkong and Shanghai Banking Corporation Limited
UCO Bank

REGISTERED OFFICE

31, Chowringhee Road, Kolkata 700 016
Phone No. : +9133 22265755/2334/4942, 40029600
Fax No. : (033)22496420
CIN : L10101WB1974PLC094602
Email : corp_secy@graphiteindia.com
Website : www.graphiteindia.com

NOTICE

NOTICE is hereby given that the Thirty Ninth ANNUAL GENERAL MEETING of the members of Graphite India Limited will be held on Tuesday, the 12th day of August, 2014 at 2.00 p.m. at Kala Kunj Auditorium (Sangit Kala Mandir Trust), 48, Shakespeare Sarani, Kolkata - 700 017 to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the audited financial statements - Profit and Loss for the financial year ended 31st March, 2014, the Balance Sheet as at that date and Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2014.
3. To appoint a Director in place of Mr. K K Bangur, (DIN-00029427) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

RESOLVED that pursuant to the provisions of Section 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Price Waterhouse, Chartered Accountants (Firm Registration No. 301112E) retiring Auditors of the Company, be and are hereby appointed as Auditors of the Company for a period of three (3) years, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 42nd Annual General Meeting of the Company, to audit the accounts for three consecutive financial years beginning on 1st April, 2014 and ending on 31st March, 2017, on such remuneration as shall be fixed by the Board of Directors in consultation with the Auditors.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Sanjiv Goenka (DIN-00074796), be and is hereby appointed as an Independent Director of the Company, for a period of five (5) years from 1st April, 2014, not liable to retire by rotation.
6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. N S Damani, (DIN-00058396), be and is hereby appointed as an Independent Director of the Company, for a period of five (5) years from 1st April, 2014, not liable to retire by rotation.
7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. A V Lodha, (DIN-00036158), be and is hereby appointed as an Independent Director of the Company, for a period of five (5) years from 1st April, 2014, not liable to retire by rotation.
8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. P K Khaitan (DIN-00004821) be and is hereby appointed as an Independent Director of the Company, for a period of five (5) years from 1st April, 2014, not liable to retire by rotation.
9. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) Dr. R Srinivasan (DIN-00003968) be and is hereby appointed as an Independent Director of the Company, for a period of five (5) years from 1st April, 2014, not liable to retire by rotation.
10. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other

applicable rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. N Venkataramani (DIN-00367193) be and is hereby appointed as an Independent Director of the Company, for a period of five (5) years from 1st April, 2014, not liable to retire by rotation.

11. To consider and if thought fit, to pass the following resolution with or without modification, as a Special Resolution:

RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, for mortgaging and or charging by the Board of Directors (the "Board") of the Company by way of a charge of all or any of the immovable/ movable properties of the Company wheresoever situated, present and future and the whole or substantially the whole of the undertaking/s of the Company together with power to take over management of the business and concern of the Company in certain events, to or in favour of the consortium of banks financing the working capital requirements of the Company and/ or any other financial institutions/investment institutions/banks or their Agent/s or Trustee/s, if any from whom financial assistances are/would be availed by the Company to secure amounts lent and advanced/agreed to be lent and advanced to the Company by them either severally or jointly upto a limit of Rs. 2000 crore (Rupees Two Thousand crores only) by way of loan (Foreign Currency or Rupee), subscription to debentures, any other instruments etc., together with interest thereon at the respective agreed rates, compound interest, additional interest, commitment charges, guarantee commission, remuneration payable to the Trustees, if any, costs, charges, expenses and other monies payable to all such financial institutions/investment institutions/banks etc. in respect of financial assistance availed/to be availed from them or to the Trustees.

RESOLVED FURTHER THAT the charge/mortgage in favour of the consortium of banks/financial institutions/investment institutions/banks etc. as aforesaid shall rank pari-passu or subordinate or subservient to the existing or future charges already created/to be created in favour of the consortium of banks / financial institutions/investments institutions/Debenture Trustees/banks/any other authority as may be decided by the Board in consultation with the said lenders.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with the lenders, the debenture holders, their Agents or Trustees, the deeds and documents for creating the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the aforesaid resolution.

12. To consider and if thought fit, to pass the following resolution with or without modification, as a Special Resolution:

RESOLVED THAT consent of the Company be and is hereby accorded under the provisions of Section 180 (1) (c) and other applicable provisions if any, of the Companies Act, 2013, to the Board of Directors of the Company (the "Board") borrowing from time to time of such further sums of money as they may deem requisite for the purposes of the business of the Company, notwithstanding that monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which monies may be borrowed by the Board and outstanding shall not exceed the sum of Rs. 2000 crore (Rupees Two Thousand crores only) at any point of time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and things as may be necessary for giving effect to the aforesaid resolution.

13. To consider and if thought fit, to pass the following resolution with or without modification, as a Special Resolution:

RESOLVED THAT consent of the Company be and is hereby accorded to the Board of Directors of the Company under the provisions of sections 94 of the Companies Act, 2013 (the "Act") for keeping the Register of Members, Debentureholders, other security holders together with the Index of Members, Index of Debentureholders, other security holders (as required and maintained under section 88 of the Act) and copies of all annual returns prepared as also the copies of certificates and documents required to be annexed thereto (pursuant to section 92 of the Act) at the office of the Registrars & Share Transfer Agents, Link Intime India Pvt. Ltd., C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078 instead of at the Registered office of the Company at 31, Chowringhee Road, Kolkata 700 016.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary be authorized to do all such acts and things, including filing necessary intimation with the Registrar of Companies, as may be necessary for giving effect to the aforesaid resolution.

14. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the decision of the Board of Directors ("Board") of the Company upon recommendation of the Remuneration Committee (renamed now as Nomination & Remuneration Committee) and pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions, if any, read with Section 198 of the Companies Act, 2013 and the rules made thereunder, including the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, consent of the Company, be and is hereby accorded to the

re-appointment of Mr. M B Gadgil (holding DIN-01020055) as a Whole-time Director of the Company designated as "Executive Director" for a period of five (5) years effective from 1st July, 2014, on the terms and conditions of re-appointment and remuneration as contained in the Letter of Appointment dated 11th June, 2014, details of which are provided in the explanatory statement annexed to the notice convening the annual general meeting.

RESOLVED FURTHER THAT the Nomination & Remuneration Committee / Board of Directors be and are hereby authorised to alter and vary such terms of re-appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Nomination & Remuneration Committee / Board of Directors and Mr. M B Gadgil.

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the Executive Director shall be governed by Section II of Part II of Schedule V to the Companies Act, 2013 or any statutory modification thereof and the same shall be treated as the minimum remuneration payable to the said Executive Director.

15. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT the remuneration payable to the Cost Auditors of the various divisions / plants of the Company to conduct the audit of the cost accounting records maintained for the financial year ending March 31, 2015 as approved by the Board of Directors of the Company, on the recommendation of the Audit Committee and as detailed hereunder be and is hereby ratified.

Name of the Cost Auditors / Firm Registration No.	Location	@Remuneration in Rs.
Shome & Banerjee-Kolkata Reg. No. 000001	Durgapur, Bangalore Plant and Captive Power Plants	300,000
DBK Associates - Pune Reg. No. 00325	Satur, Ambad, Gonde & Captive Power Plants	200,000
B G Chowdhury & Co. - Kolkata Reg. No. 000064	Barauni	50,000
Mani & Co. - Kolkata Reg. No. 000004	Powmex Steel Division	40,000
N Radhakrishnan & Co. - Kolkata Reg. No. 00056	1.5 MW Link Canal	30,000

@ plus service tax and reimbursement of out of pocket expenses

By Order of the Board
For Graphite India Limited

Kolkata
June 12, 2014

B. Shiva
Company Secretary

NOTES:

- The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and the additional information pursuant to clause 49 of the Listing Agreement in respect of Directors proposed for re-appointment/ appointments at the Meeting are annexed hereto.
- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
- Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 29th July, 2014 to Tuesday, 12th August, 2014 (both days inclusive).
- Dividend on Equity Shares when sanctioned will be made payable to those shareholders whose name stand on the Company's Register of Members on 29th July, 2014. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose. Dividend on equity shares, if declared at the meeting will be paid/despatched by 26th August, 2014.
- Members are hereby informed that dividends which remain unclaimed/ unencashed over a period of 7 years have to be transferred by the Company to the Investor Education & Protection Fund (IEPF) established by the Central Government

under Sec. 205(C) of the Companies Act, 1956. Unclaimed / un-encashed dividend (Final dividend) declared by the Company for the year ended 31st March, 2007 would be transferred to the said fund in the last week of August, 2014.

Shareholders are advised to send all the unencashed dividend warrants to the Registered Office/ Mumbai office of the Company for revalidation and encash them immediately. Unclaimed/ Unencashed dividend upto the years ended 31st March, 2006 and Interim Dividend 2006-07 have already been transferred to the IEPF.

- g. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 5, 2013 (date of last Annual General Meeting) on the website of the Company (www.graphiteindia.com) as also on the Ministry of Corporate Affairs website (www.mca.gov.in)
- h. Members/Proxies should fill in the Attendance Slip for attending the meeting and bring their Attendance Slips along with their copy of the Annual Report to the Meeting. Members are requested to affix their signature at the space provided in the attendance slip with complete details including the Folio No. annexed to the proxy form and hand over the slip at the entrance of the place of meeting.
- i. Members are requested to notify change in their address, if any, immediately to the Company's Registrar, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mill Compound, L B S Marg, Bhandup (W), Mumbai 400 078 or to their Kolkata office at 59C, Chowringhee Road, 3rd Floor, Kolkata 700 020.
- j. All the documents referred in the accompanying notice will be available for inspection at the Registered Office of the Company between 10:00 a.m. and 2:00 p.m. on all working days till the date of ensuing Annual General Meeting.
- k. In terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, a company may give notice through electronic mode addressing to the person entitled to receive such e-mail as per the records of the company or as provided by the depository, provided that the company shall provide an advance opportunity at least once in a financial year, to the members to register their e-mail address and changes therein and such request may be made by only those members who have not got their email id recorded or to update a fresh email id and not from the members whose e-mail ids are already registered.

In view of the above, the Company hereby request members who have not updated their email IDs to update the same with their respective Depository Participant(s) or Link Intime Private Limited, Registrar and Transfer Agent (R&T) of the Company. Further, members holding shares in electronic mode also requested to ensure to keep their email addresses updated with the Depository Participants / R&T of the Company. Members holding shares in physical mode are also requested to update their email addresses by writing to the R&T of the Company quoting their folio number(s).

- l. In terms of Sections 107 and 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is providing the facility to its Members holding shares in physical or dematerialized form as on the cut-off date, being 4th July, 2014 to exercise their right to vote by electronic means on any or all of the businesses specified in the accompanying Notice. Details of the process and manner of e-voting along with the User ID and Password is being sent to all the Members along with the Notice.
- m. Ballot form for voting is also being sent alongwith this notice to the members to enable those who do not have access to e-voting facility to cast their vote on the resolutions, to be approved at the 39th AGM, by sending their assent or dissent in writing.
- n. Mrs. Swati Bajaj, Partner, M/s P.S. & Associates, Practicing Company Secretaries, Kolkata has been appointed to act as the scrutinizer to scrutinize the voting process.
- o. The Results declared along with Scrutinizer's Report(s) will be available on the website of the Company (www.graphiteindia.com) and on Service Provider's website (<https://www.evotingindia.com>) within two (2) days of passing of the resolutions and communication of the same to the BSE Limited and the National Stock Exchange of India Limited.

By Order of the Board
For Graphite India Limited

Kolkata
June 12, 2014

B. Shiva
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

ITEM NO. 5

Mr. Sanjiv Goenka, who was last appointed as Director liable to retire by rotation, under Companies Act, 1956 by the members at the 35th Annual General Meeting held on 29th July, 2010 is liable to retire at this Annual General Meeting. In terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013 ("Act"), the Board of Directors ("Board")

have reviewed the declaration made by Mr. Sanjiv Goenka that he meets the criteria of independence as provided in Section 149(6) of the Act and the Board is of opinion that he fulfills the conditions specified in the Act and the rules made thereunder and is independent of the management.

Mr. Goenka has been a director of the Company from 8th June, 2002. In terms of section 149(10) of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years. Any tenure of an Independent Director on the date of commencement of the Act shall not be counted as a term.

In view of the above provisions, the proposal for appointment of Mr. Sanjiv Goenka as Independent Director, not liable to retire by rotation, for a period of five years from 1st April, 2014 has been put up for the approval of members. His vast and successful experience in industry justifies his appointment as an Independent Director of the Company. The resolution is accordingly recommended for approval of the members.

Except Mr. Sanjiv Goenka, none of the Directors nor Key Managerial Personnel or their relatives are concerned or interested, whether financially or otherwise in the above resolution.

ITEM NO. 6

Mr. N S Damani, who was last appointed as Director liable to retire by rotation, under Companies Act, 1956 by the members at the 36th Annual General Meeting held on 25th July, 2011 is liable to retire at this Annual General Meeting. In terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013("Act"), the Board of Directors ("Board") have reviewed the declaration made by Mr. N S Damani that he meets the criteria of independence as provided in Section 149(6) of the Act, and the Board is of opinion that he fulfills the conditions specified in the Act and the rules made thereunder and is independent of the management.

Mr. N S Damani has been a director of the Company from 22nd February, 1993. In terms of section 149(10) of the Act, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years. Any tenure of an Independent Director on the date of commencement of the Act shall not be counted as a term.

In view of the above provisions, the proposal for appointment of Mr. N S Damani as Independent Director, not liable to retire by rotation, for a period of five years from 1st April, 2014 has been put up for the approval of members. His vast and successful experience in business justifies his appointment as an Independent Director of the Company. The resolution is accordingly recommended for approval of the members.

Except Mr. N S Damani, none of the Directors nor Key Managerial Personnel or their relatives are concerned or interested, whether financially or otherwise in the above resolution.

ITEM NO. 7

Mr. A V Lodha, who was last appointed as Director liable to retire by rotation, under Companies Act, 1956 by the members at the 36th Annual General Meeting held on 25th July, 2011 is liable to retire at this Annual General Meeting. In terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013("Act"), the Board of Directors ("Board") have reviewed the declaration made by Mr. A V Lodha that he meets the criteria of independence as provided in Section 149(6) of the Act and the Board is of opinion that he fulfills the conditions specified in the Act and the rules made thereunder and is independent of the management.

Mr. A V Lodha has been a director of the Company from 29th December, 1992. In terms of section 149(10) of the Act, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years. Any tenure of an Independent Director on the date of commencement of the Act shall not be counted as a term.

In view of the above provisions, the proposal for appointment of Mr. A V Lodha as Independent Director, not liable to retire by rotation, for a period of five years from 1st April, 2014 has been put up for the approval of members. His vast and varied experience in accounting & financial fields justifies his appointment as an Independent Director of the Company. The resolution is accordingly recommended for approval of the members.

Except Mr. A V Lodha, none of the Directors nor Key Managerial Personnel or their relatives are concerned or interested, whether financially or otherwise in the above resolution.

ITEM NO. 8

Mr. P K Khaitan was last appointed as a Director of the Company at the 38th Annual General Meeting held on 5th August, 2013. In terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013("Act"), the Board of Directors ("Board") have reviewed the declaration made by Mr. P K Khaitan that he meets the criteria of independence as provided in Section 149(6) of the Act and the Board is of opinion that he fulfills the conditions specified in the Act and the rules made thereunder and is independent of the management.

Mr. P K Khaitan has been a director of the Company from 8th June, 2002. In terms of section 149(10) of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years. Any tenure of an Independent Director on the date of commencement of the Act shall not be counted as a term.

In view of the above provisions, the proposal for his appointment as Independent Director, not liable to retire by rotation, for a period of five years from 1st April, 2014 has been put up for the approval of members. His vast and varied experience in the legal field justifies his appointment as an Independent Director of the Company. The resolution is accordingly recommended for approval of the members.

Except Mr. P K Khaitan, none of the Directors nor Key Managerial Personnel or their relatives are concerned or interested, whether financially or otherwise in the above resolution.

ITEM NO. 9

Dr. R Srinivasan was last appointed as a Director of the Company at the 37th Annual General Meeting held on 3rd August, 2012. In terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013 ("Act"), the Board of Directors ("Board") have reviewed the declaration made by Dr. R Srinivasan that he meets the criteria of independence as provided in Section 149(6) of the Act and the Board is of opinion that he fulfills the conditions specified in the Act and the rules made thereunder and is independent of the management.

Dr. R Srinivasan has been a director of the Company from 12th October, 1993. In terms of section 149(10) of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years. Any tenure of an Independent Director on the date of commencement of the Act shall not be counted as a term.

In view of the above provisions, the proposal for his appointment as Independent Director, not liable to retire by rotation, for a period of five years from 1st April, 2014 has been put up for the approval of members. His vast experience in banking and finance justifies his appointment as an Independent Director of the Company. The resolution is accordingly recommended for approval of the members.

Except Dr. R Srinivasan, none of the Directors nor Key Managerial Personnel or their relatives are concerned or interested, whether financially or otherwise in the above resolution.

ITEM NO. 10

Mr. N Venkataramani was last appointed as a Director of the Company at the 37th Annual General Meeting held on 3rd August, 2012. In terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013 ("Act"), the Board of Directors ("Board") have reviewed the declaration made by Mr. N Venkataramani that he meets the criteria of independence as provided in Section 149(6) of the Act and the Board is of opinion that he fulfills the conditions specified in the Act and the rules made thereunder and is independent of the management.

Mr. N Venkataramani has been a director of the Company from 29th November, 2001 and was a Wholetime Director of the Company designated as Executive Director till 30th June, 2009. He was a non-independent director of the Company from 1st July, 2009 till 31st March, 2013 and became an Independent Director w.e.f. 1st April, 2013. In terms of section 149(10) of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years. Any tenure of an Independent Director on the date of commencement of the Act shall not be counted as a term.

In view of the above provisions, the proposal for his appointment as Independent Director, not liable to retire by rotation, for a period of five years from 1st April, 2014 has been put up for the approval of members. His 'on the job' experience of working in the Company is of immense help to the Company, which justifies his appointment as an Independent Director of the Company. The resolution is accordingly recommended for approval of the members.

Except Mr. N Venkataramani, none of the Directors nor Key Managerial Personnel or their relatives are concerned or interested, whether financially or otherwise in the above resolution.

ITEM NO. 11

Approval of the members of the Company by way of an Ordinary Resolution was obtained to create security on the Company's immovable/movable assets in favour of its lenders under Section 293(1) (a) of the Companies Act, 1956 upto a limit of Rs.1500 crore in the Annual General Meeting held on 3rd August, 2012. Section 180 (1) of the Companies Act, 2013 now requires consent of the Company by way of a Special Resolution(s) be obtained in relation to certain powers exercised by the Board of the Company. It is accordingly proposed to obtain members approval by way of a Special Resolution authorizing the Board to create security on its immovable/movable assets upto a limit of Rs. 2000 crore in favour of its lenders.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, whether financially or otherwise, in the resolution except to the extent of their shareholding, if any, in the Company.

ITEM No. 12

At the Annual General Meeting of the Company held on the 28th July, 2008, consent of the members by way of an Ordinary Resolution was obtained under section 293 (1) (d) of the Companies Act, 1956 authorising the Board of Directors to borrow up to a maximum amount of Rs.1500 crore, irrespective of the fact that such amount together with the moneys already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) exceeded the aggregate of the paid-up share capital and free reserves of the Company. Section 180 (1) of the Companies Act, 2013 now requires that consent of the Company by way of a Special Resolution(s) be obtained in relation to certain powers exercised by the Board of the Company. It is therefore proposed to obtain consent of the Company by way of a Special Resolution authorizing the borrowings as aforesaid upto a limit of Rs.2000 crore. The resolution is proposed accordingly.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution except to the extent of their shareholding, if any, in the Company.

ITEM No. 13

More than one tenth of the total number of members entered in the register of members reside in Mumbai. Pursuant to the provisions of Section 94 of the Companies Act, 2013 ("Act") it is proposed to keep and maintain the registers / records/ returns under sections 88 and 92 of the Act at the office of the Registrars and Share Transfer Agents of the Company which is located in Mumbai by passing special resolution by the members of the Company. As the main server of the Registrars and Share Transfer Agents are located in Mumbai, the resolution is proposed accordingly as a matter of abundant caution. The records as presently available in Kolkata would continue to be so available. Copy of the proposed special resolution will be submitted to the Registrar of Companies, West Bengal as per the requirement.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution.

ITEM No. 14

The Board of Directors of the Company ("Board"), upon the recommendation of the Remuneration Committee (now renamed as Nomination & Remuneration Committee), re-appointed Mr. M B Gadgil as the Whole-time Director of the Company designated as "Executive Director" vide Board Resolution dated 9th May, 2014 for a period of five years with effect from 1st July, 2014 at the remuneration and on the terms and conditions as contained in the Letter of Appointment dated 11th June, 2014.

The approval of the members is accordingly being sought for re-appointment and payment of remuneration to Mr. M B Gadgil as the Whole-time Director as per the resolution. Copy of the Letter of Appointment is open for inspection at the Registered Office of the Company on all working days of the Company between 10.00 a.m. to 2.00 pm on all working days upto the date of the meeting and also at the meeting. The resolution is accordingly recommended for approval of the members.

Mr. M B Gadgil aged 61 years is a qualified engineer and has completed business management studies. He has been with the Company since 1978 and has a rich experience in the graphite electrode industry. He holds 2000 equity shares of the Company. He was the 'President' of the Company prior to his elevation as Executive Director on July 1, 2009. He is not a director of any other company.

Except Mr. M B Gadgil, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution.

The abstract of the terms and conditions of appointment of Mr. M. B. Gadgil as Executive Director as contained in the said letter with memorandum of interest is set out below:

1. The re-appointment of Mr. M. B. Gadgil as a Whole-time Director designated as 'Executive Director' of the Company is for a period of five years w.e.f. 1st July, 2014.

Mr. M. B. Gadgil shall devote the whole of his time and attention to his services as Whole-time Director of the Company and shall under the superintendence, control and direction of the Board perform the duties and exercise the powers as may from time to time be entrusted to or conferred upon by the Board.

2. In consideration of his services as Executive Director, Mr. M. B. Gadgil shall receive the following by way of remuneration:
 - (i) Salary : At the rate of Rs.385,000/- (Rupees Three lacs Eighty Five Thousand only) per month or such sum as may from time to time be determined by Nomination & Remuneration Committee/ Board.
 - (ii) Perquisites : Such perquisites and allowances as are or may from time to time be allowed to senior Executives of the Company or as may from time to time be determined by the Nomination & Remuneration Committee/ Board.

(iii) Minimum Remuneration:

Notwithstanding anything herein contained, where in any financial year during the period of his office as Executive Director, the Company has no profits or its profits are inadequate, the Company may, subject to the requisite approvals if any, pay Mr. M B Gadgil such remuneration as may from time to time be determined and allocated by the Nomination & Remuneration Committee / Board depending upon the effective capital of the Company as per Section II of Part II of Schedule V of the Companies Act, 2013 ("Act") or any statutory modification or amendment thereof.

(iv) In addition to the above, he shall also be entitled to such commission, if any, as may be determined by the Nomination & Remuneration Committee / Board provided the aggregate of the salary, perquisites and commission for any financial year shall not exceed 5% of the net profits of the Company for that year computed in the manner referred to in Section 198 of the Act.

3. He shall be entitled to earned/ privilege leave on full pay and allowances as per the Rules of the Company.
4. Notwithstanding anything herein contained either party, shall be entitled to determine his appointment by giving three months' notice in writing in that behalf to the other party and on the expiry of the period of such notice, his appointment shall stand terminated. The Company shall also be entitled to terminate his appointment on giving him three months' salary as specified in clause 2(i) above in lieu of three month's notice required to be given under this clause.
5. The appointment and remuneration of Mr. M B Gadgil as the Whole-time Director of the Company (designated as "Executive Director") requires the approval of the members of the Company in general meeting in terms of paragraph (1) of Part III of Schedule V to the Act.
6. Mr. M. B. Gadgil as the Whole-time Director is concerned or interested in the resolution. None of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution.

ITEM NO. 15

Upon the recommendation of Audit Committee, the Board of Directors of the Company approved appointment of the cost auditors for the various divisions/ plants of the Company on remuneration as detailed in the resolution. Ratification is sought from the members of the Company for payment of remuneration as approved by the Board and detailed in the resolution, pursuant to Rule 14 (a) (ii) of Companies (Audit and Auditors) Rules, 2014.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution.

Profile of Directors being appointed / re-appointed in the order of the items mentioned in the notice

Mr. K. K. Bangur aged 53 years, Chairman of the Company is an industrialist of repute. He has been exposed to business and industry at an early age and has more than 25 years of experience in managing the affairs of companies and its business activities. He has been a director of the Company since July 1988 and Chairman since July 1993. He is a past President of All India Organization of Employers (AIOE) and Member, Board of Governors of Indian Institute of Social Welfare and Business Management (IISWBM) and a past Chairman of Council of Indian Employers (CIE). He is a past President of Indian Chamber of Commerce, Kolkata and Executive Committee member of FICCI. He is Chairman of the Shareholders / Investors Grievance Committee (renamed now as 'Stakeholders Relationship Committee'), 'Committee for Borrowings' and 'Investment Committee' of the Company. As per Company records, he holds 510885 shares of the Company including 50500 equity shares held as Karta of HUF & 199505 equity shares on behalf of Family Welfare Trust.

Other Directorships

	Name of the Company	Position
1	The Bond Company Limited	Chairman
2	Carbon Finance Limited	Chairman
3	Emerald Company Limited	Chairman
4	H.L. Investment Co. Limited	Chairman
5	RPG Enterprises Limited	Director
6	Shree Laxmi Agents Limited	Chairman
7	West Bengal Properties Limited	Director
8	Innovative Properties Pvt. Limited	Chairman
9	The Marwar Textiles (Agency) Pvt. Ltd.,	Director

Committee Membership of other companies - NIL

Mr. Sanjiv Goenka aged 53 years, son of Late Dr. Rama Prasad Goenka, is the Chairman of Rs.140 billion RP-Sanjiv Goenka Group. Mr Goenka's companies are involved in power generation, distribution, coal mining, retailing, carbon black, plantation, music, media, entertainment, infrastructure, BPO and others. Mr. Goenka is a Hons. Graduate in Commerce from the famed St. Xavier's, Kolkata

A former President of Confederation of Indian Industries (CII) and All India Management Association (AIMA), Mr Goenka was a member of the Prime Minister's Council of Trade & Industry. He served as Chairman, Board of Governors, Indian Institute of Technology, Kharagpur for a number of years and is currently a Member, Board of Governors, International Management Institute - Kolkata, Delhi and Bhubaneswar. Mr Goenka is Honorary Consul of Canada in Kolkata. He does not hold any shares in the Company.

Other Directorships

	Name of the Company	Position
1	CESC Ltd.	Chairman
2	Phillips Carbon Black Ltd.	Chairman
3	Saregama India Limited.	Chairman
4	Spencer International Hotels Ltd.	Chairman
5	Spencer and Company Ltd.	Chairman
6	Harrisons Malayalam Ltd.	Chairman
7	Firstsource Solutions Limited	Chairman
8	Woodlands Multispeciality Hospital Limited	Chairman
9	RPG Enterprises Ltd.	Vice Chairman
10	Noida Power Company Ltd.	Director
11	Eveready Industries India Ltd.	Director
12	STEL Holdings Limited	Director

Other Committee Memberships

	Name of the Company	Committee	Position
1	Saregama India Ltd.	Shareholders Grievance Committee	Chairman
2	Eveready Industries India Ltd.	Remuneration Committee	Member

Mr. N S Damani aged 61 years is an industrialist and presently Chairman & Managing Director of Simplex Realty Limited. He is a Bachelor of Science from University of Mumbai and has completed business management studies. He has around 40 years experience in business and industry. He does not hold any shares in the company.

Other Directorships

	Name of the Company	Position
1	Simplex Realty Limited	Chairman & MD
2	Simplex Renewable Resources Pvt. Ltd.	Director
3	The Nav Bharat Refrigeration & Industries Ltd.	Director
4	New Textiles Private Limited	Director
5	Shreelekha Global Finance Limited	Director
6	Lucky Vyapaar & Holdings Pvt. Limited	Director
7	Enas Foundation (U/s 8)	Director

Other Committee Membership

	Name of the Company	Committee	Position
1	Simplex Realty Limited	Stakeholders Relationship Committee	Member
2	The Nav Bharat Refrigeration & Industries Ltd.	Stakeholders Relationship Committee Nomination & Remuneration Committee	Member Member

Mr. A V Lodha, aged 48 years is a qualified Chartered Accountant and is the Country Managing Partner of Lodha & Co. He has over 27 years of experience in providing advisory services to a diverse client base across a wide spectrum of industries. He has handled various consultancy assignments in fields of corporate restructuring, mergers & acquisitions, joint ventures, collaborations, business strategy etc. He has also assisted large Indian corporates to raise resources from the overseas capital markets and also advises many clients on market investments. Mr Lodha served as the President of

the Indian Chamber of Commerce (ICC), Kolkata twice i.e. in 1998-99 and in 2001-02 in its 75th year (Platinum Jubilee Year) as well as served as the Chairman of its Banking and Finance Committee. He has also served as a Member of The National Council of CII (Confederation of Indian Industry) and was National Committee Chairman of its Accounting Standards & Corporate Disclosures and Tax Committees. He served as a member of the High Level Naresh Chandra Committee for corporate audit and governance, appointed by the Government of India, Governing Body of Indian Council of Arbitration, Governing Council of the Central Manufacturing Technology Institute, Bangalore, Peer Review Board of Institute of Chartered Accountants of India, Industrial Development Bank of India's Eastern Regional Advisory Board, State Advisory Board on Investment Promotion in Tripura and is the Hon. Secretary of the Alumnorum Societas, the old boys association of St. Xavier's Collegiate School, Kolkata. He does not hold any shares in the Company. He is Chairman of the Audit Committee and member of Nomination & Remuneration Committee and Investment Committee of the Company.

Other Directorships

	Name of the Company	Position
1	Alfred Herbert (India) Ltd.	Chairman
2	Herbert Holdings Ltd.	Director
3	Shalimar Paints Ltd.	Director

Other Committee Membership

	Name of the Company	Committee	Position
	Shalimar Paints Ltd.	Shareholders' Grievance Committee	Chairman
		Audit Committee	Member
		Remuneration Committee	Member

Mr. P. K. Khaitan, aged 73 years an L.L.B. Attorney-at-Law (Bell Chambers Gold Medalist), is currently the partner of Messrs. Khaitan & Co, Advocates. He specializes in the areas of commercial, corporate and tax law, in addition to arbitration, joint ventures, merger & acquisition, restructuring and de-mergers. He is the member of the Bar Council of India, the Bar Council of West Bengal, the Incorporated Law Society, Calcutta and the Indian Council of Arbitration, New Delhi. He also has the trusteeship of educational and charitable institutions to his credit. He is the Chairman of the 'Nomination & Remuneration Committee' and member of the 'Stakeholders Relationship Committee' and 'Committee for Borrowings' of the Company. He does not hold any shares in the Company.

Other Directorships

	Name of the Company	Position
1	CESC Limited	Director
2	Dalmia Bharat Limited	Director
3	Dhunseri Pertochem & Tea Limited	Director
4	Electrosteel Castings Limited	Director
5	India Glycols Limited	Director
6	OCL India Limited	Director
7	Saregama India Limited	Director
8	Warren Tea Limited	Director
9	Woodlands Multispeciality Hospital Limited	Director
10	Emami Limited	Director

Other Committee Membership

	Name of the Company	Committee	Position
1	CESC Limited	Finance & Forex Committee	Member
		Remuneration Committee	Chairman
2	Dhunseri Petrochem & Tea Limited	Remuneration Committee	Member
3	Woodlands Multispeciality Hospital Limited	Share Allotment Committee	Chairman

Dr. R. Srinivasan aged 83 years, has more than 40 years of experience in the banking industry. He holds a Doctorate in Banking from Bombay University and is an Associate & Fellow of Indian Institute of Banking & Finance. He held various

positions in banks and finally as Chairman and Managing Director of New Bank of India, Allahabad Bank and Bank of India. He has been a director of the Company since October 1993. He was Chairman of Indian Banks Association for several years, a director of IDBI, Discount & Finance House of India, New India Assurance Co. Ltd. & ECGC. He was also on various high level Committees constituted by RBI. He is a member of the 'Audit Committee' and 'Nomination & Remuneration Committee' of the Company. He does not hold any shares of the Company.

Other Directorships

	Name of the Company	Position
1	J Kumar Infraprojects Limited	Director
2	Elder Pharmaceuticals Limited	Director
3	McLeod Russel India Limited	Director
4	Goldiam International Limited	Director
5	Shalimar Paints Limited	Director
6	Williamson Magor & Co. Limited	Director
7	JM Financial Trustee Co. Pvt. Ltd.	Director
8	Nayamode Solutions Pvt. Ltd.	Chairman
9	Snowcem Paints Pvt. Ltd.	Director
10	New Turn Consulting Pvt. Ltd.	Director

Other Committee Memberships

	Name of the Company	Committee	Position
1	J Kumar Infraprojects Ltd.	Audit Committee Remuneration Committee	Member Chairman
2	Elder Pharmaceuticals Ltd.	Investor Grievance Audit Committee Remuneration Committee	Chairman Member Chairman
3	McLeod Russel India Limited	Audit Committee Remuneration Committee	Chairman Member
4	Goldiam International Limited	Audit Committee	Member
5	Shalimar Paints Limited	Audit Committee	Chairman
6	Williamson Magor & Co. Limited	Remuneration Committee Audit Committee	Chairman Member

Mr. N. Venkataramani aged 68 years, is a qualified engineer with rich experience in managing business enterprises. He was associated with the Company from October, 1988 till September, 1995. He was thereafter with GKW Ltd. as President of its Cement division till April 1998 and President of its Bolt & Nut division from May, 1998 till May, 2001 and then joined the erstwhile Graphite India Limited in June, 2001. He was elevated to the post of Executive Director in September, 2001 which he held till his retirement on June 30, 2009. He is a member of Audit Committee of the Company. He holds 7000 shares in the Company jointly with his wife. He was appointed as a non-independent director of the Company w.e.f. 11.10.2009 and qualified w.e.f 1.4.2013 to be an independent director of the Company.

Other Directorships

	Name of the Company	Position
1	Carbon Finance Ltd	Director
2	Mercury Precision Products Pvt. Ltd.	Director
3	Vinay Auto Parts Pvt Ltd.	Director
4	Ushas Autogears Pvt Ltd	Director

Other Committee membership - NIL

By Order of the Board
For Graphite India Limited

Kolkata
June 12, 2014

B. Shiva
Company Secretary

Instructions for electronic voting

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select "Graphite India Limited" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. * In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. * Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field .

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for Graphite India Limited.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- * Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- * They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- * After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- * The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- * They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(B) The voting period begins on August 6, 2014 (10.00 a.m.) and ends on August 8, 2014 (6.00 p.m). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on July 4, 2014 (the cut-off date), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

DIRECTORS' REPORT

The Directors have pleasure in presenting their Thirty Ninth Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2014.

Financial Results

Rs. in Crore

Particulars	2013-14	2012-13	2013-14	2012-13
	Graphite India Limited		Graphite India Limited Consolidated	
Revenue from Operations (Gross)	1844.89	1836.18	2086.09	2020.14
Profit for the year after charging all Expenses but before providing Finance Costs, Depreciation and Tax	324.48	305.26	294.77	309.86
Finance Costs	16.96	22.14	23.89	30.69
Profit before Depreciation and Tax	307.52	283.12	270.88	279.17
Depreciation and Amortisation Expense	53.60	50.04	58.10	62.01
Profit before Tax	253.92	233.08	212.78	217.16
Tax Expense for the Current Year				
Current Tax	88.37	55.79	90.59	57.97
MAT Credit	—	—	—	(0.35)
Deferred Tax	(5.37)	24.21	(5.37)	25.47
Tax Expense - Write Back relating to Earlier Years (Net)	—	(10.00)	(2.32)	(0.34)
Profit for the Year	170.92	163.08	129.88	134.41
Balance as at the beginning of the Year	207.97	224.89	270.19	316.56
Amount available for appropriation	378.89	387.97	400.07	450.97
Appropriations :				
Transfer to General Reserve	100.00	100.00	100.00	100.00
Transfer to Reserve Fund	—	—	0.36	0.78
Proposed Dividend on Equity Shares	68.38	68.38	68.38	68.38
Dividend Tax	11.62	11.62	11.62	11.62
Balance as at the close of the Year	198.89	207.97	219.71	270.19
	378.89	387.97	400.07	450.97

BUSINESS REVIEW

The Central Statistics Office (CSO) has estimated that the Indian economy is likely to register a growth rate of 4.9 per cent in 2013-14. This growth is significantly lower in comparison to the average of 7.6 per cent during 2004-05 to 2013-14. It is further stated that the sub-5 per cent growth of the economy in 2013-14 is primarily the result of the continued slowdown in the industrial sector that is estimated to grow at 0.7 per cent in 2013-14 and lower growth in the 'trade, hotels, transport and communications' segment of the service sector. On the brighter side, agriculture, electricity, gas and water supply, financial, insurance, real estate & business services and community as well as social & personal services sector are projected to have grown at faster

rates in 2013-14 vis-à-vis 2012-13. The World Economic Outlook (WEO) update released by the International Monetary Fund in January 2014 has revised the growth projection for the world economy slightly upwards to 3.0 per cent and 3.7 per cent for 2013 and 2014 respectively. From 2014 onwards, global growth prospects are projected to improve over the medium term at a gradual pace. In India, several reform measures have been undertaken including clearance of several large projects by the Cabinet Committee on Investment. These steps could help in revival of investment and growth in the economy. In addition, resurgence of exports, prospects of revival in the global economy and moderation in inflation observed recently, point to a better outlook for the Indian economy in 2014-15 vis-à-vis 2013-14.

GRAPHITE INDIA

The Company posted a flat revenue during the year amidst continuing weak economic conditions, inflationary trends, contraction in manufacturing output and resulting sluggish demand faced by the user industries throughout the year, both globally and domestically. Revenue from Operations was Rs. 1,844.89 crore for FY 2013-14 as against Rs. 1,836.18 crore in the previous year. Production of steel through EAF route remained at the same level resulting in no growth in demand of Graphite Electrodes. The slide in price of Graphite Electrodes, which started in last year due to fierce competition, was steeper during the year. The year also witnessed reduction in major input costs. Reduction in input costs together with cost reduction initiatives and better inventory management could result in improved performance of the Company. The PAT of Rs. 170.92 crore for the current year was higher by 5% in comparison to Rs. 163.08 crore of previous year.

The Company's Graphite and Carbon Segment continues to be the main source of revenue and profit for the Company, accounting for about 92% of the total revenue. Exports suffered set back during the year due to weak performance by the Company's subsidiary in Germany. Glass Reinforced Plastic Pipes and Steel segment did not perform to expectation due to weak demand and unsustainable prices.

The business environment in all segments has become intensely competitive. In order to sustain and survive through this difficult phase, the Company has taken extraordinary measures in ensuring efficient management of all resources, innovative approach to cost reduction and high level of operating efficiencies.

The performance of the German subsidiaries suffered due to steep fall in selling prices and weak demand scenario in Europe.

DIVIDEND

The Directors are pleased to recommend the payment of Dividend @ Rs. 3.50 per equity share on equity shares of Rs. 2/- each.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(i) Industry's structure and developments

A. Graphite and Carbon Segment

Graphite Electrodes

Graphite Electrode is used in electric arc furnace (EAF) based steel mills for conducting current that melts scrap iron and steel and is a consumable item for the steel industry. An increasing proportion of global steel is made using electric arc furnaces, and the electric arc furnace itself is getting more efficient, making more steel per

tonne of electrode. The principal manufacturers are based in USA, South America, Europe, India, China, Malaysia and Japan.

Graphite Electrode demand is primarily linked with the global production of steel in electric arc furnaces. Between the two basic routes for steel production - (1) Blast Furnace (BF); and (2) Electric Arc Furnace (EAF) - the EAF route to steel production has increased over the last two decades to about 30% at the global level. The share of EAF is expected to grow further in years to come due to its inherent favourable characteristics of (a) an environment friendly and less polluting production process; (b) low capital cost; and (c) faster project (commissioning) time. Fresh investments in EAF steel mills are characterised by large furnace capacities requiring large diameter UHP Electrodes. It is expected that the demand for UHP Electrodes too will grow synchronously. These industry features coupled with an increasing proportion of EAF steel share in total crude steel production in future should proportionately augment the demand for Graphite Electrodes.

Stagnant demand, intense competition and sliding sales price continued to push challenges during the year. This is compounded by liberalisation of import tariff for these items by the Government in new FTA regime. On the other hand, Graphite Electrodes from India are subject to levies in some countries making imports dearer for overseas consumers.

The Government of India has also reduced rate of duty drawback on Graphite Electrodes from 4% to 3% with a cap of Rs. 3,200 / MT with effect from 22nd September, 2013. This has impaired competitiveness of Indian electrode industry.

The new facility for production of 20,000 MT of Graphite Electrodes at Durgapur has fully stabilised. Upgraded technology deployed in this facility has resulted in improved quality and efficient cost of production.

Calcined Petroleum Coke and Paste

The Coke Division in Barauni, engaged in the manufacture of Calcined Petroleum Coke (CPC), which is used as a raw material for certain grades of electrodes, is one of the several backward integration initiatives of the Company. The Division also makes Carbon Electrode Paste and Carbon Tamping Paste. Two grades of CPC - aluminium and graphite - are produced here. CPC is a raw material used in the manufacture of regular and high power grade Graphite Electrodes. This is also a critical raw material for fine grained high density graphite used in speciality graphite products and impervious graphite equipment. Carbon Electrode Paste is used in ferro alloy smelters and Carbon Tamping Paste is used as a lining material in submerged arc furnaces.

This division could not perform to expectations because of poor demand, low realisation and constraint in supply

of basic raw material i.e. raw petroleum coke.

Impervious Graphite Equipment

The Impervious Graphite Equipment (IGE) Division is engaged in manufacturing and marketing of heat exchangers, ejectors, pumps and turnkey plants. These have a wide range of applications in corrosive chemicals industries such as pharmaceutical, agro-chemical, chloro alkali and fertilizer industries.

Over the years the Company has built this product line into a reliable brand with a reputation for prompt service, good quality and consistent performance through investing in strengthening the core competencies.

This division has maintained its performance inspite of difficult economic environment.

DGFT has amended export licensing requirement for SCOMET items which would help in speedy execution of export orders.

Captive Power

Power constitutes one of the major costs of Electrode Production. For captive consumption, the Company has an installed capacity of 31.5 MW of power generation through Hydel (18 MW) route and 13.5 MW through multi-fuel route. Power generation through Hydel Power Plant was higher to 52.54 million units as against 29.48 million units in the previous year due to very good monsoon. The multi fuel power generating sets remained as stand-by owing to adequate availability of power from the grid.

The Company terminated the Power Delivery Agreement (PDA) and Shares Subscription Agreement (SSA) with Wardha Power Co. Ltd. (WPCL) and invoked the arbitration clause last year. Arbitration proceedings are underway.

B. Steel Segment

Powmex Steels Division (PSD) is engaged in the business of manufacturing high speed steel and alloy steel having its plant at Titilagarh in the State of Orissa. PSD is the single largest manufacturer of High Speed Steel (HSS) in the country. HSS is used in the manufacture of cutting tools such as drills, taps, milling cutters, reamers, hobs, broaches and special form tools. HSS cutting tools are essentially utilised in - (a) automotive; (b) machine tools; (c) aviation; and (d) DIY market. The industry is characterised by one good quality manufacturer of HSS viz. PSD and several other small manufacturers who cater to the low end of the quality spectrum in the retail segment. On the demand side, the industry is broadly divided into large and small cutting tool manufacturers who use both domestic and imported HSS. PSD faces competition from small domestic producers and imports from large overseas manufacturers.

During the year under review, domestic market for HSS

products continued to be subdued. However, the division was able to increase exports, and proposes to concentrate on this market for achieving higher volumes and better value addition in the coming year. With pick up in economic activity, it is expected that domestic sales of HSS products will improve progressively.

C. Other Segments

Glass Reinforced Plastic Pipes and Tanks (GRP)

GRP Division is engaged in manufacturing of large diameter Glass Fibre Reinforced Plastic Pipes and Pipeline liners, by continuous filament process with computerized, advanced technology. These pipes have diverse applications such as water supply projects, power plants, sewerage disposal schemes, industrial effluent disposal, etc.

The Company has a good track record of supplying large diameter pipes in major infrastructure projects. During the year, the performance of the Division has remained below par due to severe under cutting of prices by competitors. Further, the Division had to face cost pressures on account of rising input prices and general inflationary economy. The market is increasingly getting flooded with small competitors owing to low technological requirement and low investment involved, resulting in unhealthy competition. Project cost over-runs, delay in completion of projects, disputes on contractual defaults and non-receipt of receivables are the several inherent risks in this business. Thus, it has become difficult to operate in this unpredictable business environment and the Company has become selective in picking its orders. This industry is expected to consolidate in the near future with closure of operations by one big manufacturer and likely closure of some other weak manufacturers.

The performance of the division was not satisfactory during the period under review due to severe competition. A big order has been received during the year from NTPC which will be executed in next year.

1.5 MW Hydel Power Facility

Power generated from this facility is sold to Karnataka Power Grid under a Power Purchase Agreement. Generation of power is entirely dependent on monsoon.

(ii) Opportunities and threats

India has acquired a strategic position on the global steel map, from the growing demand from infrastructure, real estate and automobile sector. India was ranked as the world's fourth largest crude steel capacity in 2011-12 and is expected to become the second largest producer of crude steel in the world by 2015-16. India is also one of the world's largest producers of sponge iron. The World Steel Association forecasts that global apparent steel use will increase by 3.1% to 1,527 Mt in 2014 following growth of 3.6% in 2013. In 2015, it is forecast

that world steel demand will grow further by 3.3% and will reach 1,576 Mt. In 2013 world steel demand grew higher due to a stronger than expected performance in the developed world in the second half of the year. Domestic steel industry is strengthening production capacity in view of rising demand from infrastructure, automobile, construction, railway sector, etc. The demand landscapes for steel is expected to change in the medium to long term as the new Government is expected to increase spend on the infrastructure sector.

In the medium to long term, this augurs well for the domestic Graphite Electrode industry. But the short-term challenges such as: (a) less than projected GDP growth leading to softening of demand for steel, (b) disruption in supply of primary inputs to the EAF steel mills like consistent and adequate supply of quality power at affordable tariff, and soaring prices of scrap may perhaps restrict the production of steel through the EAF route. It may also put on hold some of the investment / expansion plans.

The Company is exposed to the threat of the cyclical nature of the steel demand as also to the risks arising from the volatility in the cost of input materials. The Company also faces the challenge in its domestic market, due to large scale import of graphite electrodes. Liquidity is a big issue for domestic steel industry which may result in increase in bad debts.

Volumes and business prospects, in general, would be impacted by factors like: (a) Uncertainty about the economic recovery in 2013-14; (b) doubts about the early resolution of the crisis in the euro area; (c) doubts about the pace of withdrawal of the fiscal support in the US.

While the Company is equipped and geared to face these business challenges, it is hopeful of realising its business goals, subject to a positive revival of the business environment.

(iii) Segment-wise Performance

Revenue of the Company

The revenue from operations amounted to Rs. 1,844.89 crore as against Rs. 1,836.18 crore in the previous year. Aggregate Export Revenue of all divisions together was Rs. 1,083.04 crore as against Rs. 1,163.62 crore in the previous year.

Graphite and Carbon Segment

Production of Graphite Electrodes and Other Miscellaneous Carbon and Graphite Products during the year under review was 68,094 MT against 67,583 MT in the previous year.

Production of Calcined Petroleum Coke during the year was 20,709 MT as against 24,183 MT in the previous year.

Production of Carbon Paste during the year was 7,905 MT against 6,303 MT in the previous year.

Production of Impervious Graphite Equipment (IGE) and spares at 1,121 MT was higher as compared to that of 1,013 MT in the previous year.

Power generated from captive Hydel Power Plant of 18 MW capacity amounted to 52.54 million units during the year as against 29.48 million units in the previous year. Multi-fuel generating facilities remained as stand-by and were not operated due to adequate availability from the grid.

The Segment Revenue remained flat at Rs. 1,704.77 crore in comparison to Rs. 1,700.83 crore in the previous year. Domestic and Export sales in terms of volume increased during the year but realization impacted adversely due to severe competition. Profitability of the segment increased from Rs. 278.66 crore to Rs. 294.02 crore due to increase in volume, various cost initiatives taken by the Company, depreciation of rupee, etc.

Steel Segment

Production of HSS and Alloy Steels was 1,454 MT during the year as against 1,620 MT in the previous year.

Other Segments

The GRP Division produced 9,630 MT as against 4,298 MT in the previous year.

Sale of power from 1.5 MW Link Canal facility was 3.14 million units as against 2.05 million units in the previous year.

(iv) Outlook

As per the April-2014 update of the IMF World Economic Outlook (WEO), Global activity has broadly strengthened and is expected to improve further in 2014-15, with much of the impetus for growth coming from advanced economies. Although downside risks have diminished overall, lower-than-expected inflation poses risks for advanced economies. There is increased financial volatility in emerging market economies, and increases in the cost of capital will likely dampen investment and weigh on growth. Advanced economy policymakers need to avoid a premature withdrawal of monetary support. Emerging market economy policymakers must adopt measures to suit the changing fundamentals, facilitate external adjustment, further monetary policy tightening, and carry out structural reforms.

According to indications and forecasts, the International Monetary Fund (IMF) sees economic recovery on the back of global cues. The IMF has projected India's economy to grow by 5.4% in 2014-15 and 6.4% in 2015-16 on the back of strengthening global growth, improving export competitiveness and implementation of recently approved investment projects. In its latest World Economic

Outlook (WEO), the IMF said overall growth is expected to firm up on policies supporting investment and a confidence boost from recent policy actions, but will remain below trend. IMF said the global recovery is becoming broader, but the changing external environment poses new challenges to emerging markets and developing economies. The multilateral agency forecasts global growth to average 3.6% in 2014 - up from 3% in 2013 - and to rise to 3.9% in 2015.

Annual production for Asia was 1,080.9 Mt of crude steel in 2013, an increase of 6.0% compared to 2012. The region's share of world steel production increased slightly from 65.7% in 2012 to 67.3% in 2013. India's crude steel production in 2013 is estimated at 81.2 Mt as against 77.3 Mt in 2012, an increase of 5.1% on 2012.

The Indian steel sector has grown substantially during the last decade, registering a strong demand push in the last five years. The steel demand in India is expected to grow by 3.3% to 76.2 Mt in 2014, following 1.8% growth in 2013, due to an improved outlook for the construction and manufacturing sectors, even though this will be constrained by high inflation and structural problems. Steel demand is projected to grow by 4.5% in 2015 supported by the expectation that structural reforms will be implemented.

The production through EAF route should go up in view of its various advantages, primarily from the point of view of low emission of carbon dioxide. This development augurs well for the growth of Graphite Electrode demand in future years, inspite of reducing specific consumption of electrodes per tonne of steel produced, as a result of improvement in manufacturing technology of steel as well as electrodes.

With its competitive cost structure, strong technical product features and a well diversified customer base, the Company has established its presence in the global Graphite Electrode industry as a potential global player and this has significantly enabled the Company to penetrate aggressively, the growing market for large diameter UHP Graphite Electrodes.

It is expected that the domestic demand for steel and as a corollary for Graphite Electrodes may increase marginally. Faced with unfavourable business conditions, the global players have turned to the Asian markets and are following an aggressive pricing policy to capture volumes. This is likely to affect the Company's domestic volumes as also the profit margins.

(v) Risks and Concerns

The worldwide economic trend has a significant influence on results of operations, financial position and net assets. It is undeniable that business projections have an inherent element of uncertainty of unknown elements like sudden reversal of positive trends leading to economic slowdown resulting in possible negative growth for steel, automotive

and infrastructure industries slowing down which in turn may adversely impact the prospects for our industry. The Graphite Electrode industry is not sensitive to steel prices but is impacted by the volume of steel production. Recently there has been a significant decline in the steel price as a result of the massive expansion of blast furnace capacities, particularly in China, for primary steel production.

Disproportionate increase in taxes and other levies imposed periodically by the Central and State Governments, especially on essential inputs, may increase the cost of manufacture and reduce the profit margins.

The macroeconomic environment is characterized by a high level of uncertainty with regard to the fragile economic recovery as well as the risk of yet another crisis in the financial market crisis and the resultant global economic downturn. Economic slowdown and/or cyclical recession in certain major steel consuming industries may adversely impact the demand-supply dynamics as also the profitability and your Company too is vulnerable to these changes.

Implementation of new or more stringent import and export restrictions, tightening of price controls, exchange restrictions, customs regulations and protectionist trade restrictions are the major factors of Regulatory Risks. Exports to specific regions may get severely affected by trade barriers in the form of crippling import duties or anti dumping duties or countervailing duties or sanctions as the case may be and our export volumes to specific markets could get majorly affected by such protectionist/ restrictive impositions.

There are serious concerns caused by the Eurozone crisis at the centre stage, compounded further by the political turmoil seen in many countries particularly in the Middle East and other recent setbacks to the global economic growth. Furthermore, the looming economic downturn in some emerging markets due to currency devaluation against the U.S. dollar presents a risk to future business development.

The main raw materials are either petroleum based or coal based. The increasing price of crude and coal and its direct impact on its derivative materials like Needle Coke, Pitch, Furnace Oil, Met Coke, etc. will all tend to inflate the input cost in a major way.

The Company has a mixed exposure of exports, imports and foreign currency debt portfolio. So, volatility in foreign currency market directly impacts the company's prospects. Inherent natural hedge of various balancing exposures may mitigate the risk up to an extent. It is perhaps difficult to recall a more challenging environment than of surviving the volatility in the present foreign currency market.

(vi) Internal control systems and their adequacy

The Company has proper and adequate systems of

internal controls. Internal audit is conducted by outside auditing firms, except in the case of PSD where internal audit is done in-house. The Internal audit reports are reviewed by the top management and the Audit Committee and timely remedial measures are ensured.

(vii) Discussion on financial performance with respect to operational performance

Revenue from Operations recorded Rs. 1,844.89 crore as against Rs. 1,836.18 crore in the previous year.

The year continued to be a challenging one from the financial management perspective, conditioned by fragile global recovery, uncertainty in the economic environment, tight liquidity, continuing volatility in currency exchange rates and persistent high inflation, combined with the political turmoil seen in many countries. In the face of growing export-import exposure, financial challenges like currency rate fluctuations, rising interest rates and commodity price risks required focused attention and effective management of potential risks.

RBI had reduced repo rate by 0.25% during May, 2013 but had to revert back to its hawkish stance and had hiked rate thrice by 0.25% each time in Sep'13, Oct'13 and Jan'14 respectively. It had also taken some extraordinary steps in July'13 to curb exchange volatility by increasing Marginal Standing Facility (MSF) rates by 2% to 10.25%. The year also witnessed huge volatility in the foreign currency markets with huge devaluation of rupee. Though Current Account Deficit (CAD) has been contained to an extent, inflation still remains a concern for the apex bank.

Profit after tax was Rs. 170.92 crore as against Rs. 163.08 crore in the previous year.

Profit before tax was higher at Rs. 253.92 crore as compared to Rs. 233.08 crore in the previous year mainly on following counts - (a) reduction in finance cost due to better working capital management; (b) higher investment income; (c) lower cost of production in the new facilities; which were partially offset by increase in the input costs, lower price realization, etc.

Borrowing at Rs. 341 crore was lower than Rs. 604 crore of the previous year, as a result the Finance Cost decreased to Rs. 16.96 crore from Rs. 22.14 crore in previous year.

Capital expenditure during the year amounted to Rs. 33.01 crore as against Rs. 40.95 crore in the previous year.

The Company had maintained a proper mix of foreign currency and rupee borrowings, keeping in view the overall forex exposure with an objective to optimize cost.

ICRA has reaffirmed the long term rating at [ICRA] 'AA+' (pronounced ICRA double A plus) which indicates that the outlook on the long term rating is stable. The short-

term debt programme rating has been reaffirmed at [ICRA] 'A1+' (pronounced ICRA A one plus). This rating indicates highest-credit-quality. The retention of these ratings reflects the continuance of significant improvement in the Company's financial risk profile.

Details of contingent liabilities are given in Note 37 to the Financial Statements.

The Company is a net foreign exchange earner.

(viii) Material developments in human resources / industrial relations front, including number of people employed-

The HRD policies and practices focus on contemporary and pragmatic people centric initiatives, aligning it with business vision and objectives, which primarily help in creating robust organizational structure and aims at optimum utilization of resources. In order to meet these objectives, the company has revisited its HR processes, including the Performance Management System (PMS) with the progression in Key Performance Areas (KPA's). The Training and Development programmes encompassing the competency building initiatives amongst employees continues to be an ongoing process. Besides, the leadership building at senior and middle management level, and the succession planning for critical positions continue to be a focus area. The involvement of employees in the operational initiatives at the manufacturing plants of the Company continues to be high. The SAP HR payroll module and other Information Technology developments, provide the data analysis, and business opportunities based on the real time sharing of information and integration of systems, leading to efficient decision making process and impacting the internal communication positively in our growing enterprise.

The total number of people employed in the company is 2299 as on 31st March, 2014.

The employee relations continue to be cordial and harmonious at all the locations of the Company.

Pollution Matter - Bangalore

The Company had filed three appeals before the Hon'ble Karnataka State Appellate Authority (AA) at Bangalore against the order passed by the Karnataka Pollution Control Board (KPCB) refusing consent under the Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Act, 1974 and also directing closure of factory at Bangalore. In response to the said appeal, an interim order was passed on 25.7.2012 by AA staying the orders passed by KPCB. The AA finally, vide majority order dated 22.6.2013 set aside the impugned order of KPCB and the appeals were accordingly allowed. The complainants have filed appeal against the aforesaid order of AA before the Hon'ble National Green Tribunal, South Zone at Chennai which is presently being heard.

Research & Development

The R&D commitment towards continuous improvement and development of technology has consistently supported the company in becoming one of the low cost producers in the Graphite Electrode and carbon material producing industry.

R&D initiatives are in the area of raw materials, productivity, process development, reduction in carbon emission, etc.

Continuous efforts are being put to develop import substitute materials for Aeronautical, Aerospace, Railway and other industrial applications. Superior version of carbon brake pads for aircrafts is being developed.

State of art furnace was designed, fabricated, installed and successfully being used to process carbon-carbon composite materials.

Many of the cost savings achieved were significant and in compliance with the "pollution control and clean environment norms". These R&D efforts were continuous and by bench marking, the operational efficiencies of manufacturing facilities at different locations were compared and steps were taken for process improvement and achieving operational synergies. The focus is on further development and upgrading of standards/norms.

Subsidiary Companies

Carbon Finance Limited is a wholly owned Indian subsidiary and Graphite International B.V. in The Netherlands is wholly owned overseas subsidiary of the Company which is the holding company of four subsidiaries in Germany.

The overseas subsidiaries recorded a turnover of Euro 36.62 mn as compared to Euro 49.71 mn in the previous year.

On the backdrop of prolonged economic slowdown, German subsidiaries did not do well due to low demand in Europe, increase in production costs and reduction in prices by competitors to capture volumes in the dwindling market. Hence, lower turnover coupled with high input cost have resulted in a loss of Euro 9.45 mn during the year, as against loss of Euro 3.62 mn in the previous year.

The Company earned by way of Royalty Rs. 2.95 crore during the year, as against Rs. 3.92 crore in the previous year, from overseas subsidiaries.

The Ministry of Corporate Affairs by a Circular dated 08-February-2011 has granted exemption from the provisions of Section 212 of the Companies Act, 1956 with regard to the attachment of the accounts, reports, statement in terms of section 212(1)(e), etc. of its subsidiaries as part of its Accounts. The Board of Directors of the Company has by a resolution given consent for not attaching the aforesaid documents of its subsidiaries. The Annual Accounts of subsidiary companies and the related detailed information will be made available to the holding and

subsidiary company investors who seek such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholder in the Registered Office of the Company and that of the subsidiaries. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.

The Consolidated Financial Statements of the Company along with those of its subsidiaries prepared as per AS-21 forms a part of the Annual Report.

Information pursuant to Section 217 of the Companies Act, 1956

Information in accordance with clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 read with 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, 2014 is given in Annexure '1'.

Particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2014 are given in Annexure '2'.

DIRECTORS

Mr. K K Bangur, Chairman, retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

The Board of Directors ("Board") in their meeting held on 9th May, 2014 appointed Mr. P K Khaitan, Mr. Sanjiv Goenka, Dr. R Srinivasan, Mr. N S Damani, Mr. A V Lodha and Mr. N Venkataramani who were independent directors of the Company on the date of commencement of Companies Act, 2013 ("Act") as independent directors of the Company for a period of five years from 1st April, 2014. All of them meet the criteria prescribed in Section 149 (6) of the Act to qualify to be independent directors. In the opinion of the Board, each one of them is a person of integrity and possesses relevant expertise and experience. The Board has also opined that all of them fulfill the conditions specified in the Act and rules made there-under and that they are all independent of management. Approval of the members of the Company is sought for their appointment in the ensuing AGM.

Mr. Balaji Rao, vide his letter dated 9th May, 2014, informed that consequent upon the requirements of revised Clause 49 of Listing Agreement which limits an individual's directorships in listed companies to seven, he had decided to resign as a director of the Company with effect from the conclusion of the next Annual General Meeting. Accordingly, he does not seek appointment from the members at the ensuing AGM.

The term of office of Mr. M B Gadgil as 'Whole-time Director' designated as the Executive Director expires

on 30th June, 2014. The Board in its meeting held on 9th May, 2014 on the recommendation of the 'Remuneration Committee', have subject to approval of members of the Company re-appointed him for a further period of five years from 1st July, 2014. The matter is being placed before the members in the ensuing AGM for their approval.

Recognition/Award

The Company continues to enjoy the status of a Star Trading House. This year too, the Company received the following awards for export performance -

- from Hon. Prime Minister, Govt. of India - DRDO Technology Absorption Award by R&D, Bangalore.
- from ECGC - DNB : Dun & Bradstreet Corporate Awards 2012.
- from EEPC, India, Mumbai : 45th National Award for Export Excellence for 2012-13.
- from CAPEXIL: Special Export Award / Certificate of Merit 2011-12.
- from Greentech Foundation, New Delhi: 12th Annual Greentech Safety Awards 2013 in the Gold Category by Engineering Sector in Satpur plant.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors state-

1. that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the year ended 31st March, 2014.
3. that they have 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; and
4. that they have prepared the annual accounts on a going concern basis.

Corporate Governance Report

A Report on Corporate Governance along with a Certificate of Compliance from the Auditors forms a part of this Report.

Auditors

Price Waterhouse, Chartered Accountants, Auditors of the Company retire and are eligible for re-appointment.

Cost Auditors

The Company had appointed following Cost Auditors for FY 2013-14 who conducted cost audit as detailed below-

Shome & Banerjee	Electrode plants at Durgapur and Bangalore including captive power generation facilities
DBK & Associates	Electrode, IGE and GRP plants at Nashik including captive power generation facility
B G Chowdhury & Co.	Coke division at Barauni
N Radhakrishnan & Co.	1.5 MW Link Canal Power plant at Mandya
Mani & Co.	Powmex Steels division at Titilagarh

Consolidated Cost Audit Report and Compliance Report were filed with the Ministry of Corporate Affairs, Government of India on 18.09.2013. The due date for filing the reports was 27.09.2013.

The Company has appointed following Cost Auditors for FY 2014-15 -

Shome & Banerjee	Electrode plants at Durgapur and Bangalore including captive power generation facilities
DBK & Associates	Electrode, IGE and GRP plants at Nashik including captive power generation facility
B G Chowdhury & Co.	Coke division at Barauni
N Radhakrishnan & Co.	1.5 MW Link Canal Power plant at Mandya
Mani & Co.	Powmex Steels division at Titilagarh

Acknowledgement

Your directors place on record their appreciation of the assistance and support extended by all government authorities, financial institutions, banks, consultants, solicitors and shareholders of the Company.

On behalf of the Board

Kolkata
May 9, 2014

K. K. Bangur
Chairman

ANNEXURE to the Directors' Report

ANNEXURE - 1

Particulars pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the Directors' Report.

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken -

Substantial energy saving in graphitization by adopting modified furnace loading technique and reduced cycle times thus increasing the productivity per furnace and specific energy consumption.

Speed and load optimization of Raymond mill fan and Hammer mill with the use of variable voltage variable frequency drives (VVVFD).

Use of waste heat from one baking furnace to preheat the second furnace thereby reducing the Furnace oil consumption.

Reducing Kiln preheating time in calcinations section to reduce the LDO consumption.

Providing air pressure regulator for each machine to meet the machine specific air pressure requirement thus saving on costly compressed air.

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

Addition of one more energy efficient baking furnace is in progress.

Installation of 17 MVAR Power factor capacitors for improving power factor.

Addition of one more energy efficient mixing equipment is under planning.

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

Further reduction in Specific Energy consumption

Better product quality

Lower emission levels

Better productivity.

- (d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule: (POWMEX STEEL DIVISION)

Refer Form A attached.

B. TECHNOLOGY ABSORPTION

- (e) Efforts made in technology absorption as per Form B

Refer Form B attached.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Export sales constituted around 59% of the total turnover of the Company. Initiatives for increasing exports receive constant focus.

(g) Total foreign exchange used and earned	Rs. in Lakh
Earnings	53358
Outgo	<u>44555</u>

By Order of the Board

Kolkata
May 9, 2014

K. K. Bangur
Chairman

FORM A
Relating to Powmex Steel Division

Form for disclosure of particulars with respect to conservation of energy

(A) POWER & FUEL CONSUMPTION	CURRENT YEAR ENDED 31-03-2014	PREVIOUS YEAR ENDED 31-03-2013
(1) Electricity		
(a) Purchased - Unit (KWH Million)	5.98	5.83
Total Amount (Rs. crore)	4.56	4.28
Rate / Unit (Rs.)	7.62	7.34
(b) Own Generation		
(i) Through Diesel Generator	Nil	Nil
(ii) Through steam turbine / generator	Nil	Nil
(2) Coal (specify quality and where used)	Nil	Nil
(3) Furnace Oil / HSD		
Purchased – Kilo Litres	1,429	1,347
Total Amount (Rs. crore)	7.04	5.66
Average Rate / KL	49,265	42,025
(4) Others / internal generation (please give details)	Nil	Nil
(B) Consumption per unit of production (MT)		
Products (with details) unit		
Electricity (KWH/MT)		
Melting	840	975
Black Bar	834	763
Bright Bar	96	63
Heat Treatment	111	80
HSD / FO (LTR/MT)		
Rolled Product	381	387

FORM B

Form for disclosure of particulars with respect to Absorption

Research and Development (R&D)

- | | |
|--|--|
| 1. Specific area in which R&D carried out by the Company | <ul style="list-style-type: none"> • Development of Carbon Carbon Composites; • Import substitution- (Iso mould graphite); • Enhancement of Production; • Product quality improvement; |
| 2. Benefits derived as a result of the above R&D | <ul style="list-style-type: none"> • Improvement in operational efficiency; • Cost Reduction; • Inland material availability. |
| 3. Future plan of action | <ul style="list-style-type: none"> • Continued focus on operational efficiency; • Optimize energy utilization; • Import substitution. |
| 4. Expenditure on R&D | <ul style="list-style-type: none"> • Rs. 13.85 lakh |

Technology absorption, adaptation and innovation

- | | |
|---|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | <ul style="list-style-type: none"> • Development of high quality Carbon-Carbon brake disc for aviation application • Rail Wheel mould blanks • Iso - mould Graphite with less than ten micron particle size for special application |
|---|--|

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.
- Reduced energy consumption
 - Improved product quality
 - Import substitution
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :
- (a) Technology imported NOT APPLICABLE
- (b) Year of import NOT APPLICABLE
- (c) Has technology been fully absorbed ? NOT APPLICABLE
- (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action NOT APPLICABLE

By Order of the Board

Kolkata
May 9, 2014

K. K. Bangur
Chairman

ANNEXURE - 2

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014

Name of the Employee	Age	Designation/ Nature of Duties	Remuneration/ Salary Rs. in Lakh	Nature of Employment	Qualification	Date of commencement of Employment/Total Experience (Years)		Previous Employment and Designation
Mr. M. B. Gadgil	61	Executive Director / Management	174.62	Contractual	B. Tech (Mech.), MBA (Operation Research)	06.02.1978	38	Motor Industries Company Limited, Bangalore Asst. Officer - Materials Planning

- Notes : 1. Remuneration has been calculated on the basis of Section 198 of the Companies Act, 1956.
2. Mr. M. B. Gadgil is not related to any Director, nor holds directly or indirectly 2% or more of the equity shares of the Company.

On behalf of the Board

Kolkata
May 9, 2014

K. K. Bangur
Chairman

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, 2014

The strength of the Board of Directors as on 31st March, 2014 was ten comprising the non-executive Chairman (promoter director), eight non-executive directors who are independent and one Executive Director.

Name	Category	Directorships in other Public Limited Companies incorporated in India	Other# Committee ^ positions held	
			As Chairman	As Member (including Chairmanship)
K. K. Bangur	Chairman Non-Executive	7	—	—
N. S. Damani	NED *	3	—	2
A. V. Lodha	NED *	3	1	2
Dr. R. Srinivasan	NED *	6	4	7
P. K. Khaitan	NED *	14	—	3
Sanjiv Goenka	NED *	12	1	1
D. J. Balaji Rao	NED *	9	4	10
N. Venkataramani	NED *	1	1	1
J. D. Curralava	NED *	1	—	—
M. B. Gadgil	Executive Director	—	—	—

NED – Non-Executive Director

* also independent.

excluding private companies, foreign companies and companies under Section 25 of the Companies Act, 1956.

^ only the two Committees, viz. the Audit and the Shareholders' Grievances 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 10th May, 2013, 5th August, 2013, 8th November, 2013 and 3rd February, 2014. The requisite information as per Annexure IA 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, 2013 to March, 2014		Attended last Annual General Meeting (AGM) held on 5th August, 2013
	Held	Attended	
K. K. Bangur	4	4	Yes
N. S. Damani	4	4	Yes
A. V. Lodha	4	4	Yes
R. Srinivasan	4	4	Yes

Names of Directors	Number of Board Meetings during April, 2013 to March, 2014		Attended last Annual General Meeting (AGM) held on 5th August, 2013
	Held	Attended	
P. K. Khaitan	4	2	Yes
Sanjiv Goenka	4	—	No
D. J. Balaji Rao	4	3	Yes
N. Venkataramani	4	4	Yes
J. D. Curavala	4	4	Yes
M. B. Gadgil	4	4	Yes

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 Curavala as its members.

The terms of reference of the Audit Committee include the powers as laid down in Clause 49 II (C) of the Listing Agreement and the role as stipulated in Clause 49 II (D) of the Listing Agreement of the Company with the Stock Exchanges. The scope of activity of the Committee is also in consonance with the provisions of Section 292A of the Companies Act, 1956.

Committee Meetings held and attendance during the year

Four meetings of the Audit Committee were held during the year on 10th May, 2013, 5th August, 2013, 8th November, 2013 and 3rd February, 2014.

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

All members of the Audit Committee are non-executive independent directors. All members are financially literate and persons of repute and erudition. Mr. A. V. Lodha, Dr R Srinivasan and Mr. J D Curavala 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 10th May, 2013 to review and approve the draft annual accounts of 2012-2013 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 5th August, 2013.

IV. Remuneration Committee

The "Remuneration Committee" comprises Mr. P. K. Khaitan as its Chairman with Mr. A V Lodha and Dr. R Srinivasan as its members. The Committee is authorised to decide on the remuneration package for executive director/s, including annual increment, pension rights, compensation payment, if any. The Committee met once during the year on 10th May, 2013 which was attended by all the members.

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 5th August, 2013 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. The Board of Directors of the Company determine the commission payable to non-executive directors depending upon the time and effort devoted by a director in the business affairs of the Company.

Fees to non-executive directors for attending Board Meetings are within limits prescribed by the Central Government. 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	Commission*	Sitting Fees *	No. of Shares held as on 31st March, 2014*
	Rs.	Rs.	Rs.	Rs.	Rs.	
K. K. Bangur	—	—	—	2000000	160000	510885 @
N. S. Damani	—	—	—	300000	80000	—
A. V. Lodha	—	—	—	400000	200000	—
Dr. R. Srinivasan	—	—	—	400000	180000	—
P. K. Khaitan	—	—	—	300000	120000	—
Sanjiv Goenka	—	—	—	300000	—	—
D. J. Balaji Rao	—	—	—	300000	60000	—
N. Venkataramani	—	—	—	2500000	160000	4200
J. D. Curravala	—	—	—	400000	180000	4750
M. B. Gadgil	4355000	1377870	3728772	8000000	—	2000

* Other than above there is no other pecuniary relationship or transactions with any of the non-executive directors.

@ includes 50500 shares held as Karta of HUF & 199505 shares on behalf of Family Welfare Trust.

Contract period of Mr. M. B. Gadgil, Executive Director – Five years from 1st July, 2009 with a notice period of three months from either side.

Severance Fees Three months salary in lieu of notice

Stock Option No stock option has been given.

V. Shareholders Committee

The Shareholders/Investors Grievance Committee looks into the redressal of shareholders and investors grievances relating to transfer of shares, non-receipt of declared dividend, non-receipt of balance sheet, etc. The Committee comprises - Mr. K. K. Bangur as its Chairman with Mr. P. K. Khaitan and Mr. M. B. Gadgil as its members.

Mr. B. Shiva, the Company Secretary is the Compliance Officer.

During the year, 36 complaints were received from the shareholders, all of which were attended to. The details of shareholders/investors grievances are placed before the Shareholders Grievance Committee. Four meetings of the Committee were held during the year.

The Board has delegated the power of share transfers to the Company Secretary, Mr.B Shiva, vide Board Resolution dated 17th January, 2001. The share transfers are approved by the Company Secretary generally, once in a fortnight, the details of which are noted by the Board.

VI. General Body Meetings

i. Details of last three Annual General Meetings (AGM)

AGM	Year	Venue	Date	Time
38th	2012-2013	Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017	05.08.2013	11.00 a.m.
37th	2011-2012	Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017	03.08.2012	10.00 a.m.
36th	2010-2011	Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017	25.07.2011	10.00 a.m.

ii. Special Resolution passed in previous 3 AGMs

AGM	Whether Special Resolution passed	Details of Special Resolution
38th	None	—
37th	Yes	Payment of remuneration by way of commission to non-executive directors, u/s 309 of the Companies Act, 1956
36th	None	—

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 seeking reappointment as required by Clause 49 IV (G) (i) of the Listing Agreement has been given in the Notice of the Annual General Meeting annexed to this Annual Report.

VII. Disclosure

A. There were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

However, the related party relationships and transactions as required under Accounting Standard (AS) 18 on Related Party Disclosures prescribed under the Companies Act, 1956 disclosed in Note No. 47 to the Financial Statements for the year ended 31st March, 2014 may be referred.

B. In terms of Clause 49 (IV) (F) (i) 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. (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.
 - b. Remuneration Committee has been constituted as detailed in Section IV of this Report.
 - c. The audit report on the financial statements of the Company for the previous year has no qualifications.
 - d. Of the non-mandatory requirements as mentioned in Annexure I D of Clause 49 of the Listing Agreement, the Company has not adopted the following :-
 - i. Term of independent directors, qualification and experience
 - ii. Sending half yearly declaration of financial performance including summary of significant events in last 6 months to each household of shareholders.
 - iii. Training of Board members.
 - iv. Mechanism for evaluating non executive Board members.
 - v. Whistle Blower Policy.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act 1956.

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 (IV) (F)(i) of the Listing Agreement has been included in the Directors' Annual Report to the Shareholders.

IX. General Shareholder Information

AGM Date, Time and Venue	12th August, 2014 at 2.00 P.M. at Kala Kunj, Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017
Financial Year	1st April to 31st March
Date of Book Closure	29th July, 2014 to 12th August, 2014 (both days inclusive)
Dividend Payment Date	By 16th August, 2014
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, 2014 to March, 2015 to BSE & NSE.

Stock Code509488 on Bombay Stock Exchange Limited
GRAPHITE on National Stock Exchange**Demat ISIN Number for NSDL and CDSL**

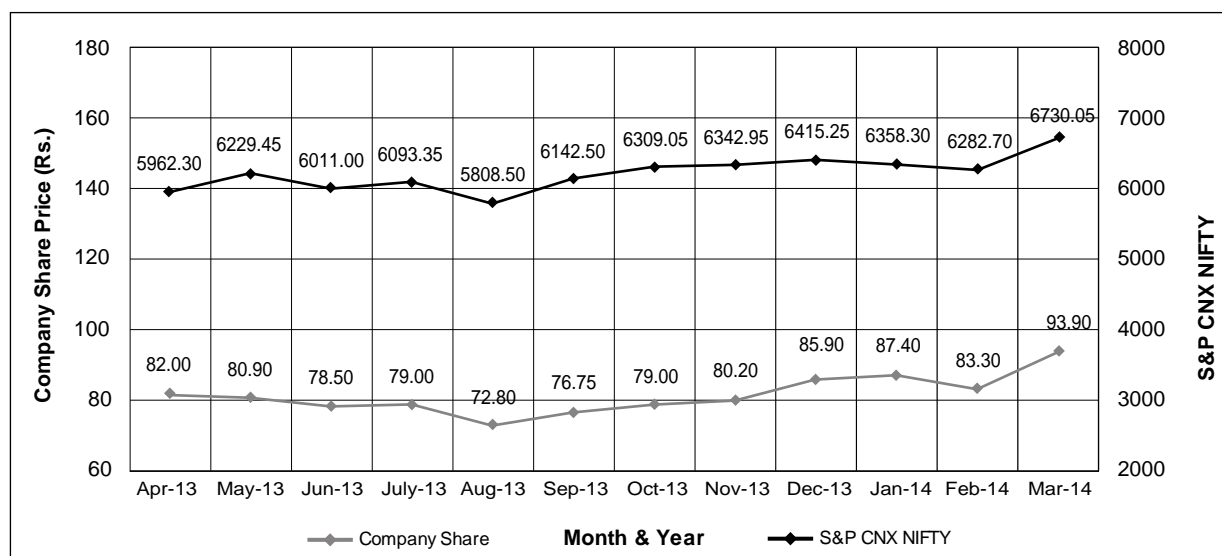
INE 371A01025

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, 2013	82.00	76.65	October, 2013	79.00	74.00
May, 2013	80.90	73.00	November, 2013	80.20	73.10
June, 2013	78.50	71.00	December, 2013	85.90	76.70
July, 2013	79.00	59.00	January, 2014	87.40	69.20
August, 2013	72.80	57.00	February, 2014	83.30	68.85
September, 2013	76.75	68.75	March, 2014	93.90	79.20

S&P CNX NIFTY

Period	High	Period	High
April 2013	5962.30	October 2013	6309.05
May 2013	6229.45	November 2013	6342.95
June 2013	6011.00	December 2013	6415.25
July 2013	6093.35	January 2014	6358.30
August 2013	5808.50	February 2014	6282.70
September 2013	6142.50	March 2014	6730.05

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 -700020
Tele fax. : 033 22890539/40
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 one month from the date of lodgment, if documents are complete in all respects.

Distribution of Shareholding as on 31st March, 2014

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1 – 500	99316	94.73	4705365	2.41
501 – 1000	2764	2.64	2196178	1.12
1001 – 2000	1367	1.30	2028690	1.04
2001 – 3000	480	0.47	1204032	0.62
3001 – 4000	219	0.21	781933	0.40
4001 – 5000	182	0.17	864292	0.44
5001 – 10000	235	0.22	1713877	0.88
10001 – 30000	160	0.15	2693016	1.38
30001 – 50000	27	0.03	1079637	0.55
50001 – 100000	24	0.02	1680071	0.86
100001 and above	64	0.06	176428503	90.30
Total	104838	100.00	195375594	100.00
No. of shareholders in Physical mode	67844	64.71	3308870	1.69
Electronic Mode	36994	35.29	192066724	98.31
Total	104838	100.00	195375594	100.00

Shareholding Pattern as on 31st March, 2014

Category	No. of Shares	%
Promoters Holding		
Promoters		
Indian Promoters	117297631	60.04
Foreign Promoters	9601711	4.91
Persons acting in concert	—	—
Sub-Total	126899342	64.95

Category	No. of Shares	%
Non-Promoters Holding		
Institutional Investors		
Mutual Fund and UTI	988981	0.51
Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	5885290	3.01
FII's	30711099	15.72
Sub-Total	37585370	19.24
Others		
Private Corporate Bodies	11599763	5.94
Indian Public	16904984	8.65
NRI / OCBs	2386135	1.22
Any Other	—	—
Sub-Total	30890882	15.81
Grand Total	195375594	100.00
Total Foreign Shareholding		
Foreign Promoters	9601711	4.91
FII's	30711099	15.72
NRIs / OCBs	2386135	1.22
Total	42698945	21.85

Dematerialisation of shares and liquidity

As on 31st March 2014, 192066724 shares of the Company representing 98.31% 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 Phone : (0343) 2556642/ 2557743 88 MIDC Industrial Area, Satpur, Nashik 422 007, Phone : (0253) 2203300 Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048 Phone : (080) 43473300
Coke	Phulwaria, Barauni 851 112, Phone : (06279) 232252
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 Hydel Plant, Peehalli, Arekere Hobli, Srirangapatna Taluk
Mandya Dist 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

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 9, 2014

K. K. Bangur
Chairman

Declaration

All the Board Members and the Senior management Personnel have as on 31.03.14 affirmed their compliance of the "Code of Conduct for Directors/Senior Management Personnel dated 27.1.06" in terms of Clause 49(I)(D)(ii) of the Listing Agreement.

Kolkata
May 9, 2014

M. B. Gadgil
CEO, 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 2014, 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 9, 2014

INDEPENDENT AUDITORS' REPORT

To the Members of Graphite India Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Graphite India Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Profit and Loss Statement and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act 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 March 31, 2014;
 - (b) in the case of the Profit and Loss Statement, 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.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) 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;
 - (c) The Balance Sheet, Profit and Loss Statement, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement dealt with by this Report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

Kolkata
May 9, 2014

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants
Pinaki Chowdhury
Partner
Membership Number 57572

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Graphite India Limited on the financial statements as of and for the year ended March 31, 2014

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has granted unsecured loan to a director of the Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan is Rs. 6.00 Lakhs and Rs.Nil respectively. The Company has not granted any other secured / unsecured loans to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) In our opinion, the rate of interest and other terms and conditions of such loan were not prima facie prejudicial to the interest of the Company.
- (c) In respect of the aforesaid loan, the party has repaid the principal amount, as stipulated, and was also regular in payment of interest as applicable.
- (d) In respect of the aforesaid loan, there is no overdue amount more than Rupees One Lakh.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)(f) and (g) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered 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 to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records

with a view to determine whether they are accurate or complete.

- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of provident fund, service tax and customs duty though there has been a slight delay in a few cases and is regular in depositing undisputed statutory dues, including investor education and protection fund, employees' state insurance, sales tax, income

tax, wealth tax, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, customs duty and excise duty as at March 31, 2014 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty, Interest and Penalty	16.00	1996-97, 1999-00, 2010-11 to 2012-13	Assistant / Deputy Commissioner of Central Excise
		7.94	2008-09	Additional Commissioner of Central Excise
		266.53	2010-11 to 2012-13	Commissioner, Central Excise
		2.26	2007-08	Commissioner (Appeals), Central Excise
		732.23	1999-2000 to 2011-12	Customs, Excise & Service Tax Appellate Tribunal
		19.28	2000-01	High Court
		8.10	2010-11 and 2011-12	Reply being filed with Additional Commissioner of Central Excise
		1.30	2012-13	Appeal being filed with Customs, Excise & Service Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales Tax, Interest and Penalty	25.13	2005-06 to 2007-08	Additional Commissioner of Commercial Taxes
		54.76	2003-04	Joint Commissioner of Commercial Taxes
		0.95	2010-11	Senior Joint Commissioner
		196.33	1996-97, 2001-02 to 2003-04, 2005-06 to 2008-09	Sales Tax Tribunal
Bombay Sales Tax Act, 1959	Sales Tax	2.04	1998-99	Joint Commissioner of Commercial Taxes
Customs Act, 1962	Custom Duty, Interest and Penalty	855.99	2005-06 to 2007-08	Commissioner of Customs
		293.27	1991-92, 1996 to 2000, 2007-08 and 2008-09	Customs, Excise & Service Tax Appellate Tribunal

Name of the statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax, Interest and Penalty	58.09	2006-07 to 2013-14	Assistant / Deputy Commissioner, Central Excise
		106.91	2008-09 to 2013-14	Additional Commissioner, Service Tax Commissionerate
		50.13	2006-07 to 2008-09, 2010-11 to 2013-14	Commissioner (Appeals)
		26.41	2004-05 to 2008-09	Joint Commissioner
		2,187.90	2004-05 to 2011-12	Customs, Excise & Service Tax Appellate Tribunal
		9.82	2010-11 and 2011-12	Appeal being filed with Customs, Excise & Service Tax Appellate Tribunal
		104.77	2005-06 to 2007-08	Appeal being filed with High Court
Income-tax Act, 1961	Income Tax and Interest	4,582.89	2006-07 and 2009-10	Commissioner of Income Tax (Appeals)

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders, as applicable, as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

Kolkata
May 9, 2014

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants
Pinaki Chowdhury
Partner
Membership Number 57572

		(Rs. in Lakhs)	
	Note	As at 31st March, 2014	As at 31st March, 2013
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	2	3,907.68	3,907.68
Reserves and Surplus	3	1,69,683.14	1,60,591.89
		<u>1,73,590.82</u>	<u>1,64,499.57</u>
Non-current Liabilities			
Long-term Borrowings	4	10,016.67	12,674.67
Deferred Tax Liabilities (Net)	5	8,966.73	9,503.73
Other Long-term Liabilities	6	47.05	174.13
		<u>19,030.45</u>	<u>22,352.53</u>
Current Liabilities			
Short-term Borrowings	7	20,085.17	44,087.27
Trade Payables	8	22,575.66	16,760.83
Other Current Liabilities	9	12,642.75	10,403.60
Short-term Provisions	10	14,038.86	12,432.51
		<u>69,342.44</u>	<u>83,684.21</u>
TOTAL		<u><u>2,61,963.71</u></u>	<u><u>2,70,536.31</u></u>
<u>ASSETS</u>			
Non-current Assets			
Fixed Assets			
Tangible Assets	11	63,582.86	65,893.33
Intangible Assets	11	226.29	96.74
Capital Work-in-progress		338.29	252.86
Intangible Assets under Development		—	14.40
		<u>64,147.44</u>	<u>66,257.33</u>
Non-current Investments	12	15,756.26	10,932.77
Long-term Loans and Advances	13	766.79	770.76
Other Non-current Assets	14	1.52	4.00
		<u>80,672.01</u>	<u>77,964.86</u>
Current Assets			
Current Investments	15	34,266.42	23,640.96
Inventories	16	88,300.11	97,770.46
Trade Receivables	17	42,338.43	50,960.07
Cash and Bank Balances	18	2,397.18	602.10
Short-term Loans and Advances	19	11,900.63	17,577.92
Other Current Assets	20	2,088.93	2,019.94
		<u>1,81,291.70</u>	<u>1,92,571.45</u>
TOTAL		<u><u>2,61,963.71</u></u>	<u><u>2,70,536.31</u></u>

The accompanying Notes are an integral part of these Financial Statements.

This is the Balance Sheet referred to in our report of even date.

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

(Pinaki Chowdhury)
Partner
Membership No. 57572
Kolkata - 9th May, 2014

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

		(Rs. in Lakhs)	
	Note	Year ended 31st March, 2014	Year ended 31st March, 2013
Revenue from Operations (Gross)	21	1,84,488.72	1,83,618.07
Less: Excise Duty		7,681.13	7,132.37
Revenue from Operations (Net)		1,76,807.59	1,76,485.70
Other Income	22	4,020.94	2,634.71
Total Revenue		1,80,828.53	1,79,120.41
Expenses			
Cost of Materials Consumed	23	79,811.09	78,883.15
Purchases of Stock-in-trade	24	—	1,345.27
Changes in Inventories of Finished Goods and Work-in-progress	25	(2,069.19)	(7,737.86)
Employee Benefits Expense	26	13,473.10	11,997.26
Finance Costs	27	1,696.29	2,213.67
Depreciation and Amortisation Expense	28	5,359.97	5,004.01
Other Expenses	29	57,165.73	64,106.46
Total Expenses		1,55,436.99	1,55,811.96
Profit before Tax		25,391.54	23,308.45
Tax Expense for the Current Year			
Current Tax		8,837.00	5,578.57
Deferred Tax		(537.00)	2,421.43
Tax Expense - Write Back relating to Earlier Years (Net)		—	(1,000.00)
Profit for the Year		17,091.54	16,308.45
Earnings per Equity Share [Nominal Value per Share Rs. 2/- (Previous Year - Rs. 2/-)]			
	30		
Basic (Rs.)		8.75	8.35
Diluted (Rs.)		8.75	8.35
The accompanying Notes are an integral part of these Financial Statements.			
This is the Profit and Loss Statement referred to in our report of even date.			
For PRICE WATERHOUSE Firm Registration Number - 301112E Chartered Accountants (Pinaki Chowdhury) Partner Membership No. 57572 Kolkata - 9th May, 2014			
	K. C. Parakh Sr. Vice President-Finance	B. Shiva Company Secretary	M. B. Gadgil Executive Director
			K. K. Bangur Chairman

	(Rs. in Lakhs)	
	2013-14	2012-13
A. Cash Flows from Operating Activities:		
Profit before Tax	25,391.54	23,308.45
Adjustments for:		
Depreciation and Amortisation Expense	5,359.97	5,004.01
Loss on Disposal of Tangible Fixed Assets (Net)	12.21	46.91
Bad Debts/Advances Written Off	106.50	115.93
Provision for Doubtful Debts	328.70	75.72
Provision for Mark-to-market Losses on Derivatives	38.26	68.76
Net Gain on Disposal of Long-term Investments	(785.21)	(605.95)
Net Gain on Disposal of Current Investments	(1,822.93)	(594.18)
Interest Income	(325.35)	(399.38)
Interest Expense, etc.	1,696.29	2,125.82
Provision for Doubtful Debts Written Back	(112.52)	(127.03)
Liabilities no Longer Required Written Back	(407.80)	(356.68)
Foreign Exchange Loss (Net)	2,498.46	1,048.57
Operating Profit before Working Capital Changes	31,978.12	29,710.95
Changes in Working Capital:		
Increase in Trade Payables	6,088.22	576.83
Increase in Provisions	458.20	292.24
Increase in Other Current Liabilities	1,997.37	1,425.72
Increase/(Decrease) in Other Long-term Liabilities	(127.08)	28.01
(Increase)/Decrease in Trade Receivables	8,298.96	(13,701.64)
(Increase)/Decrease in Inventories	9,470.35	(12,279.36)
(Increase)/Decrease in Loans And Advances	5,671.21	(1,411.71)
(Increase)/Decrease in Other Current Assets	(5.32)	1,581.85
Decrease in Other Non-current Assets	2.60	2.57
Cash Generated from Operations	63,832.63	6,225.46
Income-tax paid (Net of Refunds)	(7,727.11)	(5,188.17)
NET CASH FROM OPERATING ACTIVITIES	56,105.52	1,037.29
B. Cash Flows from Investing Activities:		
Purchase of Tangible/Intangible Assets	(1,489.34)	(4,094.94)
Proceeds on Disposal of Tangible Fixed Assets	49.09	10.98
Investments in a Subsidiary Company	(4,219.53)	—
Purchase of Long-term Investments	(3,688.96)	—
Purchase of Current Investments	(50,587.69)	(12,720.30)
Sale/Redemption of Current Investments	38,706.49	8,678.48
Sale/Redemption of Long-term Investments	6,948.88	4,016.28
Interest Received	263.76	410.89
NET CASH USED IN INVESTING ACTIVITIES	(14,017.30)	(3,698.61)

	(Rs. in Lakhs)		
	<u>2013-14</u>	<u>2012-13</u>	
C. Cash Flows from Financing Activities:			
Dividends Paid	(6,798.28)	(6,794.58)	
Dividend Distribution Tax Paid	(1,162.14)	(1,109.32)	
Interest, etc. Paid	(1,704.33)	(2,336.82)	
Repayment of Long-term Borrowings	(4,125.63)	—	
Short-term Borrowings-Receipts/(Payments)	(26,502.18)	12,409.02	
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	<u>(40,292.56)</u>	<u>2,168.30</u>	
D. Exchange Differences on Translation of Foreign Currency			
Cash and Cash Equivalents	<u>1.62</u>	—	
Net Cash Inflow / (Outflow)	<u>1,797.28</u>	<u>(493.02)</u>	
Cash and Cash Equivalents - Opening	592.62	1,085.64	
Cash and Cash Equivalents - Closing	<u>2,389.90</u>	<u>592.62</u>	
	<u>1,797.28</u>	<u>(493.02)</u>	
Cash and Cash Equivalents comprise:			
Cash on hand	13.33	22.91	
Cheques, Drafts on hand	13.65	10.69	
Balances with Banks*	<u>2,362.92</u>	<u>559.02</u>	
Total	<u>2,389.90</u>	<u>592.62</u>	
*Includes the following balances which are not available for use by the Company			
Unpaid Dividend Accounts	309.65	269.78	
Notes :			
1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on 'Cash Flow Statements' prescribed under the Act.			
2. Previous year's figures have been regrouped / rearranged, wherever necessary to conform to current year's classification.			
This is the Cash Flow Statement referred to in our report of even date.			
For PRICE WATERHOUSE Firm Registration Number - 301112E Chartered Accountants (Pinaki Chowdhury) Partner Membership No. 57572 Kolkata - 9th May, 2014	K. C. Parakh Sr. Vice President-Finance	B. Shiva Company Secretary	M. B. Gadgil Executive Director
			K. K. Bangur Chairman

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Basis of Preparation**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956 (the 'Act').

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates.

C. Fixed Assets

Fixed Assets are stated at cost of acquisition and inclusive of borrowing cost, where applicable, and adjustments for exchange differences referred to in Note 1(H) below, net of accumulated depreciation/amortisation and accumulated impairment losses, if any.

Cost comprises cost of acquisition including non-refundable taxes/duties, freight and other incidental expenses related to acquisition and installation. Cost of software includes license fees and cost of implementation / system integration services, where applicable.

Subsequent expenditures related to an item of fixed asset (tangible or intangible) are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Machinery spares which are irregular in use and associated with particular asset are treated as fixed assets.

D. Depreciation and Amortisation

Depreciation on tangible fixed assets is provided on straight-line basis over the estimated useful lives of the assets in accordance with Schedule XIV to the Act. Leasehold land is amortised on straight-line basis over the primary lease period. Intangible assets (Computer Software) are amortised on a straight-line basis over a period of five years.

E. Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired.

An impairment loss, if any, is recognised wherever the carrying amount of the fixed assets exceeds the recoverable amount i.e. the higher of the assets' net selling price and value in use.

After impairment, depreciation is provided on the revised carrying amount of the fixed asset over its remaining useful life.

F. Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost less write down for any diminution, other than temporary, in carrying value. Current Investments are carried at lower of cost and fair value.

G. Inventories

Inventories are valued at lower of cost and net realisable value. The costs are ascertained under weighted average formula. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

H. Foreign Currency Transactions as applicable under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The resultant exchange differences (other than relating to long-term foreign currency monetary items) arising from settlement of foreign currency transactions and from the year-end restatement are recognised in the Profit and Loss Statement.

Exchange differences arising on reporting of long-term foreign currency monetary items (i) relating to acquisition of depreciable capital assets is adjusted to the carrying amount of such assets (to be depreciated over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long-term monetary asset/liability).

Premium or discount arising at the inception of a forward exchange contract entered into to hedge an existing asset / liability is amortised as expense or income over the life of the contract.

I. Derivative Contracts

In respect of derivative contracts (other than forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'), gains/losses on settlement and mark-to-market loss, if any, on outstanding contracts as at the Balance Sheet date are recognised in the Profit and Loss Statement and mark-to-market gain, if any, on outstanding contracts as at the Balance Sheet date is ignored.

Refer Note 1(H) above for forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'.

J. Revenue

Revenue from sale of goods are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of contract. It includes excise duty but excludes value added tax/sales tax, trade discounts, returns, as applicable.

Income from services rendered is recognised as the service is performed on proportionate completion method and is booked based on agreements / arrangements with the concerned parties.

Export entitlements are recognised after completion of related exports on prudent basis.

K. Construction Contracts

Revenue in respect of construction contracts is recognised on the basis of percentage of completion method. The stage of completion is determined on the basis of completion of physical proportion of the contract work. Future expected loss, if any, is recognised as expenditure.

L. Borrowing Costs

Borrowing costs, if any, attributable to the acquisition and construction of qualifying assets are added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which these are incurred.

M. Research & Development Expenditure (R & D)

Revenue expenditure on R&D is expensed in the period in which it is incurred. Capital expenditure on Development is capitalised on compliance with the provisions of the Accounting Standard 26 on 'Intangible Assets'.

N. Employee Benefits**a) Short-term Employee Benefits :**

The undiscounted amount of Short-term Employee Benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

b) Post Employment Benefit Plans :

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the year in which the employee has rendered the service.

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of Plan Assets. Any asset resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

c) Other Long-term Employee Benefits (unfunded) :

The cost of providing other long-term employee benefits is determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Profit and Loss Statement for the period in which they occur. Other long-term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

O. Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation as at the Balance Sheet date and are not discounted to its present value.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

P. Taxation

Current tax is provided as the amount of tax payable in respect of taxable income for the year, measured using the applicable tax rules and laws.

Deferred tax is provided on timing differences between taxable income and accounting income measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is a virtual/reasonable certainty, as applicable, in keeping with Accounting Standard 22 on "Accounting for Taxes on Income" that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax in excess of MAT during the specified period.

Q. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss Statement on a straight-line basis over the period of lease.

R. Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. The Company generally accounts for inter-segment sales and transfers at cost plus appropriate margin. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Corporate-Unallocated (Net)".

	(Rs. in Lakhs)	
	<u>As at 31st March, 2014</u>	<u>As at 31st March, 2013</u>
2. Share Capital		
Authorised		
20,00,00,000 (Previous Year - 20,00,00,000) Equity Shares of Rs. 2/- each	<u>4,000.00</u>	<u>4,000.00</u>
Issued, Subscribed and Paid-up		
19,53,75,594 (Previous Year - 19,53,75,594) Equity Shares of Rs. 2/- each Fully Paid-up	3,907.51	3,907.51
Add : Forfeited Shares	0.17	0.17
	<u>3,907.68</u>	<u>3,907.68</u>

2.1 The Company has one class of Equity Shares having a par value of Rs. 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholdings.

2.2 Details of Equity Shares held by Shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	Number of Shares	Number of Shares
Likhami Leasing Limited	5,58,70,000 (28.60%)	5,58,70,000 (28.60%)
The Emerald Company Limited	2,05,84,781 (10.54%)	2,05,84,781 (10.54%)
The Bond Company Limited	1,82,60,960 (9.35%)	1,63,82,195 (8.38%)
H.L. Investment Co. Ltd.	1,41,83,400 (7.26%)	1,18,92,608 (6.09%)

2.3 Aggregate number of Equity Shares allotted in 2009-10 as fully paid-up pursuant to a Scheme of Arrangement / Amalgamation without payments being received in cash.

1,98,88,336	1,98,88,336
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	(Rs. in Lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
3. Reserves and Surplus		
Capital Reserve : As per Last Accounts	45.86	45.86
	<u>45.86</u>	<u>45.86</u>
Capital Redemption Reserve : As per Last Accounts	575.00	575.00
	<u>575.00</u>	<u>575.00</u>
Securities Premium Account : As per Last Accounts	20,097.65	20,097.65
	<u>20,097.65</u>	<u>20,097.65</u>
General Reserve (Note 3.1 below)		
Balance as at the Beginning of the Year	1,19,076.20	1,09,076.20
Add: Transferred from Surplus in Profit and Loss Statement during the Year	10,000.00	10,000.00
Balance as at the End of the Year	<u>1,29,076.20</u>	<u>1,19,076.20</u>
Surplus in Profit and Loss Statement		
Balance as at the Beginning of the Year	20,797.18	22,489.02
Add: Profit for the Year	17,091.54	16,308.45
Amount Available for Appropriation	37,888.72	38,797.47
Less : Appropriations		
Transferred to General Reserve	10,000.00	10,000.00
Proposed Dividend on Equity Shares [Rs. 3.50 per Share (Previous Year - Rs. 3.50 per Share)]	6,838.15	6,838.15
Dividend Distribution Tax on Proposed Dividend	1,162.14	1,162.14
Balance as at the End of the Year	<u>19,888.43</u>	<u>20,797.18</u>
	<u>1,69,683.14</u>	<u>1,60,591.89</u>

3.1 Represents a free reserve and is not meant for meeting any specific liability, contingency or commitment.

4. Long-term Borrowings

Secured

Foreign Currency Term Loans from a Bank (Secured by way of first charge on certain moveable fixed assets, both present and future, of the Company)	10,016.67	12,674.67
	<u>10,016.67</u>	<u>12,674.67</u>

Terms of Repayment -

- (a) Total loan amount of Rs. 8,013.34 Lakhs (USD 13.33 Million) [Previous Year - Rs. 10,864.00 Lakhs (USD 20 Million)] is repayable in 2 equal annual installments on February, 2015 and February, 2016. Interest is payable on quarterly basis at Libor plus 1.85% p.a. Current maturity of the loan amounting to Rs. 4,006.67 Lakhs (Previous Year - Rs. 3,621.33 Lakhs) has been disclosed in Note 9.
- (b) Total loan amount of Rs. 6,010.00 Lakhs (USD 10 Million) [Previous Year - Rs. 5,432.00 Lakhs (USD 10 Million)] is repayable in 3 equal annual installments commencing from August, 2015. Interest is payable on quarterly basis at Libor plus 2.10% p.a.

	(Rs. in Lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
5. Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation	<u>9,779.41</u>	10,044.26
Deferred Tax Assets		
Expenses Allowable for Tax Purpose on Payment	605.19	319.97
Provision for Doubtful Debts	120.95	47.47
Unamortised Expenditure Allowable for Tax Purpose in Subsequent Years	<u>86.54</u>	173.09
	<u>812.68</u>	<u>540.53</u>
	<u>8,966.73</u>	<u>9,503.73</u>
6. Other Long-term Liabilities		
Trade Payables	46.35	173.43
Security Deposits	<u>0.70</u>	<u>0.70</u>
	<u>47.05</u>	<u>174.13</u>
7. Short-term Borrowings		
Secured		
Loans Repayable on Demand from Banks (Secured by first charge by way of hypothecation of certain stocks and book debts, both present and future, and secured by creation of second charge by way of mortgage/charge on certain other movable and immovable assets of the Company, both ranking pari-passu amongst the related chargeholders)	9,482.67	19,729.14
Unsecured		
Loans Repayable on Demand from Banks	10,602.50	24,358.13
	<u>20,085.17</u>	<u>44,087.27</u>
7.1 Balance outstanding as at 31st March, 2014 in respect of Commercial Paper was Rs. Nil (Previous Year - Rs. Nil). Maximum amount outstanding at any time during the year was Rs. 5,000.00 Lakhs (Previous Year - Rs. 3,000.00 Lakhs).		
8. Trade Payables		
Trade Payables		
Acceptances	5,330.94	3,469.08
Others (Refer Note 41)	<u>17,244.72</u>	<u>13,291.75</u>
	<u>22,575.66</u>	<u>16,760.83</u>
9. Other Current Liabilities		
Current Maturities of Long-term Debt (Refer Note 4)	4,006.67	3,621.33
Interest Accrued but not Due on Borrowings	93.71	101.75
Unpaid Dividends*	309.65	269.78
Other Payables		
Dues Payable to Government Authorities	2,750.46	2,153.23
Capital Liabilities	365.36	406.34
Advances from Customers	2,350.22	1,091.86
Deposits	31.97	31.76
Claims / Charges Payable	731.69	713.36
Employee Benefits Payable	1,744.75	1,780.91
Fractional Entitlement Due for Refund to Shareholders	9.27	9.28
Remuneration Payable to Non-executive Directors	<u>249.00</u>	<u>224.00</u>
	<u>12,642.75</u>	<u>10,403.60</u>

* There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

	(Rs. in Lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
10. Short-term Provisions		
Provisions for Employee Benefits	1,802.57	1,275.80
Other Provisions		
Mark-to-market Losses on Derivatives	38.26	68.76
Current Tax (Net of Advance Tax)	4,190.48	3,080.59
Wealth Tax (Net of Advance Tax)	7.26	7.07
Proposed Dividend on Equity Shares	6,838.15	6,838.15
Dividend Distribution Tax on Proposed Dividend	1,162.14	1,162.14
	14,038.86	12,432.51

11. Fixed Assets**11.1 Reconciliation of Gross and Net Carrying Amount of Each Class of Assets**

Description	GROSS BLOCK - AT COST					DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 31st March, 2013	Additions during the Year	Adjustments during the Year Borrowing Cost	Exchange Differences [Refer Note 11.4 below]	Disposals during the Year	As at 31st March, 2014	Up to 31st March, 2013	For the Year	On Disposals	Up to 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
Tangible Assets												
Freehold Land	2,239.70	-	-	-	-	2,239.70	-	-	-	-	2,239.70	2,239.70
Leasehold Land	119.31	-	-	-	-	119.31	38.36	1.82	-	40.18	79.13	80.95
Buildings	24,830.19	35.55	-	542.01	-	25,407.75	6,412.34	783.50	-	7,195.84	18,211.91	18,417.85
Plant and Equipment	91,981.62	1,024.74	-	1,310.96	184.87	94,132.45	47,621.39	4,405.69	137.49	51,889.59	42,242.86	44,360.23
							(Note 11.2 below)					(Note 11.2 below)
Furniture and Fixtures	653.62	10.56	-	-	4.85	659.33	494.28	16.78	4.08	506.98	152.35	159.34
Vehicles	818.71	75.26	-	-	33.49	860.48	381.79	67.60	22.35	427.04	433.44	436.92
Office Equipment	697.99	59.94	-	-	17.36	740.57	500.19	32.80	15.35	517.64	222.93	197.80
Machinery Spares	68.19	-	-	-	-	68.19	67.65	-	-	67.65	0.54	0.54
Total	1,21,409.33	1,206.05	-	1,852.97	240.57	1,24,227.78	55,516.00	5,308.19	179.27	60,644.92	63,582.86	65,893.33
Previous Year	1,05,016.26	14,463.53	467.66	1,730.17	268.29	1,21,409.33	50,746.09	4,980.31	210.40	55,516.00	65,893.33	
Intangible Assets												
Computer Software - Acquired	368.31	181.33	-	-	-	549.64	271.57	51.78	-	323.35	226.29	96.74
Total	368.31	181.33	-	-	-	549.64	271.57	51.78	-	323.35	226.29	96.74
Previous Year	308.09	60.22	-	-	-	368.31	247.87	23.70	-	271.57	96.74	
Grand Total	1,21,777.64	1,387.38	-	1,852.97	240.57	1,24,777.42	55,787.57	5,359.97	179.27	60,968.27	63,809.15	65,990.07
							(Note 11.3 below)					
Previous Year	1,05,324.35	14,523.75	467.66	1,730.17	268.29	1,21,777.64	50,993.96	5,004.01	210.40	55,787.57	65,990.07	

11.2 Gross Block as at 31st March, 2014 includes Rs. 720.35 Lakhs (Previous Year - Rs. 720.35 Lakhs) being expenditure in respect of Outdoor Transmission Lines not owned by the Company. Written down value of said assets as on 31st March, 2014 is Rs. 138.45 Lakhs (Previous Year - Rs. 172.67 Lakhs).

11.3 Includes Rs. Nil (Previous Year - Rs. 336.75 Lakhs) transferred from Opening Capital Work-in-progress.

11.4 Represents exchange differences arising on long-term foreign currency loans obtained for the purpose of acquisition of depreciable capital assets [Refer Note 1(H) above].

12. Non-current Investments

	Unit Face Value	Number	(Rs. in Lakhs)		
			As at 31st March, 2014	Number	As at 31st March, 2013
Long - term					
Trade Investments (Valued at Cost)					
Unquoted					
Investments in Equity Instruments					
In Subsidiary Company					
Fully Paid-up Shares					
Graphite International B.V.	Euro 1	1,73,00,000	11,588.48	1,23,00,000	7,368.95
In Other Body Corporate					
Fully Paid-up Equity Shares					
Wardha Power Company Limited [Refer Note 38]					
Class A Equity Shares	Rs.10	24,76,558	247.66	24,76,558	247.66
Investments in Preference Shares					
In Other Body Corporate					
Fully Paid-up Preference Shares					
Wardha Power Company Limited [Refer Note 38]					
0.01% Class A Redeemable Preference Shares	Rs.10	31,23,442	312.34	31,23,442	312.34
Other than Trade Investments (Valued at Cost)					
Unquoted					
Investments in Equity Instruments					
In Subsidiary Company					
Fully Paid-up Equity Shares					
Carbon Finance Limited	Rs.10	53,00,000	3,003.76	53,00,000	3,003.76
In Government Securities					
6 Year National Savings Certificate (Deposited with Sales Tax Authority)			0.06		0.06
Investments in Mutual Funds					
HDFC-FMP-540D-December 2013 - 1 - Regular - Growth	Rs. 10	60,39,628.000	603.96	—	—
			<u>15,756.26</u>		<u>10,932.77</u>
Aggregate Amount of Unquoted Investments			<u>15,756.26</u>		<u>10,932.77</u>
Net Asset Value of Units of Mutual Funds			<u>622.05</u>		<u>—</u>

12.1 For classification of investments in accordance with Accounting Standard (AS) 13 - 'Accounting for Investments', refer Note 45.

	(Rs. in Lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
13. Long-term Loans and Advances		
Unsecured, Considered Good :		
Capital Advances	27.24	37.29
Security Deposits	566.09	573.26
Loan to a Related Party		
Housing Loan to Executive Director	—	1.20
Other Loans and Advances		
Loans to Employees*	171.30	142.83
Prepaid Expenses	2.16	16.18
	<u>766.79</u>	<u>770.76</u>
*Includes amount due from an Officer of the Company	4.13	7.67
14. Other Non-current Assets		
Unsecured, Considered Good :		
Fixed Deposits with Banks (with Maturity of more than Twelve Months) (Lodged with Government Authority / Others)	1.40	4.00
Accrued Interest on Fixed Deposits	0.12	—
	<u>1.52</u>	<u>4.00</u>

15. Current Investments

(Rs. in Lakhs)

Unquoted [Refer Note 1(F)]	Unit	As at 31st		As at 31st	
		Face Value	Number	March, 2014	Number
Investments in Mutual Funds					
HDFC Monthly Income Plan-Long Term-Growth	Rs. 10	26,19,515.389	700.00	44,10,963.190	1,043.42
HSBC Monthly Income Plan-Savings Plan-Growth	Rs. 10	30,86,246.563	715.00	36,24,015.807	730.00
Reliance Monthly Income Plan - Growth Plan Growth Option	Rs. 10	23,23,177.177	600.00	23,00,045.541	500.00
ICICI Prudential MIP-25-Regular Plan-Growth	Rs. 10	33,70,990.102	800.00	34,07,072.108	700.00
HDFC Short Term Plan-Growth	Rs. 10	41,05,623.363	950.00	14,84,656.079	300.00
Templeton India Short Term Income Retail-Growth	Rs. 1,000	21,253.168	500.00	21,253.168	500.00
Reliance Short Term Fund-Growth Plan-Growth Option	Rs. 10	70,88,609.621	1,550.46	52,85,329.454	1,150.46
Reliance Regular Savings Fund-Debt Plan-Inst Growth Plan	Rs. 10	21,07,392.734	350.00	21,06,755.111	300.73
Templeton India Income Opportunities Fund-Growth	Rs. 10	2,37,07,915.101	3,361.00	2,36,81,425.604	2,817.20
Templeton India Corporate Bond Opportunities Fund - Growth	Rs. 10	49,11,494.863	500.00	49,11,494.863	500.00
IDFC Fixed Maturity Plan Yearly Series.65-Growth	Rs. 10	—	—	1,00,00,000.000	1,000.00
Reliance Dynamic Bond Fund - Growth Plan - Growth Option	Rs. 10	95,01,643.484	1,448.94	70,11,092.014	1,048.94
ICICI Prudential Income Opportunities Fund-Regular Plan-Growth	Rs. 10	34,90,145.248	549.30	34,90,145.248	549.30
Reliance Income Fund - Growth Plan - Bonus Option	Rs. 10	34,30,570.961	375.00	34,30,570.961	375.00
DSP BlackRock FMP - Series 84 - 12M - Regular - Growth	Rs. 10	—	—	60,00,000.000	600.00
IDFC Yearly Series Interval Fund Regular Plan - Series III - Growth	Rs. 10	60,00,000.000	600.00	60,00,000.000	600.00
DSP BlackRock FMP - Series 86 - 12M - Regular - Growth	Rs. 10	—	—	61,08,860.376	610.89
UTI-Fixed Term Income Fund Series XIV-II-(366 Days)-Growth	Rs. 10	—	—	1,00,00,000.000	1,000.00
ICICI Prudential FMP Series 66 - 366 Days Plan F Regular Plan Cumulative	Rs. 10	—	—	1,00,00,000.000	1,000.00
Reliance Yearly Interval Fund - Series 3 - Growth Plan	Rs. 10	—	—	1,00,00,000.000	1,000.00
Kotak - Fixed Maturity Plan -Series - 96 - Growth	Rs. 10	—	—	55,13,520.000	551.35
UTI Fixed Term Income Fund Series XIV - VI (366 Days) - Growth	Rs. 10	—	—	60,00,000.000	600.00
HDFC Cash Management Fund - Savings - Growth	Rs. 10	90,24,116.952	2,400.00	—	—
IDFC Ultra Short Term Fund-Growth-Regular Plan	Rs. 10	73,03,658.009	1,300.00	—	—
IDFC Dynamic Bond Fund - Growth - Regular Plan	Rs. 10	35,13,604.678	500.00	—	—
IDFC Super Saver Income Fund - Investment Plan - Growth - Regular Plan	Rs. 10	21,26,773.202	611.19	—	—
DSP BlackRock Strategic Bond Fund - Institutional Plan - Growth	Rs. 1,000	29,027.132	400.00	—	—
DSP BlackRock Short Term Fund - Regular Plan - Growth	Rs. 10	43,45,128.384	875.16	—	—
UTI Bond Fund - Growth	Rs. 10	13,95,946.172	500.00	—	—
Templeton India Income Builder Account Plan A - Growth	Rs. 10	12,34,775.222	500.00	—	—
Reliance Fixed Horizon Fund - XXIV - Series 3 - Growth Plan	Rs. 10	50,00,000.000	500.00	—	—
Reliance Fixed Horizon Fund - XXIV - Series 15 - Growth Plan	Rs. 10	58,10,000.000	581.00	—	—
DSP Black Rock MIP-Regular Plan-Growth	Rs. 10	21,19,173.861	500.00	—	—
DSP Blackrock-FMP-Series 130-12M	Rs. 10	70,70,000.000	707.00	—	—
ICICI Prudential FMP Series 72 - 366 Days Plan I Regular Plan - Cumulative	Rs. 10	1,00,00,000.000	1,000.00	—	—
Reliance Yearly Interval Fund - Series 1 - Growth Plan	Rs. 10	91,96,755.384	1,000.00	—	—
IDFC Fixed Term Plan Series 65 Regular Plan-Growth	Rs. 10	1,50,00,000.000	1,500.00	—	—
DSP BlackRock FMP - Series 144 - 12M - Regular - Growth	Rs. 10	1,50,00,000.000	1,500.00	—	—
ICICI Prudential FMP Series 73- 366 Days Plan B Regular Plan - Cumulative	Rs. 10	78,90,000.000	789.00	—	—
ICICI Prudential FMP Series 73- 366 Days Plan A Regular Plan - Cumulative	Rs. 10	1,09,42,600.000	1,094.26	—	—
DSP BlackRock FMP - Series 149 - 12M - Regular - Growth	Rs. 10	1,26,83,215.429	1,268.32	—	—
DSP BlackRock FMP - Series 146 - 12M - Regular - Growth	Rs. 10	65,57,940.000	655.79	—	—
Current Portion of Long-term Investment					
ICICI Prudential FMP Series 68 - 369 Days Plan I Regular Plan - Cumulative	Rs. 10	52,50,000.000	525.00	—	—
HDFC FMP 370D August 2013 (2) Regular - Growth	Rs. 10	50,00,000.000	500.00	—	—
ICICI Prudential FMP Series 73- 368 Days Plan M Regular Plan - Cumulative	Rs. 10	66,00,000.000	660.00	—	—
HDFC FMP 370D March 2014 (1) Regular - Growth	Rs. 10	80,00,000.000	800.00	—	—
HDFC FMP 369D March 2014 (3) - Regular - Growth	Rs. 10	60,00,000.000	600.00	—	—
DSP BlackRock FTP - Series 3 - 24M - Growth	Rs. 10	—	—	50,00,000.000	500.00
HDFC FMP 24M November 2011 (1) - Growth - Series XIX	Rs. 10	—	—	50,34,282.000	503.43
IDFC Fixed Maturity Plan - Eighteen Months Series 9 - Growth	Rs. 10	—	—	45,00,000.000	450.00
HDFC- Fixed Maturity Plan 400D - February 2012 (1) - Growth	Rs. 10	—	—	1,10,20,200.000	1,102.02
HDFC- Fixed Maturity Plan 400D - March 2012 (1) - Growth	Rs. 10	—	—	83,66,128.000	836.61
Reliance Fixed Horizon Fund - XXI Series 18 - Growth	Rs. 10	—	—	67,16,069.467	671.61
DSP BlackRock FMP - Series 43 - 12M - Growth	Rs. 10	—	—	70,00,000.000	700.00
Reliance Fixed Horizon Fund - XXI Series 11 - Growth	Rs. 10	—	—	70,00,000.000	700.00
HDFC- Fixed Maturity Plan 391D - March 2012 (1) - Growth	Rs. 10	—	—	70,00,000.000	700.00
			34,266.42		23,640.96
Aggregate Amount of Unquoted Investments			34,266.42		23,640.96
Net Asset Value of Units of Mutual Funds			35,577.80		25,394.20

15.1 For classification of investments in accordance with Accounting Standard (AS) 13 - 'Accounting for Investments', refer Note 45.

	(Rs. in Lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
16. Inventories		
- At Lower of Cost and Net Realisable Value		
Raw Materials [Includes in transit - Rs. 4,223.19 Lakhs (Previous Year - Rs. 1,938.54 Lakhs)]	37,205.43	48,733.87
Work-in-progress [Includes in transit - Rs. 174.38 Lakhs (Previous Year - Rs. 516.91 Lakhs)]	38,951.78	38,446.07
Finished Goods [Includes in transit - Rs. 1,565.93 Lakhs (Previous Year - Rs. 28.20 Lakhs)]	10,557.17	8,993.69
Stores and Spares [Includes in transit - Rs. 76.93 Lakhs (Previous Year - Rs. 40.66 Lakhs)]	1,517.90	1,529.40
Loose Tools	67.83	67.43
	<u>88,300.11</u>	<u>97,770.46</u>
17. Trade Receivables		
Unsecured :		
Debts Outstanding for a Period exceeding Six Months from the Date they are Due for Payment -		
Considered Good	717.92	592.91
Considered Doubtful	351.88	139.66
	<u>1,069.80</u>	<u>732.57</u>
Less: Provision for Doubtful Debts	<u>(351.88)</u>	<u>(139.66)</u>
	<u>717.92</u>	<u>592.91</u>
Other Debts -		
Considered Good	41,620.51	50,367.16
Considered Doubtful	3.96	—
	<u>41,624.47</u>	<u>50,367.16</u>
Less: Provision for Doubtful Debts	<u>(3.96)</u>	<u>—</u>
	<u>41,620.51</u>	<u>50,367.16</u>
	<u>42,338.43</u>	<u>50,960.07</u>
18. Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks		
In Current Accounts	2,053.27	289.24
Unpaid Dividend Accounts @	309.65	269.78
Cheques, Drafts on Hand	13.65	10.69
Cash on Hand	13.33	22.91
	<u>2,389.90</u>	<u>592.62</u>
Other Bank Balances		
Fixed Deposit Accounts (with Maturity of more than Three Months but less than Twelve Months) (Lodged with Government Authority / Others)	7.28	9.48
	<u>2,397.18</u>	<u>602.10</u>
@ Earmarked for payment of Unclaimed Dividend		
18.1 Fixed Deposits with Banks with Maturity of more than Twelve Months included in Note 14	<u>1.40</u>	<u>4.00</u>

	(Rs. in Lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
19. Short-term Loans and Advances		
Unsecured, Considered Good :		
Loans and Advances to Related Parties		
Subsidiary	—	239.77
Housing Loan to Executive Director	—	4.80
Others		
Advance / Deposits with Government Authorities	9,956.85	16,083.80
Advance to Suppliers / Service Providers	1,112.96	603.04
Prepaid / Advance for Expenses	370.64	295.19
Loans to Employees*	140.54	100.86
Claims Receivable / Charges Recoverable	174.73	149.20
Security and Other Deposits	144.91	101.26
	<u>11,900.63</u>	<u>17,577.92</u>
*Includes amount due from an Officer of the Company	3.54	3.54
20. Other Current Assets		
Unsecured, Considered Good :		
Receivables from a Related Party		
Subsidiary	167.33	—
Accrued Interest on Deposits		
with Banks	8.07	2.56
with Others	59.40	3.44
Export Entitlement Receivable	1,854.13	2,013.94
	<u>2,088.93</u>	<u>2,019.94</u>
	Year ended 31st March, 2014	Year ended 31st March, 2013
21. Revenue from Operations (Gross)		
Sale of Products		
Graphite Electrodes and Miscellaneous Graphite Products [Includes Sale of Traded Goods amounting to Rs. Nil (Previous Year - Rs. 1,410.29 Lakhs)]	1,48,374.66	1,48,610.94
Carbon Paste	3,067.87	2,249.23
Calcined Petroleum Coke	2,913.02	3,313.94
Electricity	139.19	90.72
Impervious Graphite Equipment and Spares	10,833.94	10,113.11
GRP / FRP Pipes and Tanks	6,261.37	3,824.20
High Speed Steel	6,820.13	8,061.21
Alloy Steel	735.43	647.22
Others	1,328.83	1,034.72
	<u>1,80,474.44</u>	<u>1,77,945.29</u>
Sale of Services		
Processing / Service Charges	261.80	138.78
Installation Charges	43.73	937.10
	<u>305.53</u>	<u>1,075.88</u>
Other Operating Revenues		
Export Entitlement	3,413.55	4,205.07
Royalty	295.20	391.83
	<u>3,708.75</u>	<u>4,596.90</u>
	<u>1,84,488.72</u>	<u>1,83,618.07</u>

	(Rs. in Lakhs)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
22. Other Income		
Interest Income		
On Loans and Deposits	113.59	31.76
On Long-term Investments	—	20.36
From Customers	211.76	220.28
From Income-tax Authority	—	126.98
Net Gain on Disposal of Long-term Investments	785.21	605.95
Net Gain on Disposal of Current Investments	1,822.93	594.18
Guarantee Fee	61.95	52.16
Liabilities no longer required Written Back	407.80	356.68
Provision for Doubtful Debts Written Back	112.52	127.03
Net Gain on Foreign Currency Transactions and Translation	277.13	72.70
Other Non-operating Income	228.05	426.63
	<u>4,020.94</u>	<u>2,634.71</u>
23. Cost of Materials Consumed		
Opening Inventory	48,733.87	43,933.30
Add : Purchases	68,282.65	83,683.72
	1,17,016.52	1,27,617.02
Less : Closing Inventory	37,205.43	48,733.87
Cost of Materials Consumed	<u>79,811.09</u>	<u>78,883.15</u>
23.1 Details of Materials Consumed		
Raw Petroleum Coke	4,296.14	5,245.27
Calcined Petroleum Coke	52,845.98	52,587.32
Pitch	11,873.10	12,801.96
Extrusion Oil	219.92	295.96
Fibreglass	1,409.68	623.63
Resin Chemicals	3,558.67	1,562.51
Melting Scrap	2,400.90	2,857.00
Ferro Alloys, Fluxes and Other Materials	2,115.97	2,175.69
Stearic Acid	109.94	133.33
Iron & Ferric Oxide	231.41	238.58
Steel	58.70	57.51
Sand	221.16	68.98
Others	469.52	235.41
	<u>79,811.09</u>	<u>78,883.15</u>

	(Rs. in Lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
23.2 Details of Inventory		
Raw Petroleum Coke	474.23	59.13
Calcined Petroleum Coke	33,946.54	45,050.82
Pitch	626.18	850.00
Extrusion Oil	29.75	38.40
Fibreglass	416.40	272.93
Resin Chemicals	71.65	64.73
Melting Scrap	661.17	1,185.17
Ferro Alloys, Fluxes and Other Materials	337.60	723.51
Stearic Acid	17.27	19.61
Iron & Ferric Oxide	35.47	25.13
Steel	15.81	19.69
Sand	17.06	22.19
Others	556.30	402.56
	<u>37,205.43</u>	<u>48,733.87</u>
	Year ended 31st March, 2014	Year ended 31st March, 2013
24. Purchases of Stock-in-trade		
Graphite Electrodes and Miscellaneous Graphite Products	—	1,345.27
	<u>—</u>	<u>1,345.27</u>
25. Changes in Inventories of Finished Goods and Work-in-progress		
Finished Goods		
Closing Stock	10,557.17	8,993.69
Deduct: Opening Stock	8,993.69	6,620.32
	<u>(1,563.48)</u>	<u>(2,373.37)</u>
Work-in-progress		
Closing Stock	38,951.78	38,446.07
Deduct: Opening Stock	38,446.07	33,081.58
	<u>(505.71)</u>	<u>(5,364.49)</u>
	<u>(2,069.19)</u>	<u>(7,737.86)</u>

	(Rs. in Lakhs)	
	<u>As at 31st March, 2014</u>	<u>As at 31st March, 2013</u>
25.1 Details of Inventory		
Finished Goods		
Graphite Electrodes and Miscellaneous Graphite Products	8,783.58	7,842.10
Carbon Paste	229.27	428.20
Electricity	26.34	47.33
Impervious Graphite Equipment and Spares	583.64	142.49
GRP/FRP Pipes and Tanks	533.03	380.64
High Speed Steel	377.15	149.62
Alloy Steel	24.16	3.31
	<u>10,557.17</u>	<u>8,993.69</u>
Work-in-progress		
Graphite Electrodes and Miscellaneous Graphite Products	33,080.60	32,357.09
Calcined Petroleum Coke	297.40	1,098.40
Impervious Graphite Equipment and Spares	2,653.47	2,622.84
GRP/FRP Pipes and Tanks	234.87	129.62
High Speed Steel	2,524.38	1,793.82
Alloy Steel	142.66	73.31
Others	18.40	370.99
	<u>38,951.78</u>	<u>38,446.07</u>
	<u>Year ended 31st March, 2014</u>	<u>Year ended 31st March, 2013</u>
26. Employee Benefits Expense		
Salaries and Wages	11,380.64	10,282.73
Contribution to Provident and Other Funds	1,392.50	1,026.11
Staff Welfare Expenses	699.96	688.42
	<u>13,473.10</u>	<u>11,997.26</u>
27. Finance Costs		
Interest Expense on		
Borrowings from Banks	1,257.79	1,846.15
Others	374.31	410.58
Other Borrowing Costs	64.19	87.85
	<u>1,696.29</u>	<u>2,344.58</u>
Less: Interest and Other Borrowing Costs Capitalised	—	130.91
	<u>1,696.29</u>	<u>2,213.67</u>
28. Depreciation and Amortisation Expense		
Depreciation on Tangible Assets	5,306.37	4,974.44
Amortisation of Leasehold Land	1.82	5.87
Amortisation of Intangible Assets	51.78	23.70
	<u>5,359.97</u>	<u>5,004.01</u>

	(Rs. in Lakhs)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
29. Other Expenses		
Consumption of Stores and Spare Parts	12,617.24	14,114.85
Power and Fuel	24,429.27	30,393.66
Rent	171.18	223.78
Repairs to Buildings	456.37	361.12
Repairs to Machinery	1,473.75	1,668.53
Repairs to Others	285.66	257.66
Insurance	539.36	559.03
Rates and Taxes	819.77	227.02
Freight and Transport	5,174.08	5,613.73
Commission to Selling Agents	4,008.05	2,909.45
Travelling and Conveyance	592.15	579.61
Payment to Auditors (Refer Note 40)	50.35	61.16
Directors' Remuneration (Other than Executive Director)	260.40	234.40
Excise Duty on Stocks etc. (Refer Note 29.2)	19.99	188.41
Bad Debts/Advances Written Off	106.50	115.93
Provision for Doubtful Debts	328.70	75.72
Processing Charges	212.57	276.73
Contractors' Labour Charges	2,230.24	2,646.49
Loss on Disposal of Tangible Fixed Assets [Net of Profit on Disposal of Tangible Fixed Assets Rs. 1.13 Lakhs (Previous Year - Rs. 3.26 Lakhs)]	12.21	46.91
Miscellaneous Expenditure	3,377.89	3,552.27
	<u>57,165.73</u>	<u>64,106.46</u>
29.1 Consumption of Stores and Spare Parts includes:		
Packing Materials	1,196.75	1,318.78
Loose Tools	<u>238.29</u>	<u>217.58</u>

29.2 Represents the aggregate amount of excise duty borne by the Company and difference between excise duty on opening and closing stock of finished goods.

	(Rs. in Lakhs)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
30. Earnings per Equity Share		
(A) Basic		
(i) Number of Equity Shares at the Beginning of the Year	19,53,75,594	19,53,75,594
(ii) Number of Equity Shares at the End of the Year	19,53,75,594	19,53,75,594
(iii) Weighted Average Number of Equity Shares Outstanding during the Year	19,53,75,594	19,53,75,594
(iv) Face Value of Each Equity Share (Rs.)	2.00	2.00
(v) Profit after Tax Available for Equity Shareholders	17,091.54	16,308.45
(vi) Basic Earnings per Equity Share (Rs.)[(v)/(iii)]	8.75	8.35
(B) Diluted		
(i) Dilutive Potential Equity Shares	—	—
(ii) Diluted Earnings per Equity Share (Rs.) [Same as (A)(vi) above]	8.75	8.35
31. C.I.F. Value of Imports		
Raw Materials	39,714.19	51,432.46
Components and Spare Parts	607.26	747.77
Capital Goods	101.83	117.26
Traded Goods	—	1,345.27
32. Expenditure in Foreign Currency on Account of		
Travelling	181.65	140.36
Commission	1,151.31	1,538.62
Export Sales Expenses	1,803.11	1,150.47
Interest	473.18	569.21
Professional Fees	107.68	287.35
Bank Charges	43.72	38.99
Others	35.81	43.48
	2013-14	2012-13
	%	%
33. Consumption of		
Raw Materials		
Imported	51,760.93	64.85
Indigenous	28,050.16	35.15
	<u>79,811.09</u>	<u>100.00</u>
Stores and Spare Parts		
Imported	720.82	5.71
Indigenous	11,896.42	94.29
	<u>12,617.24</u>	<u>100.00</u>
	<u>50,039.00</u>	<u>63.43</u>
	<u>28,844.15</u>	<u>36.57</u>
	<u>78,883.15</u>	<u>100.00</u>
	<u>788.48</u>	<u>5.59</u>
	<u>13,326.57</u>	<u>94.41</u>
	<u>14,115.05</u>	<u>100.00</u>

	(Rs. in Lakhs)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
34. Amount Remitted in Foreign Currency		
(a) On Account of Dividend (Rs. in Lakhs)	334.74	334.74
Total Number of Shareholders	14	14
Total Number of Shares of Rs. 2/- each held by the Shareholders on which the Dividends were Due	95,63,950	95,63,950
The Year to which such Dividends relate	2012-13	2011-12
(b) On Account of Dividend (Rs. in Lakhs)	0.90	—
Total Number of Shareholders	1	—
Total Number of Shares of Rs. 2/- each held by the Shareholders on which the Dividends were Due	3,930	—
The Year to which such Dividends relate	2006-07 to 2012-13	—
35. Earnings in Foreign Currency		
Export of Goods on F.O.B. Basis	52,925.45	72,914.27
Royalty	295.20	391.83
Guarantee Fee	61.95	52.16
Service Charges	45.61	20.32
Sale of Carbon Credit	29.51	42.28
	As at 31st March, 2014	As at 31st March, 2013
36. Commitments -		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) [includes Rs. Nil (Previous Year - Rs. 9.60 Lakhs) for acquisition of intangible assets]	335.76	268.33
(ii) Export obligations under EPCG Licenses	—	261.27
(iii) Export obligations against Advance Licenses	1,083.33	—
37. Contingent Liabilities -		
(i) Claims against the Company not acknowledged as debts:		
(a) Disputed Excise Duty	1,023.12	523.95
(b) Disputed Customs Duty	1,163.01	999.62
(c) Disputed Service Tax	2,516.07	324.92
(d) Disputed Sales Tax / Value Added Tax	516.54	528.46
(e) Disputed Entry Tax	360.08	246.04
(f) Disputed Income Tax	880.47	1.89
(g) Labour Related Matters	503.69	324.42
(h) Other Matters (Rent etc.)	49.23	49.23

	(Rs. in Lakhs)	
	<u>As at 31st March, 2014</u>	<u>As at 31st March, 2013</u>
(ii) Guarantee		
Corporate Guarantees given to banks to secure the financial assistance/ accommodation extended to Subsidiary Companies	6,195.75	5,209.50
(iii) In respect of Contingent Liabilities mentioned in Note 37(i) above, it is not practicable for the Company to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above Contingent Liabilities.		

- 38.** The Company had entered into a Power Delivery Agreement (PDA) with Wardha Power Company Limited (WPCL) for procurement of power for its manufacturing activity at the terms set out in the said agreement for twenty five years from the commencement of commercial operation of power plant to be declared by WPCL. As per the terms of Share Subscription Agreement (SSA) with WPCL, the Company invested Rs. 247.66 Lakhs (Previous Year – Rs. 247.66 Lakhs) in its Class A Equity Shares and Rs. 312.34 Lakhs (Previous Year – Rs. 312.34 Lakhs) in its 0.01% Class A Redeemable Preference Shares, shown under Non-current Investments (Note 12) and were required to subscribe Rs.350.00 Lakhs (Previous Year – Rs. 350.00 Lakhs) to Class C Redeemable Preference Shares of WPCL prior to commencement of commercial operation of the said Power Plant. The aforesaid shares are/shall be under lien with WPCL.

Upon the expiry of Power Delivery Agreement, Class A Equity Shares and Class A Redeemable Preference Shares will be bought back by WPCL for a total consideration of Re.1.00. One-tenth of Class C Redeemable Preference Shares will be redeemed on every anniversary from the date of issue at Re.0.01 per share.

Pursuant to failure of WPCL to commence power supply in accordance with the terms of PDA, the Company terminated the PDA and SSA and asked them to buy back the shares held by the Company alongwith interest. The Company has invoked the arbitration clause as provided in the agreement.

- 39.** Fixed Assets including Capital Work-in-progress includes Pre-operative expenses : Salaries and Wages Rs. 6.50 Lakhs (Previous Year – Rs. 41.22 Lakhs), Contribution to Provident and Other Funds Rs. Nil (Previous Year – Rs. 5.23 Lakhs), Consumption of Stores and Spare Parts Rs. Nil (Previous Year – Rs. 0.20 Lakhs), Power and Fuel – Rs. 14.56 Lakhs (Previous Year – Rs. Nil), Rates and Taxes Rs. Nil (Previous Year – Rs. 0.12 Lakhs), Insurance Rs. Nil (Previous Year – Rs. 5.04 Lakhs), Travelling and Conveyance Rs. Nil (Previous Year – Rs. 1.03 Lakhs), Contractors' Labour Charges Rs. 5.18 Lakhs (Previous Year – Rs. Nil), Miscellaneous Expenses Rs. Nil (Previous Year – Rs. 17.89 Lakhs) and Interest and Other Borrowing Cost Rs. Nil (Previous Year – Rs. 130.91 Lakhs).

	(Rs. in Lakhs)	
	<u>2013-14</u>	<u>2012-13</u>
40. Payment to Auditors (Note 29) include –		
(i) Payment to Statutory Auditors as Auditor		
As Audit Fee	24.00	24.00
For Certificate and Other Matters	18.55	28.35
Out-of-pocket Expenses	0.85	0.86
Service Tax and Education Cess	5.36	6.58
	48.76	59.79
Less: Cenvat Credit of Service Tax and Education Cess Availed	5.36	6.58
	43.40	53.21
(ii) Cost Auditors		
As Fee	6.20	6.50
For Certificate and Other Matters	0.48	0.96
Out-of-pocket Expenses	0.23	0.49
Service Tax and Education Cess	0.56	0.77
	7.47	8.72
Less: Cenvat Credit of Service Tax and Education Cess Availed	0.52	0.77
	6.95	7.95
Total	50.35	61.16

		(Rs. in Lakhs)	
41. Information relating to Micro and Small Enterprises (MSEs)-		As at 31st March, 2014	As at 31st March, 2013
(i) The Principal amount and Interest due thereon remaining unpaid to any supplier			
Principal	329.31	141.11	
Interest	0.09	—	
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year			
Principal	—	10.71	
Interest	—	0.08	
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.			
Principal	119.89	—	
Interest	0.78	—	
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year [including Rs. 0.09 Lakhs (Previous Year - Rs. Nil) being interest outstanding as at the beginning of the accounting year]			
	0.87	0.09	
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due on above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006			
	0.78	—	

The above particulars, as applicable, have been given in respect of MSEs to the extent they could be identified on the basis of the information available with the Company.

42. Particulars relating to Construction Contracts –

	2013-14	2012-13
(a) Contract revenues recognised as revenue	23.38	1,657.05
(b) Other information relating to Contract Work-in-progress		
(i) Aggregate amount of cost incurred and recognised profits less recognised losses	3,283.68	5,598.34
(ii) The amount of customer advances	318.13	—
(iii) The amount of retentions due from customers	—	9.66
(iv) Gross amount due from customers for contract work as an asset	320.69	87.99

43. Employee Benefits:

(I) Post Employment Defined Benefit Plans:

(A) Gratuity (Funded)

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme, the Gratuity Fund Trusts, administered and managed by the Life Insurance Corporation of India (LIC), make payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as set out in Note 1(N)(b) above, based upon which, the Company makes contributions to the Employees' Gratuity Funds.

The following table sets forth the particulars in respect of the Gratuity Plan (Funded) of the Company for the year ended 31st March, 2014:

	(Rs. in Lakhs)	
	<u>2013-14</u>	<u>2012-13</u>
(a) Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation:		
Present Value of Obligation at the beginning of the year	1,963.64	1,621.75
Current Service Cost	161.63	122.44
Interest Cost	162.53	125.21
Actuarial Losses	430.91	207.59
Benefits Paid	<u>(212.35)</u>	<u>(113.35)</u>
Present Value of Obligation at the end of the year	<u>2,506.36</u>	<u>1,963.64</u>
(b) Reconciliation of the Opening and Closing balances of the Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	1,659.21	1,429.51
Expected Return on Plan Assets	145.18	114.36
Actuarial Gains	14.65	28.61
Contributions	315.33	200.08
Benefits Paid	<u>(212.35)</u>	<u>(113.35)</u>
Fair Value of Plan Assets at the end of the year	<u>1,922.02</u>	<u>1,659.21</u>
(c) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets:		
Present Value of Obligation at the end of the year	2,506.36	1,963.64
Fair Value of Plan Assets at the end of the year	<u>1,922.02</u>	<u>1,659.21</u>
(Liabilities) recognised in the Balance Sheet	<u>(584.34)</u>	<u>(304.43)</u>
(d) Expense recognised in the Profit and Loss Statement:		
Current Service Cost	161.63	122.44
Interest Cost	162.53	125.21
Expected Return on Plan Assets	<u>(145.18)</u>	<u>(114.36)</u>
Actuarial Losses (Net)	416.26	178.98
Total Expense recognised @	<u>595.24</u>	<u>312.27</u>
@ Recognised under 'Contribution to Provident and Other Funds' in Note 26.		
(e) Category of Plan Assets:		
Fund with LIC	1,912.82	1,656.62
Others (including bank balances)	<u>9.20</u>	<u>2.59</u>
Total	<u>1,922.02</u>	<u>1,659.21</u>
(f) Actual Return on Plan Assets:	159.83	142.97
(g) Principal Actuarial Assumptions:		
Discount Rate	8.75%	8.00%
Salary Escalation	8.00%	6.00%
Expected Return on Assets	8.75%	8.00%

	(Rs. in Lakhs)				
(h) Other Disclosures:	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Present Value of Obligation at the end of the year	2,506.36	1,963.64	1,621.75	1,344.64	1,565.39
Fair Value of Plan Assets at the end of the year	1,922.02	1,659.21	1,429.51	1,334.98	1,533.09
Surplus/(Deficit) at the end of the year	(584.34)	(304.43)	(192.24)	(9.66)	(32.30)
Experience Adjustments on Plan Assets [Gain/(Loss)]	2.98	20.55	1.56	(0.36)	15.33
Experience Adjustments on Obligation [(Gain)/Loss]	226.65	236.64	203.06	184.41	0.93

Notes :

- (a) The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.
- (b) The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Company's policy for plan asset management and other relevant factors.

(B) Provident Fund

Contributions towards provident funds are recognised as expense for the year. The Company has set up Provident Fund Trusts in respect of certain categories of employees which is administered by Trustees. Both the employees and the Company make monthly contributions to the Funds at specified percentage of the employee's salary and aggregate contributions along with interest thereon are paid to the employees/nominees at retirement, death or cessation of employment. The Trusts invest funds following a pattern of investments prescribed by the Government. The interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Government under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Company.

In terms of the Guidance on implementing Accounting Standard 15 (Revised 2005) on 'Employee Benefits' issued by the Accounting Standard Board of The Institute of Chartered Accountants of India (ICAI), Provident Fund Trusts set up by the Company are treated as defined benefit plans in view of the Company's obligation to meet shortfall, if any, on account of interest.

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the Balance Sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, an amount of Rs. 21.30 Lakhs (Previous Year - Rs. Nil) has been provided towards future anticipated shortfall with regard to interest rate obligation of the Company as at the Balance Sheet date. Further during the year, the Company's contribution of Rs. 41.63 Lakhs (Previous Year - Rs. 35.89 Lakhs) to the Provident Fund Trusts has been expensed under the 'Contribution to Provident and Other Funds' in Note 26. Disclosures given hereunder are restricted to the information available as per the Actuary's Report -

	<u>2013-14</u>	<u>2012-13</u>
Principal Actuarial Assumptions		
Discount Rate	8.74 / 8.38%	8.50%
Expected Return on Exempted Fund	8.18 / 8.64%	8.05 / 8.64%
Expected EPFO Return	8.75%	8.50%

(II) Post Employment Defined Contribution Plans

During the year, an amount of Rs.755.63 Lakhs (Previous Year - Rs. 683.18 Lakhs) has been recognised as expenditure towards defined contribution plans of the Company.

44. Disclosure pursuant to SEBI's circular No. SMD/POLICY/CIR-02/2003 –

The Company has given loans and advances in the nature of loans to its employees for housing, medical etc. [balance outstanding as on 31st March, 2014 is Rs. 311.84 Lakhs (Previous Year - Rs. 249.69 Lakhs)] where, in some cases, the repayment schedule extends beyond seven years and interest is below the rate referred to in Section 372A of the Companies Act, 1956. In view of the voluminous data, furnishing of required particulars by name, amount and maximum amount due in respect of such loans is not considered practicable.

45. The following table includes the classification of investments in accordance with Accounting Standard (AS) 13 - 'Accounting for Investments' —

	(Rs. in Lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
Current Investments		
In Units of Mutual Funds	31,181.42	17,477.29
Long-term Investments		
Fully Paid-up Shares in Graphite International B.V.	11,588.48	7,368.95
Fully Paid-up Equity Shares in Wardha Power Company Limited (Refer Note 38)	247.66	247.66
Fully Paid-up Equity Shares in Carbon Finance Limited	3,003.76	3,003.76
Fully Paid-up Redeemable Preference Shares in Wardha Power Company Limited (Refer Note 38)	312.34	312.34
In Government Securities	0.06	0.06
In Units of Mutual Funds	3,688.96	6,163.67
Total Long-term Investments	18,841.26	17,096.44
Total Investments (Current and Long-term)	50,022.68	34,573.73
Disclosed Under :		
Non-current Investments (Refer Note 12)	15,756.26	10,932.77
Current Investments (Refer Note 15)	34,266.42	23,640.96
Total	50,022.68	34,573.73

46. Segment Information**A. Primary Segment Reporting (by Business Segments)**

i) The composition of business segments is as under:

- a) Graphite and Carbon Segment, engaged in the production of Graphite Electrodes, Other Miscellaneous Carbon and Graphite Products including Captive Power Generating Units and Impervious Graphite Equipment (IGE) division.
- b) Steel Segment engaged in production of High Speed Steel and Alloy Steel, and
- c) Others Segment engaged in manufacturing of Glass Reinforced Pipes (GRP) and Power Generating Unit exclusively for outside sale.

ii) Composition of Geographical Segments

The geographical segments considered for disclosure are as follows:

- a) Sales within India include sales to customers located within India
- b) Sales outside India include sales to customers located outside India
- c) The carrying amount of segment assets in India and outside India is based on geographical location of assets.

iii) Segment Revenues, Results and Other Information as at / for the year ended 31st March, 2014 –

(Rs. in Lakhs)

	Graphite and Carbon		Steel		Others		Total of Reportable Segments	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenue from Operations (Gross)								
External Sales	1,66,780.12	1,65,460.25	7,555.56	8,708.43	6,444.29	4,852.49	1,80,779.97	1,79,021.17
Inter Segment Sales	17.06	35.24	—	—	5.59	5.04	22.65	40.28
Other Operating Revenues	3,680.22	4,587.29	17.57	9.61	10.96	—	3,708.75	4,596.90
Segment Revenues	1,70,477.40	1,70,082.78	7,573.13	8,718.04	6,460.84	4,857.53	1,84,511.37	1,83,658.35
Segment Results	29,402.29	27,866.14	1,200.10	887.64	(217.25)	(399.03)	30,385.14	28,354.75
Segment Assets	1,92,053.20	2,17,800.09	21,205.36	20,925.66	7,468.00	6,799.07	2,20,726.56	2,45,524.82
Segment Liabilities	28,263.73	20,507.14	766.40	1,503.79	3,006.52	1,943.77	32,036.65	23,954.70
Capital Expenditure	2,941.50	3,720.60	27.40	28.49	6.80	40.10	2,975.70	3,789.19
Depreciation and Amortisation	4,494.04	4,167.33	574.58	574.09	176.54	178.74	5,245.16	4,920.16
Non-cash Expenses other than Depreciation and Amortisation	361.71	225.19	3.58	2.07	81.22	9.18	446.51	236.44

Reconciliation of Reportable Segments with the Financial Statements -

	Revenues		Results / Net Profit		Assets		Liabilities *	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Total of Reportable Segments	1,84,511.37	1,83,658.35	30,385.14	28,354.75	2,20,726.56	2,45,524.82	32,036.65	23,954.70
Corporate - Unallocated / Others (Net)	—	—	(3,297.31)	(2,832.63)	41,237.15	25,011.49	56,336.24	82,082.04
Inter Segment Sales	(22.65)	(40.28)	—	—	—	—	—	—
Finance Costs	—	—	(1,696.29)	(2,213.67)	—	—	—	—
Tax Expense	—	—	(8,300.00)	(7,000.00)	—	—	—	—
	1,84,488.72	1,83,618.07	17,091.54	16,308.45	2,61,963.71	2,70,536.31	88,372.89	1,06,036.74

* Excluding Shareholders' Funds

B. Secondary Segment (Geographical)

	India		Outside India		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Segment Revenues (Gross)	76,184.46	67,255.22	1,08,304.26	1,16,362.85	1,84,488.72	1,83,618.07
Segment Assets	2,20,726.56	2,45,524.82	—	—	2,20,726.56	2,45,524.82
Capital Expenditure	2,975.70	3,789.19	—	—	2,975.70	3,789.19

47. Related Party Disclosures:

(In accordance with Accounting Standard-18 prescribed under the Act)

(i) Related Parties –

Name	Relationship
------	--------------

(a) Where control exists:

Bavaria Carbon Holdings GmbH	Subsidiary
Bavaria Carbon Specialities GmbH	Subsidiary
Bavaria Electrodes GmbH	Subsidiary
Carbon Finance Limited	Subsidiary
Graphite Cova GmbH	Subsidiary
Graphite International B.V.	Subsidiary

(b) Others with whom transactions have taken place during the year:

Mr. M. B. Gadgil, Executive Director	Key Management Personnel
Likhami Leasing Limited	A Shareholder holding 28.60% Equity Shares of the Company

(ii) Particulars of transactions during the year ended 31st March, 2014 –

(Rs. in Lakhs)

	<u>2013-14</u>	<u>2012-13</u>
(A) Key Management Personnel		
Mr. M. B. Gadgil		
(a) Remuneration	174.62	147.77
(b) Dividend Paid	0.07	0.07
(B) Subsidiary Companies		
(a) Sale of Goods		
Graphite Cova GmbH	4,633.05	14,639.99
(b) Purchase of Raw Materials		
Graphite Cova GmbH	1,014.80	356.12
(c) Purchase of Stock-in-trade		
Graphite Cova GmbH	—	1,345.27
(d) Purchase of Stores and Spare Parts		
Graphite Cova GmbH	29.05	13.60
(e) Royalty Income		
Graphite Cova GmbH	295.20	391.83
(f) Guarantee Fee Income		
Graphite Cova GmbH	61.95	52.16
(g) Rent Expense		
Carbon Finance Limited	93.41	91.84
(h) Recoveries/(Reimbursement) of Expenses (Net)		
Graphite Cova GmbH	(10.88)	(118.23)
(i) Investments in Shares		
Graphite International B.V.	4,219.53	—
(C) A Shareholder holding 28.60% Equity Shares of the Company –		
Dividend Paid		
Likhami Leasing Limited	1,955.45	1,955.45

	As at 31st March, 2014	(Rs. in Lakhs) As at 31st March, 2013
(iii) Balance outstanding at the year end –		
(a) Trade Receivables		
Graphite Cova GmbH	1,354.00	8,480.12
(b) Investments in Shares		
Graphite International B.V.	11,588.48	7,368.95
Carbon Finance Limited	3,003.76	3,003.76
(c) Loans and Advances		
Mr. M. B. Gadgil	—	6.00
Graphite Cova GmbH	—	239.77
(d) Other Current Assets		
Graphite Cova GmbH	167.33	—
(e) Trade Payables		
Graphite Cova GmbH	529.79	89.39
(f) Other Current Liabilities		
Mr. M. B. Gadgil	99.18	78.95
Graphite Cova GmbH	58.28	102.84
(g) Outstanding Corporate Guarantees in favour of		
Graphite International B.V. & its subsidiaries, i.e., Graphite Cova GmbH, Bavaria Electrodes GmbH, Bavaria Carbon Holdings GmbH and Bavaria Carbon Specialities GmbH	6,195.75	5,209.50

48. The Company has cancellable operating lease arrangements for certain accommodation. Terms of such lease include option for renewal on mutually agreed terms. Operating lease rentals for the year debited to Profit and Loss Statement amount to Rs. 110.21 Lakhs (Previous Year - Rs. 108.64 Lakhs).

49. Pending completion of the relevant formalities of transfer of certain assets and liabilities of Powmex Steels Undertaking of GKW Limited (GKW) acquired pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court at Calcutta vide Order of 22nd May, 2009, such assets and liabilities remain included in the books of the Company under the name of GKW (including another company, erstwhile Powmex Steels Limited, which was amalgamated with GKW in earlier years).

50. Derivative Instruments and Unhedged Foreign Currency Exposure

(a) Derivatives outstanding as at the reporting date		(in Million)	
Particulars		As at 31st March, 2014	As at 31st March, 2013
Interest Rate Swap	USD	13.33	20.00
(b) Particulars of unhedged foreign currency exposures as at the reporting date			
Receivables	USD	10.02	15.39
	Euro	6.69	18.49
	CAD	0.63	1.68
Payables	USD	10.24	7.88
	Euro	0.92	0.61
	CAD	0.06	0.10
Loans	USD	29.48	68.85
	Euro	2.52	8.53
(c) Mark-to-market losses		(Rs. in Lakhs)	
Particulars		As at 31st March, 2014	As at 31st March, 2013
Mark-to-market losses provided for		38.26	68.76

51. Research and Development Expenditure of revenue nature of Rs. 13.85 Lakhs (Previous Year - Rs. 21.41 Lakhs).

52. Previous year's figures have been re-grouped / re-arranged, wherever necessary to conform to current year's classification.

Signatures to Notes 1 to 52.

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

(Pinaki Chowdhury)
Partner

Membership No. 57572
Kolkata : 9th May, 2014

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

FINANCIAL DATA
GRAPHITE INDIA LIMITED

(Based on Revised Schedule VI to the Companies Act, 1956)

Particulars	(Rs. in Lakhs)			
	2013-14	2012-13	2011-12	2010-11
Revenue from Operations (Net)	1,76,808	1,76,486	1,67,084	1,22,594
Other Income	4,021	2,635	3,462	3,043
Profit before Interest, Depreciation and Tax (PBIDT)	32,448	30,526	34,587	31,343
Depreciation	5,360	5,004	4,044	3,933
Profit before Interest and Tax (PBIT)	27,088	25,522	30,543	27,410
Finance Cost	1,696	2,214	1,439	555
Profit before Exceptional Item and Tax	25,392	23,308	29,104	26,855
Exceptional Item (Gain) / Loss	—	—	(2,962)	1,273
Profit before Tax (PBT)	25,392	23,308	32,066	25,582
Provision for Taxation	8,300	7,000	8,277	8,350
Profit after Tax (PAT)	17,092	16,308	23,789	17,232
EPS - Basic (Rs.)	8.75	8.35	12.18	9.19
Equity Dividend per Share (Rs.)	3.50	3.50	3.50	3.50
Non-current Assets				
Fixed Assets	64,147	66,257	66,997	53,603
Non-current Investments	15,756	10,933	20,507	9,185
Other Non-current Assets	769	775	907	2,130
Current Assets				
Current Investments	34,266	23,641	12,841	18,093
Other Current Assets	1,47,026	1,68,930	1,44,110	1,22,809
Total Assets	2,61,964	2,70,536	2,45,362	2,05,820
Shareholders' Fund				
Shareholders' Fund	1,73,591	1,64,500	1,56,192	1,40,350
Non-current Liabilities				
Long-term Borrowings	10,017	12,674	15,327	6,697
Deferred Tax Liability	8,967	9,504	7,082	6,302
Other Non-current Liabilities	47	174	146	50
Current Liabilities				
Short-term Borrowings	20,085	44,087	30,845	19,819
Other Current Liabilities	49,257	39,597	35,770	32,602
Equity and Liabilities	2,61,964	2,70,536	2,45,362	2,05,820
Capital Employed (Including Current Maturities of Long-term Debts)	2,07,699	2,24,883	2,02,364	1,66,866
Financial / Performance Ratios				
PBIDT / Total Revenue - Percent	17.94	17.04	20.28	24.95
Net Profit (PAT) / Total Revenue - Percent	9.45	9.10	13.95	13.72
Finance Cost Cover - Times	19.13	13.79	24.03	56.51
Return on Capital Employed (PBIT / Capital Employed) - Percent	13.04	11.35	15.09	16.43
Return on Net Worth (PAT / Net Worth) - Percent	9.85	9.91	15.23	12.28
Debt Equity Ratio (Long-term Borrowings)	0.08:1	0.10:1	0.10:1	0.05:1
Debt Equity Ratio (Total Borrowings)	0.20:1	0.37:1	0.30:1	0.19:1
Current Ratio	2.61	2.30	2.36	2.69
Book Value per Share (Rs.)	88.85	84.20	79.94	71.84
Number of Employees	2,299	2,393	2,528	2,259

Particulars	(Rs. in Lakhs)								
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Sales / Income from Operations (Net)	1,13,119	1,12,588	1,09,905	84,985	61,400	51,422	52,128	38,802	34,782
Other Income	3,058	2,891	3,621	3,833	1,728	1,167	1,360	827	762
Profit before Interest, Depreciation and Tax (PBIDT)	40,928	26,104	27,619	20,379	12,875	9,432	9,878	7,944	8,297
Depreciation	3,954	3,435	3,350	2,993	2,476	2,069	2,057	1,986	1,751
Profit before Interest and Tax (PBIT)	36,974	22,669	24,269	17,386	10,399	7,363	7,821	5,958	6,546
Interest	1,049	2,594	3,570	3,215	2,001	1,063	1,284	2,316	2,797
Profit before Tax (PBT)	35,925	20,075	20,699	14,171	8,398	6,300	6,537	3,642	3,749
Provision for Taxation	12,709	718	7,335	4,408	2,103	1,500	1,405	303	379
Profit after Tax but before Non-recurring Item (PAT)	23,216	19,357	13,364	9,763	6,295	4,800	5,132	3,339	3,370
Non-recurring Item	—	—	—	9,624	—	—	—	—	—
Profit after Non-recurring Item	23,216	19,357	13,364	19,387	6,295	4,800	5,132	3,339	3,370
EPS - Basic (Excluding Non-recurring Item) (Rs.)	13.58	12.55	9.03	7.38	4.29	3.27	3.48	2.24	2.25
Equity Dividend per Share (Rs.)	3.50	3.00	3.00	3.00	1.20	0.90	0.80	0.50	0.50
Fixed Assets	48,548	50,362	49,827	51,788	47,349	41,475	35,244	35,452	36,417
Investments	25,276	16,641	14,707	14,707	5,007	2,886	1,407	1,434	1,445
Current Assets	1,01,682	1,02,746	87,899	77,624	67,552	39,400	31,936	28,123	25,114
Total Assets	1,75,506	1,69,749	1,52,433	1,44,119	1,19,908	83,761	68,587	65,009	62,976
Loan Funds	24,926	35,224	47,304	58,180	52,493	25,867	16,230	18,067	20,377
Current Liabilities	24,851	26,410	28,337	20,139	17,346	12,912	10,984	9,340	7,151
Deferred Tax Liability	7,377	6,276	7,001	6,381	4,683	3,590	3,256	3,051	3,063
Share Capital									
Equity	3,430	3,420	3,022	2,938	2,938	2,938	2,938	2,938	2,938
Preference	—	—	—	—	—	—	—	250	500
Reserves and Surplus (Net of Misc. Expenditure)	1,14,922	98,419	66,769	56,481	42,448	38,454	35,179	31,363	28,947
Total Liabilities	1,75,506	1,69,749	1,52,433	1,44,119	1,19,908	83,761	68,587	65,009	62,976
Net Worth	1,18,352	1,01,839	69,791	59,419	45,386	41,392	38,117	34,301	31,885

Financial / Performance Ratios

PBIDT / Total Income - Percent	35.23	22.61	24.33	22.94	20.40	17.94	18.47	20.05	23.34
Net Profit / Total Income - Percent	19.98	16.76	11.77	10.99	9.97	9.13	9.60	8.43	9.48
Interest Cover - Times	39.02	10.07	7.74	6.34	6.43	8.87	7.69	3.43	2.97
Return on Capital Employed (PBIT / Net Worth + Loan Funds) - Percent	25.81	16.54	20.73	14.78	10.62	10.95	14.39	11.38	12.53
Return on Net Worth (PAT / Net Worth) - Percent	19.62	19.01	19.15	16.43	13.87	11.60	13.46	9.73	10.56
Debt Equity Ratio (Long-term Debt)	0.11:1	0.22:1	0.34:1	0.52:1	0.67:1	0.31:1	0.18:1	0.29:1	0.39:1
Debt Equity Ratio (Total Debt)	0.21:1	0.35:1	0.68:1	0.98:1	1.16:1	0.62:1	0.43:1	0.52:1	0.64:1
Book Value per Share (Rs.)	69.01	59.56	46.19	40.45	30.90	28.18	25.95	23.35	21.70

Number of Employees	2,334	2,614	2,961	2,653	2,651	2,240	2,306	2,257	2,294
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Graphite India Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Graphite India Limited ("the Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note 30 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Profit and Loss Statement and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 8 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the consolidated Profit and Loss Statement, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

8. We did not audit the financial statements of six subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 33,770.14 Lakhs and net assets of Rs. 17,835.04 Lakhs as at March 31, 2014, total revenue of Rs. 29,833.64 Lakhs, net profit of Rs. 63.99 Lakhs and net cash flows amounting to Rs. 421.31 Lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Kolkata
May 9, 2014

Pinaki Chowdhury
Partner
Membership Number 57572

**CONSOLIDATED BALANCE SHEET of
Graphite India Limited and its subsidiaries as at 31st March, 2014**

		(Rs. in Lakhs)	
	Note	As at 31st March, 2014	As at 31st March, 2013
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	2	3,907.68	3,907.68
Reserves and Surplus	3	1,72,020.31	1,67,278.34
		1,75,927.99	1,71,186.02
Non-current Liabilities			
Long-term Borrowings	4	10,023.24	12,691.09
Deferred Tax Liabilities (Net)	5	8,966.73	9,503.73
Other Long-term Liabilities	6	47.05	174.13
Long-term Provisions	7	293.65	238.56
		19,330.67	22,607.51
Current Liabilities			
Short-term Borrowings	8	32,287.94	57,589.19
Trade Payables	9	24,160.41	18,226.24
Other Current Liabilities	10	13,876.93	11,851.12
Short-term Provisions	11	14,060.91	13,720.49
		84,386.19	1,01,387.04
TOTAL		2,79,644.85	2,95,180.57
<u>ASSETS</u>			
Non-current Assets			
Fixed Assets			
Tangible Assets	12	69,266.22	71,034.19
Intangible Assets	12	365.75	234.52
Capital Work-in-progress		338.29	252.86
Intangible Assets under Development		—	14.40
		69,970.26	71,535.97
Non-current Investments	13	4,208.08	2,840.06
Long-term Loans and Advances	14	2,137.70	1,792.66
Other Non-current Assets	15	1.52	4.00
		76,317.56	76,172.69
Current Assets			
Current Investments	16	34,266.42	23,640.96
Inventories	17	1,03,543.43	1,22,071.28
Trade Receivables	18	47,226.16	51,562.98
Cash and Bank Balances	19	3,048.68	1,674.91
Short-term Loans and Advances	20	13,320.57	18,037.00
Other Current Assets	21	1,922.03	2,020.75
		2,03,327.29	2,19,007.88
TOTAL		2,79,644.85	2,95,180.57

The accompanying notes are an integral part of these Consolidated Financial Statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

(Pinaki Chowdhury)
Partner
Membership No. 57572
Kolkata - 9th May, 2014

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

**CONSOLIDATED PROFIT AND LOSS STATEMENT of
Graphite India Limited and its subsidiaries**

		(Rs. in Lakhs)	
	Note	Year ended 31st March, 2014	Year ended 31st March, 2013
Revenue From Operations (Gross)		2,08,609.04	2,02,013.64
Less: Excise Duty		7,681.13	7,132.37
Revenue From Operations (Net)		2,00,927.91	1,94,881.27
Other Income	22	4,466.92	3,896.67
Total Revenue		2,05,394.83	1,98,777.94
Expenses			
Cost of Materials Consumed	23	87,639.07	84,903.41
Changes in Inventories of Finished Goods and Work-in-progress	24	2,733.71	(11,249.33)
Employee Benefits Expense	25	20,277.44	18,604.83
Finance Costs	26	2,388.99	3,068.59
Depreciation and Amortisation Expense	27	5,810.31	6,201.41
Other Expenses	28	65,267.01	75,532.62
Total Expenses		1,84,116.53	1,77,061.53
Profit before Tax		21,278.30	21,716.41
Tax Expense for the Current Year			
Current Tax		9,058.57	5,796.79
MAT Credit		—	(34.50)
Deferred Tax		(537.00)	2,547.09
Tax Expense - Write Back relating to Earlier Years (Net)		(231.95)	(34.00)
Profit for the Year		12,988.68	13,441.03
Earnings per Equity Share [Nominal Value per Share Rs. 2/- (Previous Year - Rs. 2/-)]			
	29		
Basic (Rs.)		6.65	6.88
Diluted (Rs.)		6.65	6.88
The accompanying notes are an integral part of these Consolidated Financial Statements.			
This is the Consolidated Profit and Loss Statement referred to in our report of even date.			
For PRICE WATERHOUSE Firm Registration Number - 301112E Chartered Accountants (Pinaki Chowdhury) Partner Membership No. 57572 Kolkata - 9th May, 2014			
	K. C. Parakh Sr. Vice President-Finance	B. Shiva Company Secretary	M. B. Gadgil Executive Director
			K. K. Bangur Chairman

**CONSOLIDATED CASH FLOW STATEMENT of Graphite India Limited
and its subsidiaries for the year ended 31st March, 2014**

	(Rs. in Lakhs)	
	<u>2013-14</u>	<u>2012-13</u>
A. Cash Flows from Operating Activities:		
Profit before Tax	21,278.30	21,716.41
Adjustments for:		
Depreciation and Amortisation Expense	5,810.31	6,201.41
Loss on Disposal of Tangible Fixed Assets (Net)	10.17	136.54
Bad Debts/Advances Written Off	128.65	122.40
Provision for Doubtful Debts	328.70	75.72
Provision for Mark-to-market Losses on Derivatives	55.73	68.76
Net Gain on Disposal of Long-term Investments	(846.24)	(889.62)
Net Gain on Disposal of Current Investments	(1,822.93)	(594.18)
Interest Income	(328.40)	(406.11)
Interest Expense, etc.	2,388.99	2,882.93
Provision for Doubtful Debts Written Back	(112.52)	(127.03)
Liabilities no Longer Required Written Back	(412.21)	(389.20)
Foreign Exchange Loss (Net)	2,498.46	1,038.87
Effect of changes in Foreign Currency Translation	(143.30)	—
Operating Profit Before Working Capital Changes	28,833.71	29,836.90
Changes in Working Capital:		
Increase/(Decrease) in Trade Payables	4,374.69	(366.10)
Increase in Provisions	468.22	356.60
Increase in Other Current Liabilities	2,059.70	1,593.70
Increase/(Decrease) in Other Long-term Liabilities	(127.08)	28.01
(Increase)/Decrease in Trade Receivables	5,645.82	(5,843.58)
(Increase)/Decrease in Inventories	20,484.86	(18,165.43)
(Increase)/Decrease in Loans And Advances	5,277.48	(1,109.81)
Decrease in Other Current Assets	162.01	1,581.85
Decrease in Other Non-Current Assets	2.60	2.57
Cash Generated from Operations	67,182.01	7,914.71
Income-tax paid (Net of Refunds)	(9,193.79)	(4,883.87)
NET CASH FROM OPERATING ACTIVITIES	57,988.22	3,030.84
B. Cash Flows from Investing Activities:		
Purchase of Tangible/ Intangible Assets	(2,457.78)	(5,206.23)
Proceeds on Disposal of Tangible Fixed Assets	51.16	43.34
Purchase of Long-term Investments	(5,931.96)	(2,984.42)
Sale/Redemption of Long-term Investments	8,488.85	6,989.20
Purchase of Current Investments	(50,587.69)	(12,720.30)
Sale/Redemption of Current Investments	38,706.49	8,678.48
Interest Received	267.34	417.84
NET CASH USED IN INVESTING ACTIVITIES	(11,463.59)	(4,782.09)

**CONSOLIDATED CASH FLOW STATEMENT of Graphite India Limited
and its subsidiaries for the year ended 31st March, 2014**

	(Rs. in Lakhs)	
	<u>2013-14</u>	<u>2012-13</u>
C. Cash Flows from Financing Activities:		
Dividends Paid	(6,798.28)	(6,794.58)
Dividend Distribution Tax Paid	(1,162.14)	(1,109.32)
Interest, etc. Paid	(2,448.58)	(3,086.79)
Repayment of Long-term Borrowings	(4,627.41)	(429.94)
Short-term Borrowings-Receipts/(Payments)	(30,307.55)	12,955.72
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	<u>(45,343.96)</u>	<u>1,535.09</u>
D. Exchange Differences on Translation of Foreign Currency		
Cash and Cash Equivalents	<u>195.30</u>	<u>12.13</u>
Net Cash Inflow/ (Outflow)	<u>1,375.97</u>	<u>(204.03)</u>
Cash and Cash Equivalents - Opening	1,665.43	1,869.46
Cash and Cash Equivalents - Closing	<u>3,041.40</u>	<u>1,665.43</u>
	<u>1,375.97</u>	<u>(204.03)</u>
Cash and Cash Equivalents comprise:		
Cash on hand	18.81	29.28
Cheques, Drafts on hand	13.65	10.69
Balances with Banks*	<u>3,008.94</u>	<u>1,625.46</u>
Total	<u>3,041.40</u>	<u>1,665.43</u>
* Includes the following balances which are not available for use by the Group		
Unpaid Dividend Accounts	309.65	269.78

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements prescribed under the Act.
2. Previous year's figures have been regrouped/rearranged, wherever necessary to conform to current year's classification.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

(Pinaki Chowdhury)
Partner

Membership No. 57572
Kolkata : 9th May, 2014

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 (the 'Act') shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended].

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in these financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates.

C. Fixed Assets

Fixed Assets are stated at cost of acquisition and inclusive of borrowing cost, where applicable, and adjustments for exchange differences referred to in Note 1(H) below, net of accumulated depreciation / amortisation and accumulated impairment losses, if any.

Cost comprises cost of acquisition including non refundable taxes/duties, freight and other incidental expenses related to acquisition and installation. Cost of software includes license fees and cost of implementation / system integration services, where applicable.

Subsequent expenditures related to an item of fixed asset (tangible or intangible) are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Machinery spares which are irregular in use and associated with particular asset are treated as fixed assets.

D. Depreciation and Amortisation

Depreciation on tangible fixed assets is provided on straight-line basis over the estimated useful lives of the assets in accordance with Schedule XIV to the Act. Leasehold land is amortised on straight-line basis over the primary lease period. Intangible assets (Computer Software) are amortised on a straight-line basis over a period of five years.

In case of foreign subsidiaries, depreciation on tangible fixed assets is provided on straight-line basis over the estimated useful lives of the assets and intangible assets are amortised on a straight-line basis over a period of seven years in accordance with local fiscal regulations.

E. Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired.

An impairment loss, if any, is recognised wherever the carrying amount of the fixed assets exceeds the recoverable amount i.e. the higher of the assets' net selling price and value in use.

After impairment, depreciation is provided on the revised carrying amount of the fixed asset over its remaining useful life.

F. Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost less write down for any diminution, other than temporary, in carrying value. Current Investments are carried at lower of cost and fair value.

G. Inventories

Inventories are valued at lower of cost and net realisable value. The costs are ascertained under weighted average formula. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

H. Foreign Currency Transactions as applicable under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The resultant exchange differences (other than relating to long-term foreign currency monetary items) arising from settlement of foreign currency transactions and from the year-end restatement are recognised in the Profit and Loss Statement.

Exchange differences arising on reporting of long-term foreign currency monetary items (i) relating to acquisition of depreciable capital assets is adjusted to the carrying amount of such assets (to be depreciated over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long-term monetary asset/ liability).

Premium or discount arising at the inception of a forward exchange contract entered into to hedge an existing asset / liability is amortised as expense or income over the life of the contract.

I. Derivative Contracts

In respect of derivative contracts (other than forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'), gains/ losses on settlement and mark-to-market loss, if any, on outstanding contracts as at the Balance Sheet date are recognised in the Profit and Loss Statement and mark-to-market gain, if any, on outstanding contracts as at the Balance Sheet date is ignored.

Refer Note 1(H) above for forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'.

J. Revenue

Revenue from sale of goods are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of contract. It includes excise duty but excludes value added tax/sales tax, trade discounts, returns, as applicable.

Income from services rendered is recognised as the service is performed on proportionate completion method and is booked based on agreements / arrangements with the concerned parties.

Export entitlements are recognised after completion of related exports on prudent basis.

K. Construction Contracts

Revenue in respect of construction contracts is recognised on the basis of percentage of completion method. The stage of completion is determined on the basis of completion of physical proportion of the contract work. Future expected loss, if any, is recognised as expenditure.

L. Borrowing Costs

Borrowing costs, if any, attributable to the acquisition and construction of qualifying assets are added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which these are incurred.

M. Research & Development Expenditure (R & D)

Revenue expenditure on R&D is expensed in the period in which it is incurred. Capital expenditure on Development is capitalised on compliance with the provisions of the Accounting Standard 26 on 'Intangible Assets'.

N. Employee Benefits

(a) Short-term Employee Benefits:

The undiscounted amount of Short-term Employee Benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

(b) Post Employment Benefit Plans:

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the year in which the employee has rendered the service.

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of Plan Assets. Any asset resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

(c) Other Long-term Employee Benefits (unfunded):

The cost of providing other long-term Employee Benefits is determined using Projected Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Profit and Loss Statement for the period in which they occur. Other long-term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

O. Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation as at the Balance Sheet date and are not discounted to its present value.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

P. Taxation

Current tax is provided as the amount of tax payable in respect of taxable income for the year, measured using the applicable tax rules and laws.

Deferred tax is provided on timing differences between taxable income and accounting income measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is a virtual / reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the respective entity of the Group will pay normal income tax in excess of MAT during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the respective entity of the Group will pay normal income tax in excess of MAT during the specified period.

Q. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss Statement on a straight-line basis over the period of lease.

R. Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. The Group generally accounts for inter-segment sales and transfers at cost plus appropriate margin. Revenue and expenses, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included under "Corporate-Unallocated (Net)".

S. Consolidation

Consolidated financial statements relate to Graphite India Limited, the Parent Company and its subsidiaries (the 'Group'). The consolidated financial statements are in conformity with the Accounting Standard – 21 on 'Consolidated Financial Statements' prescribed under the Act and are prepared as set out below:

- (i) The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after adjustments/elimination of inter-company balances, transactions including unrealised profits on inventories etc.
- (ii) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent required and possible, in the same manner as the Parent Company's separate financial statements.
- (iii) The excess of cost to the Parent Company of its investment in the subsidiaries over the Parent's portion of equity of the subsidiaries at the dates they became subsidiaries is recognised in the financial statements as Goodwill.
- (iv) The translation of the functional currencies into Indian Rupees (reporting currency) is performed for equity in the foreign subsidiary, assets and liabilities using the closing exchange rates at the Balance Sheet date, for revenues, costs and expenses using average exchange rates prevailing during the period. The resultant exchange difference arising out of such transactions is recognised as part of equity (Foreign Currency Translation Adjustment Account) by the Parent Company until the disposal of investment.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	As at 31st March, 2014	(Rs. in Lakhs) As at 31st March, 2013
2. Share Capital		
Authorised		
20,00,00,000 (Previous Year - 20,00,00,000) Equity Shares of Rs. 2/- each	<u>4,000.00</u>	<u>4,000.00</u>
Issued, Subscribed and Paid-up		
19,53,75,594 (Previous Year - 19,53,75,594) Equity Shares of Rs. 2/- each Fully Paid-up	3,907.51	3,907.51
Add : Forfeited Shares	<u>0.17</u>	<u>0.17</u>
	<u>3,907.68</u>	<u>3,907.68</u>
2.1 Aggregate Number of Equity Shares allotted in 2009-10 as Fully Paid-up pursuant to a Scheme of Arrangement / Amalgamation without payments being received in cash.	1,98,88,336	1,98,88,336

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	As at 31st March, 2014	(Rs. in Lakhs) As at 31st March, 2013
3. Reserves and Surplus		
Capital Reserve : As per Last Accounts	45.86	45.86
	<u>45.86</u>	<u>45.86</u>
Capital Redemption Reserve : As per Last Accounts	575.00	575.00
	<u>575.00</u>	<u>575.00</u>
Securities Premium Account : As per Last Accounts	20,097.65	20,097.65
	<u>20,097.65</u>	<u>20,097.65</u>
Reserve Fund (Note 3.1 below)		
Balance as at the Beginning of the Year	306.79	228.38
Add: Transferred from Surplus in Consolidated Profit and Loss Statement during the Year	35.88	78.41
Balance as at the End of the Year	<u>342.67</u>	<u>306.79</u>
General Reserve (Note 3.2 below)		
Balance as at the Beginning of the Year	1,19,076.20	1,09,076.20
Add: Transferred from Surplus in Consolidated Profit and Loss Statement during the Year	10,000.00	10,000.00
Balance as at the End of the Year	<u>1,29,076.20</u>	<u>1,19,076.20</u>
Foreign Currency Translation Adjustment Account [Refer Note 1(S) (iv)]		
Balance as at the Beginning of the Year	158.27	(15.32)
Add: Adjustment for the Year	(246.42)	173.59
Balance as at the End of the Year	<u>(88.15)</u>	<u>158.27</u>
Surplus in Consolidated Profit and Loss Statement		
Balance as at the beginning of the year	27,018.57	31,656.24
Add: Profit for the Year	12,988.68	13,441.03
Amount Available for Appropriation	<u>40,007.25</u>	<u>45,097.27</u>
Less: Appropriations		
Transfer to General Reserve	10,000.00	10,000.00
Transfer to Reserve Fund	35.88	78.41
Proposed Dividend on Equity Shares [Rs. 3.50 per Share (Previous Year - Rs. 3.50 per Share)]	6,838.15	6,838.15
Dividend Distribution Tax on Proposed Dividend	1,162.14	1,162.14
Balance as at the End of the Year	<u>21,971.08</u>	<u>27,018.57</u>
	<u><u>1,72,020.31</u></u>	<u><u>1,67,278.34</u></u>

3.1 Reserve Fund has been created in the books of a subsidiary in accordance with the requirements of Section 45-IC of Reserve Bank of India Act, 1934.

3.2 Represents a free reserve and is not meant for meeting any specific liability, contingency or commitment.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	(Rs. in Lakhs)	
	<u>As at 31st March, 2014</u>	<u>As at 31st March, 2013</u>
4. Long-term Borrowings		
Secured		
Term Loans		
From a Bank	10,016.67	12,674.67
From Others	6.57	16.42
	<u>10,023.24</u>	<u>12,691.09</u>
5. Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation	9,779.41	10,044.26
Deferred Tax Assets		
Expenses Allowable for Tax Purpose on Payment	605.19	319.97
Provision for Doubtful Debts	120.95	47.47
Unamortised Expenditure Allowable for Tax Purpose in Subsequent Years	86.54	173.09
	<u>812.68</u>	<u>540.53</u>
	<u>8,966.73</u>	<u>9,503.73</u>
6. Other Long-term Liabilities		
Trade Payables	46.35	173.43
Security Deposits	0.70	0.70
	<u>47.05</u>	<u>174.13</u>
7. Long-term Provisions		
Provisions for Employee Benefits	293.65	238.56
	<u>293.65</u>	<u>238.56</u>
8. Short-term Borrowings		
Secured		
Loans Repayable on Demand from Banks	21,685.44	33,231.06
Unsecured		
Loans Repayable on Demand from Banks	10,602.50	24,358.13
	<u>32,287.94</u>	<u>57,589.19</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	(Rs. in Lakhs)	
	<u>As at 31st March, 2014</u>	<u>As at 31st March, 2013</u>
9. Trade Payables		
Trade Payables		
Acceptances	5,330.94	3,469.08
Others	18,829.47	14,757.16
	<u>24,160.41</u>	<u>18,226.24</u>
10. Other Current Liabilities		
Current Maturities of Long-term Debt	4,019.62	4,048.77
Interest Accrued but not Due on Borrowings	93.71	153.30
Unpaid Dividends	309.65	269.78
Other Payables		
Dues Payable to Government Authorities	2,938.53	2,270.19
Capital Liabilities	365.36	406.34
Advances from Customers	2,456.00	1,169.77
Deposits	46.78	44.21
Claims / Charges Payable	1,249.77	1,171.32
Employee Benefits Payable	2,139.24	2,084.16
Fractional Entitlement Due for Refund to Shareholders	9.27	9.28
Remuneration Payable to Non-executive Directors	249.00	224.00
	<u>13,876.93</u>	<u>11,851.12</u>
11. Short-term Provisions		
Provisions for Employee Benefits	1,807.15	1,279.20
Other Provisions		
Mark-to-market Losses on Derivatives	55.73	68.76
Current Tax (Net of Advance Tax)	4,190.48	4,365.09
Wealth Tax (Net of Advance Tax)	7.26	7.15
Proposed Dividend on Equity Shares	6,838.15	6,838.15
Dividend Distribution Tax on Proposed Dividend	1,162.14	1,162.14
	<u>14,060.91</u>	<u>13,720.49</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

12. Fixed Assets

12.1 Reconciliation of Gross and Net Carrying Amount of Each Class of Assets

Description	GROSS BLOCK - AT COST					DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 31st March, 2013	Additions during the year	Adjustments during the year Borrowing Cost	Exchange Differences	Disposals during the year	As at 31st March, 2014	Up to 31st March, 2013	For the year	On Disposals/ Adjustments	Up to 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
Tangible Assets												
Freehold Land	2,715.68	8.15	—	75.54	—	2,799.37	—	—	—	—	2,799.37	2,715.68
Leasehold Land	119.31	—	—	—	—	119.31	38.36	1.82	—	40.18	79.13	80.95
Buildings	27,007.89	40.32	—	640.86	—	27,689.07	6,723.46	837.27	(33.92)	7,594.65	20,094.42	20,284.43
Plant and Equipment	1,01,641.81	1,263.43	—	3,181.56	184.94	1,05,901.86 (Note 12.2 below)	54,665.20	4,713.16	(1,213.33)	60,591.69	45,310.17 (Note 12.2 below)	46,976.61
Furniture and Fixtures	653.62	10.56	—	—	4.85	659.33	494.28	16.78	4.08	506.98	152.35	159.34
Vehicles	934.71	75.26	—	21.96	33.49	998.44	430.88	83.05	12.87	501.06	497.38	503.83
Office Equipment	1,449.84	85.95	—	142.64	20.17	1,658.26	1,137.03	85.31	(103.06)	1,325.40	332.86	312.81
Machinery Spares	68.19	—	—	—	—	68.19	67.65	—	—	67.65	0.54	0.54
Total	1,34,591.05	1,483.67	—	4,062.56	243.45	1,39,893.83	63,556.86	5,737.39	(1,333.36)	70,627.61	69,266.22	71,034.19
Previous Year	1,17,607.62	14,992.78	467.66	1,927.11	404.12	1,34,591.05	57,496.33	6,171.25	110.72	63,556.86	71,034.19	
Intangible Assets												
Goodwill (arising on consolidation)	63.14	—	—	—	—	63.14	—	—	—	—	63.14	63.14
Patent (Note 12.5 below)	6.94	—	—	1.31	—	8.25	6.94	—	(1.31)	8.25	—	—
Trademark (Note 12.5 below)	34.74	—	—	6.58	—	41.32	34.74	—	(6.58)	41.32	—	—
Computer Software (Note 12.5 below)	496.94	190.21	—	24.46	—	711.61	325.56	72.92	(10.52)	409.00	302.61	171.38
Total	601.76	190.21	—	32.35	—	824.32	367.24	72.92	(18.41)	458.57	365.75	234.52
Previous Year	531.24	67.69	—	2.83	—	601.76	335.55	30.16	(1.53)	367.24	234.52	
GRAND TOTAL	1,35,192.81	1,673.88	—	4,094.91	243.45	1,40,718.15	63,924.10	5,810.31	(1,351.77)	71,086.18	69,631.97	71,268.71
			(Note 12.6 below)	(Note 12.3 below)					(Note 12.4 below)			
Previous Year	1,18,138.86	15,060.47	467.66	1,929.94	404.12	1,35,192.81	57,831.88	6,201.41	109.19	63,924.10	71,268.71	

12.2 Gross Block as at 31st March, 2014 includes Rs. 720.35 Lakhs (Previous Year - Rs. 720.35 Lakhs) being expenditure in respect of Outdoor Transmission Lines not owned by the Group. Written down value of said assets as on 31st March, 2014 is Rs. 138.45 Lakhs (Previous Year - Rs. 172.67 Lakhs).

12.3 Includes -

- Exchange differences arising on long-term foreign currency loans obtained for the purpose of acquisition of depreciable capital assets amounting to Rs. 1,852.97 Lakhs (Previous Year - Rs. 1,730.17 Lakhs)
- Foreign exchange adjustments on consolidation of foreign subsidiaries amounting to Rs. 2,209.59 Lakhs (Previous Year- Rs.196.94 Lakhs) in respect of Tangible Assets and Rs. 32.35 Lakhs (Previous Year-Rs. 2.83 Lakhs) in respect of Intangible Assets.

12.4 Net of Rs. 1,515.50 Lakhs (Previous Year - Rs. 113.51 Lakhs) in respect of Tangible Assets and Rs. 18.39 Lakhs (Previous Year - Rs. 1.54 Lakhs) in respect of Intangible Assets on account of foreign exchange adjustment arising on consolidation of foreign subsidiaries.

12.5 Represents acquired assets.

12.6 Includes Rs. Nil (Previous Year - Rs.336.75 lakhs) transferred from Opening Capital Work-in-Progress.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	(Rs. in Lakhs)	
	<u>As at 31st March, 2014</u>	<u>As at 31st March, 2013</u>
13. Non-current Investments		
Long-term (Valued at Cost)		
Unquoted		
Fully Paid-up Equity Shares in a company (Refer Note 33)	247.66	247.66
Fully Paid-up Redeemable Preference Shares in a company (Refer Note 33)	312.34	312.34
In Government Securities	0.06	0.06
-6 Year National Savings Certificate (Deposited with Sales Tax Authority)		
In Units of Mutual Funds	3,648.02	2,280.00
	<u>4,208.08</u>	<u>2,840.06</u>
Aggregate Amount of Unquoted Investments	4,208.08	2,840.06
Net Asset Value of Units of Mutual Funds	3,759.16	<u>2,298.06</u>
13.1 For classification of investments in accordance with Accounting Standard (AS) 13 - Accounting for Investments, Refer Note 36.		
14. Long-term Loans and Advances		
Unsecured, Considered Good:		
Capital Advances	1,397.17	608.24
Security Deposits	567.07	1,024.21
Loan to a Related Party		
Housing Loan to Executive Director	—	1.20
Other Loans and Advances		
Loans to Employees	171.30	142.83
Prepaid Expenses	2.16	16.18
	<u>2,137.70</u>	<u>1,792.66</u>
15. Other Non-current Assets		
Unsecured, Considered Good:		
Fixed Deposits with Banks with Maturity of More than Twelve Months (Lodged with Government Authority / Others)	1.40	4.00
Accrued Interest on Fixed Deposits	0.12	—
	<u>1.52</u>	<u>4.00</u>
16. Current Investments		
(At Lower of Cost And Fair Value)		
In Units of Mutual Funds	31,181.42	17,477.29
(At Cost)		
In Units of Mutual Funds (Current portion of Long-term Investments)	3,085.00	6,163.67
	<u>34,266.42</u>	<u>23,640.96</u>
Aggregate Amount of Unquoted Investments	34,266.42	23,640.96
Net Asset Value of Units of Mutual Funds	35,577.80	25,394.20
16.1 For classification of investments in accordance with Accounting Standard (AS) 13 - Accounting for Investments, refer Note 36.		
17. Inventories		
- At Lower of Cost and Net Realisable Value		
Raw Materials	41,729.05	57,635.39
Work-in-progress	45,735.78	48,862.48
Finished Goods	13,924.16	13,531.17
Stores and Spares	2,086.61	1,974.81
Loose tools	67.83	67.43
	<u>1,03,543.43</u>	<u>1,22,071.28</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	(Rs. in Lakhs)	
	<u>As at 31st March, 2014</u>	<u>As at 31st March, 2013</u>
18. Trade Receivables		
Unsecured:		
Debts Outstanding for a Period Exceeding Six Months from the Date they are Due for Payment-		
Considered Good	717.92	1,370.14
Considered Doubtful	<u>351.88</u>	<u>139.66</u>
	1,069.80	1,509.80
Less: Provision for Doubtful Debts	<u>(351.88)</u>	<u>(139.66)</u>
	717.92	1,370.14
Other Debts -		
Considered Good	46,508.24	50,192.84
Considered Doubtful	<u>3.96</u>	<u>—</u>
	46,512.20	50,192.84
Less: Provision for Doubtful Debts	<u>(3.96)</u>	<u>—</u>
	46,508.24	50,192.84
	<u>47,226.16</u>	<u>51,562.98</u>
19. Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks		
In Current Accounts	2,638.50	1,355.68
In Fixed Deposit Accounts (with Maturity of Less than Three Months)	60.79	—
Unpaid Dividend Accounts @	309.65	269.78
Cheques, Drafts on hand	13.65	10.69
Cash on Hand	<u>18.81</u>	<u>29.28</u>
	3,041.40	1,665.43
Other Bank Balances		
Fixed Deposit Accounts (with Maturity of More than Three Months but Less than Twelve Months)	7.28	9.48
(Lodged with Government Authority / Others)	<u>—</u>	<u>—</u>
	3,048.68	1,674.91
@ Earmarked for payment of Unclaimed Dividend.		
20. Short-term Loans and Advances		
Unsecured, Considered Good:		
Loan to a Related Party		
Housing Loan to Executive Director	—	4.80
Others		
Advance / Deposits with Government Authorities	9,988.27	16,138.54
Advance Income Tax (Net of Provision)	26.66	26.33
Advance to Suppliers / Service Providers	1,151.52	607.71
Prepaid / Advance for Expenses	457.95	360.97
Loans to Employees	141.02	101.13
Claims Receivable / Charges Recoverable	1,403.74	661.76
Security and Other Deposits	144.91	101.26
MAT Credit Entitlement	<u>6.50</u>	<u>34.50</u>
	13,320.57	18,037.00

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	(Rs. in Lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
21. Other Current Assets		
Unsecured, Considered Good:		
Accrued Interest on Deposits		
with Banks	8.50	3.37
with Others	59.40	3.44
Export Entitlement Receivable	1,854.13	2,013.94
	<u>1,922.03</u>	<u>2,020.75</u>
	(Rs. in Lakhs)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
22. Other Income		
Interest Income		
On Loans and Deposits	116.17	35.47
On Long-term Investments	—	20.36
From Customers	211.76	220.28
From Income Tax Authority	0.47	130.00
Net Gain on Disposal of Long-term Investments	785.21	605.95
Net Gain on Disposal of Current Investments	1,822.93	594.18
Liabilities No Longer Required Written Back	412.21	389.20
Provision for Doubtful Debts Written Back	112.52	127.03
Net Gain on Foreign Currency Transactions and Translation	—	258.34
Other Non-operating Income	1,005.65	1,515.86
	<u>4,466.92</u>	<u>3,896.67</u>
23. Cost of Materials Consumed		
Opening Inventory	57,635.39	50,415.61
Add : Purchases	71,732.73	92,123.19
	1,29,368.12	1,42,538.80
Less : Closing Inventory	41,729.05	57,635.39
Cost of Materials Consumed	<u>87,639.07</u>	<u>84,903.41</u>
24. Changes in Inventories of Finished Goods and Work-in-progress		
Finished Goods		
Closing Stock	13,924.16	13,531.17
Deduct: Opening Stock	13,531.17	9,950.92
	<u>(392.99)</u>	<u>(3,580.25)</u>
Work-in-progress		
Closing Stock	45,735.78	48,862.48
Deduct: Opening Stock	48,862.48	41,193.40
	<u>3,126.70</u>	<u>(7,669.08)</u>
	<u>2,733.71</u>	<u>(11,249.33)</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	(Rs. in Lakhs)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
25. Employee Benefits Expense		
Salaries and Wages	16,853.89	15,692.07
Contribution to Provident and Other Funds	2,594.99	2,104.30
Staff Welfare Expenses	828.56	808.46
	<u>20,277.44</u>	<u>18,604.83</u>
26. Finance Costs		
Interest Expense on		
Borrowings from Banks	1,773.31	2,292.84
Others	395.95	721.00
Other Borrowing Costs	219.73	185.66
	<u>2,388.99</u>	<u>3,199.50</u>
Less: Interest and Other Borrowing Costs Capitalised	—	130.91
	<u>2,388.99</u>	<u>3,068.59</u>
27. Depreciation and Amortisation Expense		
Depreciation on Tangible Assets	5,735.57	6,165.38
Amortisation of Leasehold Land	1.82	5.87
Amortisation of Intangible Assets	72.92	30.16
	<u>5,810.31</u>	<u>6,201.41</u>
28. Other Expenses		
Consumption of Stores and Spare Parts	13,586.10	15,893.11
Power and Fuel	27,744.76	35,895.34
Rent	404.01	317.23
Repairs to Buildings	519.09	415.96
Repairs to Machinery	2,110.48	2,719.26
Repairs to Others	292.86	257.66
Insurance	830.12	828.72
Rates and Taxes	930.63	296.77
Freight and Transport	5,722.58	6,248.95
Commission to Selling Agents	4,440.25	3,560.21
Travelling and Conveyance	642.07	638.31
Directors' Remuneration (Other than Executive Director)	260.46	234.47
Excise Duty on Stocks etc. (Refer Note 28.1)	19.99	188.41
Bad Debts / Advances Written off	128.65	122.40
Provision for Doubtful Debts	328.70	75.72
Processing Charges	220.51	293.55
Contractors' Labour Charges	2,230.24	2,646.49
Loss on Disposal of Tangible Fixed Assets [Net of Profit on Disposal of Tangible Fixed Assets Rs. 3.17 Lakhs, (Previous Year - Rs. 26.89 Lakhs)]	10.17	136.54
Net Loss on Foreign Currency Transactions and Translation	272.12	—
Miscellaneous Expenditure	4,573.22	4,763.52
	<u>65,267.01</u>	<u>75,532.62</u>

28.1 Represents the aggregate amount of excise duty borne by the Parent Company and difference between excise duty on opening and closing stock of finished goods.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	(Rs. in Lakhs)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
29. Earnings Per Equity Share		
(A) Basic		
(i) Number of Equity Shares at the Beginning of the Year	19,53,75,594	19,53,75,594
(ii) Number of Equity Shares at the End of the Year	19,53,75,594	19,53,75,594
(iii) Weighted Average Number of Equity Shares Outstanding during the Year	19,53,75,594	19,53,75,594
(iv) Face value of Each Equity Share (Rs.)	2.00	2.00
(v) Profit after Tax Available for Equity Shareholders of the Parent Company	12,988.68	13,441.03
(vi) Basic Earnings per Equity Share (Rs.)[(v)/(iii)]	6.65	6.88
(B) Diluted		
(i) Dilutive Potential Equity Shares	—	—
(ii) Diluted Earnings per Equity Share (Rs.)[Same as (A)(vi) above]	6.65	6.88

30. The consolidated financial statements comprise the financial statements of the Parent Company and its wholly owned subsidiary companies as detailed below:

<u>Name of the Company</u>	<u>Country of Incorporation</u>
Domestic:	
Carbon Finance Limited	India
Overseas:	
Graphite International B.V. (GIBV)	The Netherlands
Bavaria Electrode GmbH (@)	Germany
Bavaria Carbon Holdings GmbH (@)	Germany
Bavaria Carbon Specialities GmbH (@)	Germany
Graphite Cova GmbH (@)	Germany

@ wholly owned subsidiaries of GIBV.

	(Rs. in Lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
31. Commitments -		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) [includes Rs. Nil (Previous Year-Rs. 9.60 Lakhs) for acquisition of intangible assets]	2,393.11	2,552.17
(ii) Export obligations under EPCG Licenses	—	261.27
(iii) Export obligations against Advance Licenses	1,083.33	—

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

32. Contingent Liabilities -	(Rs. in Lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
(i) Claims not acknowledged as debts:		
(a) Disputed Excise Duty	1,023.12	523.95
(b) Disputed Customs Duty	1,163.01	999.62
(c) Disputed Service Tax	2,516.07	324.92
(d) Disputed Sales Tax / Value Added Tax	516.54	528.46
(e) Disputed Entry Tax	360.08	246.04
(f) Disputed Income Tax	880.47	1.89
(g) Labour Related Matters	503.69	324.42
(h) Other Matters (Rent, etc.)	49.23	49.23
(ii) Potential Obligation under Public Law of Germany in respect of environment	1,957.88	1,653.16
(iii) In respect of Contingent Liabilities, it is not practicable for the Group to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above Contingent Liabilities.		

33. The Parent Company had entered into a Power Delivery Agreement (PDA) with Wardha Power Company Limited (WPCL) for procurement of power for its manufacturing activity at the terms set out in the said agreement for twenty five years from the commencement of commercial operation of power plant to be declared by WPCL. As per the terms of Share Subscription Agreement (SSA) with WPCL, the Parent Company invested Rs. 247.66 Lakhs (Previous Year – Rs. 247.66 Lakhs) in its Class A Equity Shares and Rs. 312.34 Lakhs (Previous Year – Rs. 312.34 Lakhs) in its 0.01% Class A Redeemable Preference Shares, shown under Non-current Investments (Note 13) and were required to subscribe Rs.350.00 Lakhs (Previous Year - Rs.350.00 Lakhs) to Class C Redeemable Preference Shares of WPCL prior to commencement of commercial operation of the said Power Plant. The aforesaid shares are/shall be under lien with WPCL.

Upon the expiry of Power Delivery Agreement, Class A Equity Shares and Class A Redeemable Preference Shares will be bought back by WPCL for a total consideration of Re.1.00. One-tenth of Class C Redeemable Preference Shares will be redeemed on every anniversary from the date of issue at Re.0.01 per share.

Pursuant to failure of WPCL to commence power supply in accordance with the terms of PDA, the Parent Company terminated the PDA and SSA and asked them to buy back the shares held by the Parent Company alongwith interest. The Parent Company has invoked the arbitration clause as provided in the agreement.

34. Particulars relating to Construction Contracts -	(Rs. in Lakhs)	
	2013-14	2012-13
(a) Contract revenues recognised as revenue	23.38	1,657.05
	As at 31st March, 2014	As at 31st March, 2013
(b) Other information relating to Contract Work-in-progress		
(i) Aggregate amount of cost incurred and recognised profits less recognised losses	3,283.68	5,598.34
(ii) The amount of customer advances	318.13	—
(iii) The amount of retentions due from customers	—	9.66
(iv) Gross amount due from customers for contract work as an asset	320.69	87.99

35. Employee Benefits:

(I) Post Employment Defined Benefit Plans:

(A) Gratuity (Funded)

The Parent Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme, the Gratuity Fund Trusts, administered and managed by the Life Insurance Corporation of India (LIC), make payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as set out in Note 1(N)(b) above, based upon which, the Parent Company makes contributions to the Employees' Gratuity Funds.

The following Table sets forth the particulars in respect of the Gratuity Plan (Funded) of the Group for the year ended 31st March, 2014:

	(Rs. in Lakhs)	
	<u>2013-14</u>	<u>2012-13</u>
(a) Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation:		
Present Value of Obligation at the beginning of the year	1,963.64	1,621.75
Current Service Cost	161.63	122.44
Interest Cost	162.53	125.21
Actuarial Losses	430.91	207.59
Benefits Paid	(212.35)	(113.35)
Present Value of Obligation at the end of the year	<u>2,506.36</u>	<u>1,963.64</u>
(b) Reconciliation of the Opening and Closing balances of the Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	1,659.21	1,429.51
Expected Return on Plan Assets	145.18	114.36
Actuarial Gains	14.65	28.61
Contributions	315.33	200.08
Benefits Paid	(212.35)	(113.35)
Fair Value of Plan Assets at the end of the year	<u>1,922.02</u>	<u>1,659.21</u>
(c) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets:		
Present Value of Obligation at the end of the year	2,506.36	1,963.64
Fair Value of Plan Assets at the end of the year	1,922.02	1,659.21
(Liabilities) recognised in the Balance Sheet	<u>(584.34)</u>	<u>(304.43)</u>
(d) Expense recognised in the Profit and Loss Statement:		
Current Service Cost	161.63	122.44
Interest Cost	162.53	125.21
Expected Return on Plan Assets	(145.18)	(114.36)
Actuarial Losses	416.26	178.98
Total Expense recognised @	<u>595.24</u>	<u>312.27</u>
@ Recognised under 'Contribution to Provident and Other Funds' in Note 25		

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	(Rs. in Lakhs)				
	<u>2013-14</u>	<u>2012-13</u>			
(e) Category of Plan Assets:					
Fund with LIC	1,912.82	1,656.62			
Others (including bank balances)	9.20	2.59			
Total	1,922.02	1,659.21			
(f) Actual Return on Plan Assets:	159.83	142.97			
(g) Principal Actuarial Assumptions:					
Discount Rate	8.75%	8.00%			
Salary Escalation	8.00%	6.00%			
Expected Return on Assets	8.75%	8.00%			
(h) Other Disclosures:	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Present Value of Obligation at the end of the year	2,506.36	1,963.64	1,621.75	1,344.64	1,565.39
Fair Value of Plan Assets at the end of the year	1,922.02	1,659.21	1,429.51	1,334.98	1,533.09
Surplus/(Deficit) at the end of the year	(584.34)	(304.43)	(192.24)	(9.66)	(32.30)
Experience Adjustments on Plan Assets [Gain/(Loss)]	2.98	20.55	1.56	(0.36)	15.33
Experience Adjustments on Obligation [(Gain)/Loss]	226.65	236.64	203.06	184.41	0.93

Notes:

- The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.
- The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Group's policy for plan asset management and other relevant factors.

(B) Provident Fund

Contributions towards provident funds are recognised as expense for the year. The Parent Company has set up Provident Fund Trusts in respect of certain categories of employees which is administered by Trustees. Both the employees and the Parent Company make monthly contributions to the Funds at specified percentage of the employee's salary and aggregate contributions along with interest thereon are paid to the employees/nominees at retirement, death or cessation of employment. The Trusts invest funds following a pattern of investments prescribed by the Government. The interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Government under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Parent Company.

In terms of the Guidance on implementing Accounting Standard 15 (Revised 2005) on Employee Benefits issued by the Accounting Standard Board of The Institute of Chartered Accountants of India (ICAI), Provident Fund Trusts set up by the Parent Company are treated as defined benefit plans in view of the Parent Company's obligation to meet shortfall, if any, on account of interest.

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, an amount of Rs. 21.30 Lakhs (Previous Year- Rs. Nil) has been provided towards future anticipated shortfall with regard to interest rate obligation of the Parent Company as at the balance sheet date. Further during the year, the Parent Company's contribution of Rs. 41.63 Lakhs (Previous year – Rs. 35.89 Lakhs) to the Provident Fund Trusts has been expensed under the 'Contribution to Provident and Other Funds' in Note 25. Disclosures given hereunder are restricted to the information available as per the Actuary's report -

	<u>2013-14</u>	<u>2012-13</u>
Principal Actuarial Assumptions		
Discount Rate	8.74/8.38%	8.50%
Expected Return on Exempted Fund	8.18/8.64%	8.05/ 8.64%
Expected EPFO Return	8.75%	8.50%

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

(C) Pension

Certain overseas subsidiaries provide for pension benefits to their employees, which are defined benefit retirement plans. Under such plans, the vested employees become entitled to a monthly pension at an agreed rate, upon retirement or disability. After the death of the vested employee, the spouse becomes entitled to monthly pension at a reduced rate. Vesting occurs upon completion of fifteen or twenty four years of service. Such plans are unfunded.

The following Table sets forth the particulars in respect of the Pension Plan (unfunded) of the Group for the year ended 31st March, 2014:

	(Rs. in Lakhs)				
	<u>2013-14</u>	<u>2012-13</u>			
(a) Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation:					
Present Value of Obligation at the beginning of the year	241.96	184.78			
Exchange Rate Adjustment	45.95	2.98			
Current Service Cost	6.10	4.54			
Interest Cost	8.74	7.53			
Actuarial (Gains)/Losses	(4.51)	42.13			
Present Value of Obligation at the end of the year	<u>298.24</u>	<u>241.96</u>			
(b) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets:					
Present Value of Obligation at the end of the year	298.24	241.96			
Fair Value of Plan Assets at the end of the year	—	—			
(Liabilities) recognised in the Balance Sheet	<u>(298.24)</u>	<u>(241.96)</u>			
(c) Expense recognised in the Profit and Loss Statement:					
Current Service Cost	6.10	4.54			
Interest Cost	8.74	7.53			
Actuarial (Gains)/Losses	(4.51)	42.13			
Total Expense recognised @	<u>10.33</u>	<u>54.20</u>			
@ Recognised under 'Contribution to Provident and Other Funds' in Note 25.					
(d) Principal Actuarial Assumptions:					
Discount Rate	3.00%	3.10%			
Salary/Pension Escalation	2.00%	2.00%			
(e) Other Disclosures:	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Present Value of Obligation at the end of the year	298.24	241.96	184.78	138.34	131.88
(Deficit) at the end of the year	(298.24)	(241.96)	(184.78)	(138.34)	(131.88)
Experience Adjustments on Obligation [(Gain)/Loss]	9.96	(4.83)	(3.48)	(3.13)	(4.63)

Note:

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

(II) Post Employment Defined Contribution Plans

During the year, an amount of Rs. 1,947.79 Lakhs (Previous Year – Rs. 1,707.17 Lakhs) has been recognised as expenditure towards defined contribution plans of the Group.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

36. The following table includes the classification of investments in accordance with AS 13: Accounting for Investments

	(Rs. in Lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
Current Investments		
In Units of Mutual Funds	31,181.42	17,477.29
Long-term Investments		
Fully Paid-up Equity Shares in a company (Refer Note 33)	247.66	247.66
Fully Paid-up Redeemable Preference Shares in a company (Refer Note 33)	312.34	312.34
In Government Securities	0.06	0.06
In Units of Mutual Funds	6,733.02	8,443.67
Total Long-term Investments	<u>7,293.08</u>	<u>9,003.73</u>
Total Investments (Current and Long-term)	<u>38,474.50</u>	<u>26,481.02</u>
Disclosed Under:		
Non-current Investments (Refer Note 13)	4,208.08	2,840.06
Current Investments (Refer Note 16)	34,266.42	23,640.96
Total	<u>38,474.50</u>	<u>26,481.02</u>

37. Particulars of Operating Leases -

A. Cancellable

The Group has cancellable operating lease arrangements for certain accommodation. Terms of such lease include option for renewal on mutually agreed terms. Operating lease rentals for the year debited to Profit and Loss Statement amount to Rs. 16.80 Lakhs (Previous Year - Rs. 16.80 Lakhs).

B. Non-Cancellable

(a) The Group has operating lease arrangements for certain vehicles and equipments. The future lease payments in respect of these are as follows:-

Minimum lease payments:	(Rs. in Lakhs)	
	2013-14	2012-13
i. Not later than one year	319.89	287.70
ii. Later than one year but not later than five years	651.07	739.10
iii. Later than five years	—	—
	<u>970.96</u>	<u>1,026.80</u>

(b) The lease expenses recognised during the year amount to Rs. 313.55 Lakhs (Previous Year – Rs. 175.48 Lakhs).

38. Depreciation and Amortisation for the year and year-end accumulated depreciation includes Rs.434.50 Lakhs (Previous Year - Rs. 1,181.58 Lakhs) and Rs.10,037.84 Lakhs (Previous Year - Rs. 8,072.31 Lakhs) respectively, computed by certain subsidiaries by applying different depreciation rates as indicated in Note 1(D) above.

39. Segment Information

A. Primary Segment Reporting (by Business Segments)

i) The composition of business segments is as under:

- a) Graphite and Carbon Segment, engaged in the production of Graphite Electrodes, other Miscellaneous Carbon and Graphite Products including Captive power generating units and Impervious Graphite Equipment (IGE) division.
- b) Steel Segment engaged in production of High Speed Steel and Alloy Steel, and
- c) Other Segment engaged in manufacturing of Glass Reinforced Pipes (GRP), Power generating unit exclusively for outside sale and investing in shares and securities.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

ii) Composition of Geographical Segments

The geographical segments considered for disclosure are as follows :

- Sales within India include sales to customers located within India
- Sales outside India include sales to customers located outside India
- The carrying amount of segment assets in India and outside India is based on geographical location of assets.

iii) Segment Revenues, Results and Other Information as at / for the year ended 31st March, 2014

	Graphite and Carbon		Steel		Others		Total of Reportable Segments	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenue from Operations (Gross)								
External Sales	1,90,991.23	1,83,867.79	7,555.56	8,708.43	6,444.28	4,852.49	2,04,991.07	1,97,428.71
Inter Segment Sales	17.06	35.24	—	—	5.59	5.04	22.65	40.28
Other Operating Revenues	3,385.03	4,195.45	17.57	9.61	215.37	379.87	3,617.97	4,584.93
Segment Revenues	1,94,393.32	1,88,098.48	7,573.13	8,718.04	6,665.24	5,237.40	2,08,631.69	2,02,053.92
Segment Results	25,870.09	26,827.81	1,200.10	887.64	(55.78)	(57.04)	27,014.41	27,658.41
Segment Assets	2,19,658.28	2,48,338.01	21,205.36	20,925.66	12,108.59	11,228.47	2,52,972.23	2,80,492.14
Segment Liabilities	31,385.12	23,234.40	766.40	1,503.79	3,006.82	1,943.97	35,158.34	26,682.16
Capital Expenditure	4,026.97	4,828.24	27.40	28.49	6.80	40.10	4,061.17	4,896.83
Depreciation and Amortisation	4,917.17	5,337.54	574.58	574.09	203.75	205.95	5,695.50	6,117.58
Non-cash Expenses other than Depreciation and Amortisation	383.86	344.93	3.58	2.07	81.22	9.18	468.66	356.18

Reconciliation of Reportable Segments with the Financial Statements

	Revenues		Results/Net Profit		Assets		Liabilities *	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Total of Reportable Segments	2,08,631.69	2,02,053.92	27,014.41	27,658.41	2,52,972.23	2,80,492.14	35,158.34	26,682.16
Corporate - Unallocated /Others (Net)	—	—	(3,347.12)	(2,873.41)	26,672.62	14,688.43	68,558.52	97,312.39
Inter Segment Sales	(22.65)	(40.28)	—	—	—	—	—	—
Finance Costs	—	—	(2,388.99)	(3,068.59)	—	—	—	—
Tax Expense	—	—	(8,289.62)	(8,275.38)	—	—	—	—
	2,08,609.04	2,02,013.64	12,988.68	13,441.03	2,79,644.85	2,95,180.57	1,03,716.86	1,23,994.55

* Excluding Shareholders' Funds

B. Secondary Segment (Geographical)

	India		Outside India		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Segment Revenues (Gross)	76,388.87	67,635.09	1,32,220.17	1,34,378.55	2,08,609.04	2,02,013.64
Segment Assets	2,23,771.23	2,41,138.49	29,201.00	39,353.65	2,52,972.23	2,80,492.14
Capital Expenditure	2,975.70	3,789.19	1,085.47	1,107.64	4,061.17	4,896.83

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

40. Related Party Disclosures:

(In accordance with Accounting Standard-18 prescribed under the Act)

(i) Related parties –

Name	Relationship
Mr. M. B. Gadgil, Executive Director	Key Management Personnel
Likhmi Leasing Limited	A shareholder holding 28.60% Equity Shares of the Parent Company

	(Rs. in Lakhs)	
(ii) Particulars of Transactions during the year ended 31st March, 2014 –	<u>2013-14</u>	<u>2012-13</u>
A. Key Management Personnel		
Mr. M. B. Gadgil		
(a) Remuneration	174.62	147.77
(b) Dividend paid	0.07	0.07
B. A shareholder holding 28.60% Equity Shares of the Parent Company – Likhmi Leasing Limited		
Dividend paid	1,955.45	1,955.45
		(Rs. in Lakhs)
	As at 31st March, 2014	As at 31st March, 2013
(iii) Balance outstanding at the year end-		
(a) Loans and Advances		
Mr. M. B. Gadgil	—	6.00
(b) Other Current Liabilities		
Mr. M. B. Gadgil	99.18	78.95

41. Pending completion of the relevant formalities of transfer of certain assets and liabilities of Powmex Steels Undertaking of GKW Limited (GKW) acquired pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court at Calcutta vide Order of 22nd May, 2009, such assets and liabilities remain included in the books of the Parent Company under the name of GKW (including another company, erstwhile Powmex Steels Limited, which was amalgamated with GKW in earlier years).

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

42. Derivative instruments and unhedged foreign currency exposure

(a) Derivatives outstanding as at the reporting date		(in Million)	
Particulars		As at 31st March, 2014	As at 31st March, 2013
Interest Rate Swap	USD	13.33	20.00
Currency Swap	USD	6.20	—
	GBP	0.58	—
 (b) Particulars of unhedged foreign currency exposures as at the reporting date			
Receivables	USD	12.38	15.39
	Euro	4.85	5.94
	CAD	0.63	1.68
Payables	USD	10.15	7.73
	Euro	0.28	0.45
	CAD	0.06	0.10
Loans	USD	29.48	68.85
	Euro	2.52	8.53
 (c) Mark-to-market losses		(Rs. in Lakhs)	
Particulars		As at 31st March, 2014	As at 31st March, 2013
Mark-to-market losses provided for		55.73	68.76

43. Research and Development Expenditure of revenue nature of Rs. 13.85 Lakhs (Previous Year – Rs. 21.41 Lakhs).

44. Previous Year's figures have been re-grouped / re-arranged, wherever necessary to conform to current year's classification.

Signatures to Notes 1 to 44.

For PRICE WATERHOUSE
Firm Registration Number- 301112E
Chartered Accountants

(Pinaki Chowdhury)
Partner

Membership No. 57572
Kolkata : 9th May, 2014

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

STATEMENT REGARDING SUBSIDIARY COMPANIES FOR 2013-14

(Rs. in Lakhs)

Name of Subsidiary / Country	Closing exchange rate (Euro) against Indian Rupee as on 31.03.2014	Capital	Reserves	Total Assets	Total Liabilities	Investments (except in case of investment in Subsidiaries)*	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend
Carbon Finance Limited, India	—	530.00	4,122.63	1,608.87	0.30	3,044.06	298.38	253.89	74.55	179.34	—
Graphite International B.V., The Netherlands	82.61	14,291.53	(314.65)	13,997.69	20.81	—	309.99	218.78	—	218.78	—
Subsidiaries of Graphite International B.V.											
Graphite COVA GmbH, Germany	82.61	13,481.95	(3,703.18)	28,059.28	18,280.51	—	31,125.66	(8,571.80)	(233.54)	(8,338.26)	—
Bavaria Electrodes GmbH, Germany	82.61	82.61	1,800.62	3,418.68	1,535.45	—	8,836.40	167.77	56.28	111.49	—
Bavaria Carbon Specialities GmbH, Germany	82.61	82.61	1,347.47	1,892.87	462.79	—	5,120.62	210.35	56.06	154.29	—
Bavaria Carbon Holdings GmbH, Germany	82.61	227.18	547.53	1,007.93	233.22	—	416.52	167.00	34.89	132.11	—

*** Details of Investments held by Carbon Finance Limited as at 31st March, 2014**

(Rs. in Lakhs)

Particulars	Nature of Investment	Face value (Rs.)	Number	Amount
Reliance Short Term Fund Retail Plan Growth	Units	10.00	4,79,521	103.80
HDFC Cash Management Fund - Treasury Advantage Plan - Retail-Growth	Units	10.00	2,97,039	80.00
Reliance Floating Rate Fund - Short Term Plan - Growth Plan	Units	10.00	12,28,890	227.16
Birla Sun Life Dynamic Bond Fund - Retail - Growth - Regular Plan	Units	10.00	25,27,065	500.00
ICICI Prudential Short Term - Regular Plan - Growth Option	Units	10.00	3,79,130	92.00
Reliance Money Manager Fund - Growth Plan Growth Option	Units	1000.00	30,142	527.10
Sundaram Select Debt ST Asset Plan Bonus (Principal Units)	Units	10.00	95,808	10.00
Sundaram Select Debt Short Term Asset Plan - Direct Plan - GR	Units	10.00	2,05,744	44.00
HDFC Liquid Fund - Growth	Units	10.00	18,36,465	450.00
Pramerica Fixed Duration Fund - Series 17 - Direct Plan - Growth Option	Units	1000.00	800	8.00
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth	Units	10.00	18,32,347	400.00
ICICI Prudential Flexible Income - Regular Plan - Growth	Units	10.00	2,08,315	500.00
Sundaram Ultra Short-Term Fund Direct Plan - Growth	Units	10.00	5,12,035	90.00
Pramerica Ultra Short Term Bond Fund - Direct Plan - Growth Option	Units	1000.00	881	12.00
				<u>3,044.06</u>



GRAPHITE INDIA LIMITED

CIN: L10101WB1974PLC094602
Registered Office : 31, Chowringhee Road, Kolkata - 700 016
Tel.: +91 33 4002 9600 Fax: +91 33 4002 9676
Website: www.graphiteindia.com

BALLOT FORM FOR VOTING ON AGM RESOLUTIONS

Name & Registered Address of the sole / first named Member	Name(s) of the Joint-Holder(s), if any
i) Registered Folio No.: ii) DP ID No. & Client ID No.	Number of Share(s) held

I / We hereby exercise my / our vote in respect of the following resolutions to be passed for the business stated in the Notice of the Annual General Meeting dated June 12, 2014 (39th AGM to be held on August 12, 2014), by conveying my/our assent or dissent to the resolutions by placing tick (✓) mark in the appropriate box below:

	Resolutions	No. of shares	I / We assent to the Resolution (FOR)	I / We dissent to the Resolution (AGAINST)
Ordinary Business				
1	Ordinary Resolution for adoption of the Audited Financial Statements for the year ended 31st March, 2014.			
2	Ordinary Resolution to declare dividend on Equity Shares for the year ended 31 st March, 2014			
3	Ordinary Resolution to appoint a Director in place of Mr. K K Bangur who retires by rotation and being eligible, offers himself for re-appointment.			
4	Ordinary Resolution to appoint Price Waterhouse, Chartered Accountants as Auditors of the Company and fix their remuneration.			
Special Business				
5	Ordinary Resolution for appointment of Mr. Sanjiv Goenka as Independent Director of the Company			
6	Ordinary Resolution for appointment of Mr. N S Damani as Independent Director of the Company			
7	Ordinary Resolution for appointment of Mr. A V Lodha as Independent Director of the Company			
8	Ordinary Resolution for appointment of Mr. P K Khaitan as Independent Director of the Company			
9	Ordinary Resolution for appointment of Dr. R Srinivasan as Independent Director of the Company			
10	Ordinary Resolution for appointment of Mr. N Venkataramani as Independent Director of the Company			
11	Special Resolution for Consent u/s 180 (1) (a) of Companies Act, 2013 – Creation of charge			
12	Special Resolution for Consent u/s 180 (1) (c) of Companies Act, 2013 – Borrowing Powers			
13	Special Resolution for Consent u/s 94 of Companies Act, 2013 – Keeping Register of Members etc in Mumbai			
14	Ordinary Resolution for re-appointment of Mr. M B Gadgil as Wholetime Director			
15	Ordinary Resolution for payment of remuneration to Cost Auditors			

Place :

Date :

Signature of the Member or Authorised Representative

- Notes : (i) If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.
(ii) Last date for receipt of this Form : 8th August, 2014 (6.00 pm)
(iii) Please read the instructions printed overleaf carefully before exercising your vote.

Instructions

General Instructions

1. Shareholders have option to vote either through e-voting i.e. electronic means or to convey assent/dissent in physical form. If a shareholder has opted for this Physical Ballot Form, then he/she should not vote by e-voting and vice versa. However, in case shareholders cast their vote through both physical Ballot form and e-voting, then vote cast through e-voting shall be considered, subject to it being found to be valid and vote cast through this form shall be treated as invalid.
2. The notice of Annual General Meeting is despatched/e-mailed to the members whose names appear on the Register of Members as on July 4, 2014 and voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholders as on the said date.
3. Voting through this form cannot be exercised by a proxy. However, corporate and institutional shareholders shall be entitled to vote through their authorised representatives with proof of their authorization, as stated below.

Instructions for voting physically on Ballot Form

1. A Member desiring to exercise vote by Ballot should complete this Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, Mrs. Swati Bajaj, Partner, M/s P. S. & Associates, Practising Company Secretaries in the enclosed self addressed pre-paid Business Reply Envelope to reach on or before the close of working hours i.e. 6.00 p.m. on August 8, 2014. All Forms received after this date will be strictly treated as if the reply from such Member has not been received.
2. This Form should be completed and signed by the Shareholder (as per the specimen signature registered with the Company/ Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.
3. In respect of shares held by corporate and institutional shareholders (companies, trusts, societies, etc.), the completed Form should be accompanied by a certified copy of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
4. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate column in the Form. The assent or dissent received in any other form shall not be considered valid.
5. Members are requested to fill the Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
6. There will be one Form for every folio / client id irrespective of the number of joint holders.
7. A Member may request for a duplicate Form, if so required, and the same duly completed should reach the Scrutinizer not later than the date specified under instruction No.1 above.
8. Members are requested not to send any other paper along with this Form. They are also requested not to write anything in the form except giving their assent or dissent and putting their signature. If any such other paper is sent, the same will be destroyed by the Scrutinizer.
9. The Scrutinizer's decision on the validity of the Form will be final and binding.
10. Incomplete, unsigned or incorrectly ticked Forms will be rejected.



GRAPHITE INDIA LIMITED

CIN: L10101WB1974PLC094602

Registered Office : 31, Chowringhee Road, Kolkata - 700 016

THIRTY NINTH ANNUAL GENERAL MEETING

Name and Address of Shareholder

Folio / DP ID and Client ID :	Shares :
-------------------------------	----------

ATTENDANCE SLIP

Attendance by (Please tick the appropriate box)
<input type="checkbox"/> Member
<input type="checkbox"/> Proxy
<input type="checkbox"/> Authorised Representative

I hereby record my presence at the 39th Annual General Meeting of the Company being held on Tuesday, August 12, 2014 at 2.00 P.M. at Kala Kunj Auditorium (Sangit Kala Mandir Trust), 48, Shakespeare Sarani, Kolkata -700 017.

.....
 Name of Proxy (in BLOCK LETTERS) Signature of Member/Proxy



GRAPHITE INDIA LIMITED

CIN: L10101WB1974PLC094602

Registered Office : 31, Chowringhee Road, Kolkata – 700 016

PROXY FORM

Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the member(s):		Email id:	
Registered Address:		Folio No/ Client Id:	
		DP Id:	

I/We being the member(s) ofshares of the above named Graphite India Limited, hereby appoint

1. Name.....Address.....

E-mail Id.....Signature.....or failing him

2. Name.....Address.....

E-mail Id.....Signature.....or failing him

3. Name.....Address.....

E-mail Id.....Signature.....as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 39th Annual General Meeting of the Company to be held on Tuesday, August 12, 2014 at 2.00 P.M. at Kala Kunj Auditorium (Sangit Kala Mandir Trust), 48, Shakespeare Sarani, Kolkata -700 017 and at any adjournment thereof in respect of such resolutions as are indicated below:

(*Optional)

	Resolutions	For	Against
1.	Adoption of financial statements for the year ended March 31, 2014		
2.	Declaration of dividend on equity shares		
3.	Re-Appointment of Mr. K. K. Bangur, director retiring by rotation		
4.	Appointment of Price Waterhouse, Chartered Accountants as Auditors and fixation of remuneration thereof		
5.	Appointment of Mr. Sanjiv Goenka as an Independent Director		
6.	Appointment of Mr. N. S. Damani as an Independent Director		
7.	Appointment of Mr. A. V. Lodha as an Independent Director		
8.	Appointment of Mr. P. K. Khaitan as an Independent Director		
9.	Appointment of Dr. R. Srinivasan as an Independent Director		
10.	Appointment of Mr. N. Venkataramani as an Independent Director		
11.	Consent u/s 180 (1) (a) of Companies Act, 2013 – Power to create charge		
12.	Consent u/s 180 (1) (c) of Companies Act, 2013 – Borrowing Powers		
13.	Consent u/s 94 of Companies Act, 2013 – Keeping Register of Members etc in Mumbai		
14.	Re-appointment of Mr. M B Gadgil as Wholetime Director		
15.	Ratification - payment of remuneration to Cost Auditors		

Signed this day of 2014.

Signature of shareholder

Signature of proxy holder(s)

Affix
Re.1/-
Revenue
Stamp
Here

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

* it is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.