



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/Debtenture 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 | Satpur, 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/despached 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 Reality 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 Petrochem & 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* | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>* 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.</p> <p>* 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.</p> |
| DOB# | <p>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.</p> |
| Dividend Bank Details# | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>* 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.</p> |

- (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 - 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 enery 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. Curravala | 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 | — | — | — | 20000000 | 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 | <p>BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001</p> <p>National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5th Floor, Bandra-Kurla Complex Bandra (E), Mumbai 400 051</p> <p>The Company has paid the listing fees for the period April, 2014 to March, 2015 to BSE & NSE.</p> |

Stock Code

509488 on Bombay Stock Exchange Limited
GRAPHITE on National Stock Exchange

Demat ISIN Number for NSDL and CDSL

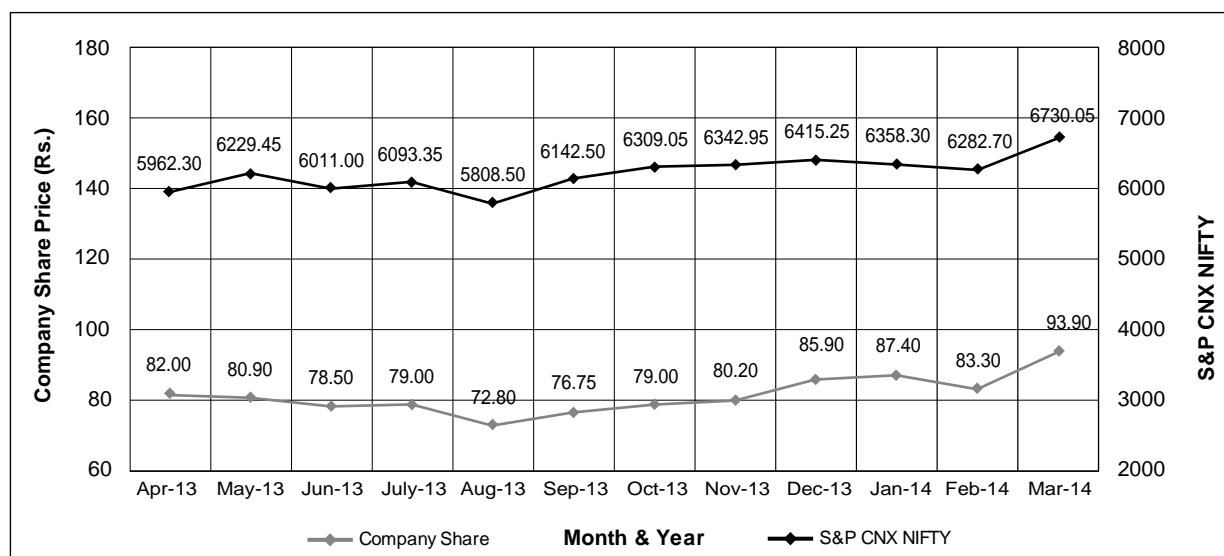
INE 371A01025

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

| Period | High | Low | Period | High | Low |
|-----------------|-------|-------|----------------|-------|-------|
| | Rs. | Rs. | | Rs. | 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 | <p>Chunchanakatte, K R Nagar Taluk, Dist –Mysore, Karnataka 571 617 Phone : (08223) 281116</p> <p>Link Canal Mini Hydel Plant, Peehalli, Arekere Hobli, Srirangapatna Taluk Mandya Dist 571415</p> <p>Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048 Phone : (080) 43473300</p> <p>88 MIDC Industrial Area, Satpur, Nashik 422 007, Phone : (0253) 2203300</p> |
| R & D Centre | <p>Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048 Phone : (080) 43473300</p> |
| Sales Office | <p>407 Ashoka Estate, 24, Barakhamba Road, New Delhi 110 001 Phone : (011) 23314364</p> |

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

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

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

Kolkata
May 9, 2014

On behalf of the Board
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.

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

Kolkata
May 9, 2014

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.

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

Kolkata
May 9, 2014

| | | (Rs. in Lakhs) | |
|-------------------------------------|------|---------------------------|---------------------------|
| | Note | As at 31st March, 2014 | As at 31st March, 2013 |
| EQUITY AND LIABILITIES | | | |
| 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>2,61,963.71</u> | <u>2,70,536.31</u> |
| ASSETS | | | |
| 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>2,61,963.71</u> | <u>2,70,536.31</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)

| | 2013-14 | 2012-13 |
|---|--------------------|-----------------|
| 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 | (40,292.56) | 2,168.30 |
| D. Exchange Differences on Translation of Foreign Currency | | |
| Cash and Cash Equivalents | 1.62 | — |
| Net Cash Inflow / (Outflow) | 1,797.28 | (493.02) |
| Cash and Cash Equivalents - Opening | 592.62 | 1,085.64 |
| Cash and Cash Equivalents - Closing | 2,389.90 | 592.62 |
| | 1,797.28 | (493.02) |
| Cash and Cash Equivalents comprise: | | |
| Cash on hand | 13.33 | 22.91 |
| Cheques, Drafts on hand | 13.65 | 10.69 |
| Balances with Banks* | 2,362.92 | 559.02 |
| Total | 2,389.90 | 592.62 |
| *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) | |
|---|---------------------------|---------------------------|
| | As at 31st March, 2014 | 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 | <u>3,907.51</u> | <u>3,907.51</u> |
| Add : Forfeited Shares | <u>0.17</u> | <u>0.17</u> |
| | <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 |
|--------------------|-------------|

| | (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 | 10,016.67 | 12,674.67 |
| (Secured by way of first charge on certain moveable fixed assets, both present and future, of the Company) | | |
| | <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> | <u>10,044.26</u> |
| Deferred Tax Assets | | |
| Expenses Allowable for Tax Purpose on Payment | <u>605.19</u> | <u>319.97</u> |
| Provision for Doubtful Debts | <u>120.95</u> | <u>47.47</u> |
| Unamortised Expenditure Allowable for Tax Purpose in Subsequent Years | <u>86.54</u> | <u>173.09</u> |
| | <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 | <u>46.35</u> | <u>173.43</u> |
| 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 | <u>9,482.67</u> | <u>19,729.14</u> |
| (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) | | |
| Unsecured | | |
| Loans Repayable on Demand from Banks | <u>10,602.50</u> | <u>24,358.13</u> |
| | <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 | <u>5,330.94</u> | <u>3,469.08</u> |
| 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) | <u>4,006.67</u> | <u>3,621.33</u> |
| Interest Accrued but not Due on Borrowings | <u>93.71</u> | <u>101.75</u> |
| Unpaid Dividends* | <u>309.65</u> | <u>269.78</u> |
| Other Payables | | |
| Dues Payable to Government Authorities | <u>2,750.46</u> | <u>2,153.23</u> |
| Capital Liabilities | <u>365.36</u> | <u>406.34</u> |
| Advances from Customers | <u>2,350.22</u> | <u>1,091.86</u> |
| Deposits | <u>31.97</u> | <u>31.76</u> |
| Claims / Charges Payable | <u>731.69</u> | <u>713.36</u> |
| Employee Benefits Payable | <u>1,744.75</u> | <u>1,780.91</u> |
| Fractional Entitlement Due for Refund to Shareholders | <u>9.27</u> | <u>9.28</u> |
| 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

| | | (Rs. in Lakhs) | | | |
|--|--------------------|----------------|---------------------------|-------------|---------------------------|
| | Unit Face Value | Number | 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 | | | 0.06 | | 0.06 |
| (Deposited with Sales Tax Authority) | | | | | |
| Investments in Mutual Funds | | | | | |
| HDFC-FMP-540D-December 2013 - 1 - Regular - Growth | Rs. 10 | 60,39,628.000 | 603.96 | — | — |
| | | | 15,756.26 | | 10,932.77 |
| Aggregate Amount of Unquoted Investments | | | 15,756.26 | | 10,932.77 |
| Net Asset Value of Units of Mutual Funds | | | 622.05 | | — |

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 |
| | | 766.79 | 770.76 |
| | | 4.13 | 7.67 |
| 14. Other Non-current Assets | | | |
| Unsecured, Considered Good : | | | |
| Fixed Deposits with Banks (with Maturity of more than Twelve Months) | | 1.40 | 4.00 |
| (Lodged with Government Authority / Others) | | | |
| Accrued Interest on Fixed Deposits | | 0.12 | — |
| | | 1.52 | 4.00 |

*Includes amount due from an Officer of the Company

15. Current Investments

(Rs. in Lakhs)

| Unquoted [Refer Note 1(F)] | Unit Face Value | Number | As at 31st March, 2014 | Number | As at 31st March, 2013 |
|--|--------------------|-----------------|---------------------------|-----------------|---------------------------|
| 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 |
| | 88,300.11 | 97,770.46 |
| 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 |
| | 1,069.80 | 732.57 |
| Less: Provision for Doubtful Debts | (351.88) | (139.66) |
| | 717.92 | 592.91 |
| Other Debts - | | |
| Considered Good | 41,620.51 | 50,367.16 |
| Considered Doubtful | 3.96 | — |
| | 41,624.47 | 50,367.16 |
| Less: Provision for Doubtful Debts | (3.96) | — |
| | 41,620.51 | 50,367.16 |
| | 42,338.43 | 50,960.07 |
| 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 |
| | 2,389.90 | 592.62 |
| 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 |
| | 2,397.18 | 602.10 |
| @ Earmarked for payment of Unclaimed Dividend | | |
| 18.1 Fixed Deposits with Banks with Maturity of more than Twelve Months included in Note 14 | 1.40 | 4.00 |

| | (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 | 1,48,374.66 | 1,48,610.94 |
| [Includes Sale of Traded Goods amounting to Rs. Nil (PREVIOUS YEAR - Rs. 1,410.29 Lakhs)] | | |
| 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><u>1,84,488.72</u></u> | <u><u>1,83,618.07</u></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 |
| | 4,020.94 | 2,634.71 |
| 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 | 79,811.09 | 78,883.15 |
| 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 |
| | 79,811.09 | 78,883.15 |

| | (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)

25.1 Details of Inventory

| | As at 31st March, 2014 | As at 31st March, 2013 |
|---|-----------------------------------|-----------------------------------|
| 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 |
| | 10,557.17 | 8,993.69 |
| 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 |
| | 38,951.78 | 38,446.07 |

26. Employee Benefits Expense

| | Year ended 31st March, 2014 | Year ended 31st March, 2013 |
|---|--|--|
| 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 |
| | 13,473.10 | 11,997.26 |

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 |
| | 1,696.29 | 2,344.58 |
| Less: Interest and Other Borrowing Costs Capitalised | — | 130.91 |
| | 1,696.29 | 2,213.67 |

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 |
| | 5,359.97 | 5,004.01 |

| | (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 | 50,039.00 |
| Indigenous | 28,050.16 | 35.15 | 28,844.15 |
| | <u>79,811.09</u> | <u>100.00</u> | <u>78,883.15</u> |
| Stores and Spare Parts | | | |
| Imported | 720.82 | 5.71 | 788.48 |
| Indigenous | 11,896.42 | 94.29 | 13,326.57 |
| | <u>12,617.24</u> | <u>100.00</u> | <u>14,115.05</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) | |
|--|---------------------------|---------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| (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) | |
|---|----------------|---------|
| 40. Payment to Auditors (Note 29) include – | 2013-14 | 2012-13 |
| (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 |
| | | 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 |

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) | |
|--|----------------|----------|
| | 2013-14 | 2012-13 |
| (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 | 2,506.36 | 1,963.64 |
| (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 | 1,922.02 | 1,659.21 |
| (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 | (584.34) | (304.43) |
| (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 (Net) | 416.26 | 178.98 |
| Total Expense recognised @ | 595.24 | 312.27 |
| @ 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) | 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% |

| | (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:**

- 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.
- Steel Segment engaged in production of High Speed Steel and Alloy Steel, and
- 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:

- 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 –

(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 |

| | (Rs. in Lakhs) | |
|--|---------------------------|---------------------------|
| | As at 31st March, 2014 | 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 | As at 31st |
| | | <u>March, 2014</u> | <u>March, 2013</u> |
| 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 | As at 31st |
| | | <u>March, 2014</u> | <u>March, 2013</u> |
| 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 | 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 |

| | (Rs. in Lakhs) | | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|---------------|
| Particulars | 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 (PBITD) | 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

| | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| PBITD / 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 |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

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 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 3,907.68 | 3,907.68 |
| Reserves and Surplus | 3 | 1,72,020.31 | 1,67,278.34 |
| | | <u>1,75,927.99</u> | <u>1,71,186.02</u> |
| 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 |
| | | <u>19,330.67</u> | <u>22,607.51</u> |
| 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 |
| | | <u>84,386.19</u> | <u>1,01,387.04</u> |
| TOTAL | | <u>2,79,644.85</u> | <u>2,95,180.57</u> |
| ASSETS | | | |
| 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 |
| | | <u>69,970.26</u> | <u>71,535.97</u> |
| 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 |
| | | <u>76,317.56</u> | <u>76,172.69</u> |
| 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 |
| | | <u>2,03,327.29</u> | <u>2,19,007.88</u> |
| TOTAL | | <u>2,79,644.85</u> | <u>2,95,180.57</u> |
| 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 | K. C. Parakh | B. Shiva | M. B. Gadgil |
| Kolkata - 9th May, 2014 | Sr. Vice President-Finance | Company Secretary | 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 | | <u>2,05,394.83</u> | <u>1,98,777.94</u> |
| 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 | | <u>1,84,116.53</u> | <u>1,77,061.53</u> |
| 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 | | <u>12,988.68</u> | <u>13,441.03</u> |
| 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 | K. C. Parakh | B. Shiva | M. B. Gadgil |
| Kolkata - 9th May, 2014 | Sr. Vice President-Finance | Company Secretary | 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) | |
|--|--------------------|-------------------|
| | 2013-14 | 2012-13 |
| 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) | |
|--|-----------------------|----------------|
| | 2013-14 | 2012-13 |
| 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 | (45,343.96) | 1,535.09 |
| D. Exchange Differences on Translation of Foreign Currency | | |
| Cash and Cash Equivalents | 195.30 | 12.13 |
| Net Cash Inflow/ (Outflow) | 1,375.97 | (204.03) |
| Cash and Cash Equivalents - Opening | 1,665.43 | 1,869.46 |
| Cash and Cash Equivalents - Closing | 3,041.40 | 1,665.43 |
| | 1,375.97 | (204.03) |
| Cash and Cash Equivalents comprise: | | |
| Cash on hand | 18.81 | 29.28 |
| Cheques, Drafts on hand | 13.65 | 10.69 |
| Balances with Banks* | 3,008.94 | 1,625.46 |
| Total | 3,041.40 | 1,665.43 |
| * 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

| | (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 | <u>3,907.51</u> | <u>3,907.51</u> |
| 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. | <u>1,98,88,336</u> | <u>1,98,88,336</u> |

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>1,72,020.31</u> | <u>1,67,278.34</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) | |
|---|-----------------------------------|-----------------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| 4. Long-term Borrowings | | |
| Secured | | |
| Term Loans | | |
| From a Bank | 10,016.67 | 12,674.67 |
| From Others | 6.57 | 16.42 |
| | 10,023.24 | 12,691.09 |
| 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 |
| | 812.68 | 540.53 |
| | 8,966.73 | 9,503.73 |
| 6. Other Long-term Liabilities | | |
| Trade Payables | 46.35 | 173.43 |
| Security Deposits | 0.70 | 0.70 |
| | 47.05 | 174.13 |
| 7. Long-term Provisions | | |
| Provisions for Employee Benefits | 293.65 | 238.56 |
| | 293.65 | 238.56 |
| 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 |
| | 32,287.94 | 57,589.19 |

| | (Rs. in Lakhs) | |
|---|---------------------------|---------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| 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 | 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) | |
|--|-----------------------------------|-----------------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 |
| 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 |
| | 4,208.08 | 2,840.06 |
| Aggregate Amount of Unquoted Investments | 4,208.08 | 2,840.06 |
| Net Asset Value of Units of Mutual Funds | 3,759.16 | 2,298.06 |
| 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 |
| | 2,137.70 | 1,792.66 |
| 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 | — |
| | 1.52 | 4.00 |
| 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 |
| | 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 |
| 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 |
| | 1,03,543.43 | 1,22,071.28 |

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 |
| 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 | 351.88 | 139.66 |
| | 1,069.80 | 1,509.80 |
| Less: Provision for Doubtful Debts | (351.88) | (139.66) |
| | 717.92 | 1,370.14 |
| Other Debts - | | |
| Considered Good | 46,508.24 | 50,192.84 |
| Considered Doubtful | 3.96 | — |
| | 46,512.20 | 50,192.84 |
| Less: Provision for Doubtful Debts | (3.96) | — |
| | 46,508.24 | 50,192.84 |
| | 47,226.16 | 51,562.98 |
| 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 | 18.81 | 29.28 |
| | 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) | | |
| | 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 | 6.50 | 34.50 |
| | 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 |
| | <u>1,29,368.12</u> | <u>1,42,538.80</u> |
| 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.

| | (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 | — |

| | | (Rs. in Lakhs) | |
|-------------------------------------|--|---------------------------|---------------------------|
| | | As at 31st March, 2014 | As at 31st March, 2013 |
| 32. Contingent Liabilities - | | | |
| (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.

| | | (Rs. in Lakhs) | |
|---|---|---------------------------|---------------------------|
| | | 2013-14 | 2012-13 |
| 34. Particulars relating to Construction Contracts - | | | |
| (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) | | | | |
|---|----------------|----------|----------|----------|----------|
| | 2013-14 | 2012-13 | | | |
| (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: | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
| 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 -

| | 2013-14 | 2012-13 |
|--|------------|-------------|
| 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% |

(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) | | | | |
|--|----------------|----------|----------|----------|----------|
| | 2013-14 | 2012-13 | | | |
| (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 | 298.24 | 241.96 | | | |
| (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 | (298.24) | (241.96) | | | |
| (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 @ | 10.33 | 54.20 | | | |
| @ 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: | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
| 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 | 7,293.08 | 9,003.73 |
| Total Investments (Current and Long-term) | 38,474.50 | 26,481.02 |
| 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 | 38,474.50 | 26,481.02 |

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 | — | — |
| | 970.96 | 1,026.80 |

(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:

- 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.
- Steel Segment engaged in production of High Speed Steel and Alloy Steel, and
- 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 |
| Likhami 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 – | | |
| Likhami Leasing Limited | | |
| Dividend paid | 1,955.45 | 1,955.45 |

(Rs. in Lakhs)

| | <u>As at 31st March, 2014</u> | <u>As at 31st March, 2013</u> |
|--|-------------------------------|-------------------------------|
| (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)

- ☐ Member
- ☐ Proxy
- ☐ 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:

P.T.O

(*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.

FORM A

Covering letter of the annual audit report in terms of SEBI Circular No. CIR/CFD/DIL/7/2012 dated August 13, 2012

| | | |
|----|--|---|
| 1. | Name of the Company | Graphite India Limited |
| 2. | Annual financial statements for the year ended | 31 st March, 2014 |
| 3. | Types of Audit observation | Unqualified |
| 4. | Frequency of observation | Not Applicable |
| 5. | To be signed by: | |
| | <ul style="list-style-type: none"> • CEO / Managing Director | <p>For Graphite India Limited</p>  <p>M.B. Gadgil Executive Director</p> |
| | <ul style="list-style-type: none"> • CFO | <p>For Graphite India Limited</p>  <p>K.C. Parakh CFO</p> |
| | <ul style="list-style-type: none"> • Auditor of the Company | <p>For Price Waterhouse Firm Registration Number: 301112E Chartered Accountants</p>  <p>Pinaki Chowdhury Partner Membership No. 57572</p> |
| | <ul style="list-style-type: none"> • Audit Committee Chairman | <p>For Graphite India Limited</p>  <p>Aditya Lodha Audit Committee Chairman</p> |