

BOARD OF DIRECTORS

Mr. K. K. Bangur, Chairman
Mr. Bhaskar Mitter
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. Curavala
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
Punjab National Bank
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
Email : corp_secy@graphiteindia.com
Website : www.graphiteindia.com

NOTICE

NOTICE is hereby given that the Thirty Seventh ANNUAL GENERAL MEETING of Graphite India Limited will be held on Friday, the 3rd day of August, 2012 at 10.00 A.M. at Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata- 700 017 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt Directors' Report and Audited Profit & Loss Account for the year ended 31st March, 2012 and the Balance Sheet as at that date.
2. To declare dividend on Equity Shares for the year ended 31st March, 2012.
3. To appoint a Director in place of Dr. R Srinivasan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. N Venkataramani who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. M B Gadgil who retires by rotation and being eligible offers himself for re-appointment.
6. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution-
RESOLVED THAT Mr. Bhaskar Mitter, a Director liable to retire by rotation, who does not seek re-appointment be not re-appointed as a Director of the Company and the vacancy so caused on the Board of the Company be not filled up.
7. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of Section 309 of the Companies Act, 1956 ("the Act") or any modification or re-enactment thereof, the Company hereby authorizes, payment of remuneration by way of commission at the discretion of the Board of Directors of the Company ("the Board") to one or more or all the Directors who are neither in the whole-time employment nor Managing / Whole-time Director(s) of the Company for a period of five financial years commencing from 1st April, 2012.

RESOLVED FURTHER THAT the amount to be distributed as commission shall not exceed in the aggregate such percent of the net profits of the Company in any financial year for all such directors as prescribed in Section 309(4) of the Act computed in the manner specified in Section 198(1) of the Act.

RESOLVED FURTHER THAT the Board may, at its discretion, decide on the amount to be paid to any particular Director.

9. To consider and if thought fit, to pass the following resolution with or without modification, as an Ordinary Resolution.

RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and or charging by the Board of Directors (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 undertaking 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 ₹ 1500 crore 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 in respect of financial assistance availed/to be availed from them or to the Trustees.

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

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

By Order of the Board
For Graphite India Limited

Kolkata
May 11, 2012

B. Shiva
Company Secretary

NOTES:

- a. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
- b. 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.
- c. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 20th July, 2012 to Friday, the 3rd August, 2012 (both days inclusive).
- d. No Director is related to any other Director on the Board in terms of the definition of 'relative' given under Companies Act, 1956. At the ensuing General Meeting Dr. R Srinivasan, Mr. N Venkataramani, and Mr. M B Gadgil, Directors, retire by rotation and being eligible offer themselves for re-appointment. A brief resume, their shareholding in the Company and names of other companies in which they hold directorships are given below:

Dr. R. Srinivasan aged 80 years, has more than 40 years of experience in the banking industry. 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 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

	Name of the Company	Position
4	Goldiam International Limited	Director
5	Shalimar Paints Limited	Director
6	Williamson Magor & Co. Limited	Director
7	Hi Tech Pharmaceuticals Pvt. Ltd.	Chairman
8	JM Financial Trustee Co. Pvt. Ltd. (SEBI approval awaited)	Director
9	Nayamode Solutions Pvt. Ltd.	Chairman
10	Snowcem Paints Pvt. Ltd.	Director
11	Suchirindia Developers Private Ltd.	Director
12	Shubhalaxmi Polyesters 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 Committee 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
7	Suchirindia Developers Private Ltd.	Audit Committee	Member

Mr. N. Venkataramani aged 66 years, is a qualified engineer with rich experience in managing business enterprises. He was associated with the Company from October, 1988 till September, 1995, was thereafter with GKW Ltd. as President of a division 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.

Other Directorships – Carbon Finance Ltd. – Director

Other Committee membership – Carbon Finance Ltd. – Chairman – Audit Committee.

Mr. M. B. Gadgil aged 59 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.

Other Directorships/ Committee Membership – NIL

- e. Dividend on Equity Shares when sanctioned will be made payable to those shareholders whose name stand on the Company's Register of Members on 3rd August, 2012 and to whom dividend warrants will be posted. In

respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as at the end of the business hours on 19th July, 2012 as per details furnished by the depositories for this purpose. Dividend on equity shares, if declared at the meeting will be paid/despached on 13th/14th August, 2012.

- f. Unclaimed dividend amounts upto the financial years ended 31st March, 1995 declared by the Company have been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Members who have not encashed the dividend warrants are requested to prefer their claim to the Office of Registrar of Companies, West Bengal, Nizam Palace, 234/4, A.J.C.Bose Road, Kolkata-700 020. Members can obtain details of the transfers made to the Central Government from the Company.
- g. 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 declared by the Company for the year ended 31st March, 2005 would be transferred to the said fund in the last week of August, 2012.

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends which have been transferred to the credit of the IEPF under the provisions of Sec. 205(B) of the Companies Act, 1956. In view of the above, the 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 for the year ended 31st March, 2004 has already been transferred to the IEPF.

- h. The Company has entered into agreements with National Securities Depository Ltd, (NSDL) and Central Depository Services (India) Ltd (CDSL). Shares of the Company are under the compulsory demat settlement mode from May 8, 2000 and can be traded only in demat mode. **Members are advised to send the shares of the Company held in physical form through their Depository Participant for demat purposes to the Company's Registrars and avail the benefits of paperless trading.**
- i. 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.
- j. 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 Mills Compound, L B S Marg, Bhandup (W), Mumbai 400 078 or to their Kolkata office at 59C Chowringhee Road, 3rd Floor, Kolkata 700 020.
- k. The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide a circular dated April 21, 2011 stating that a company would have complied with Section 53 of the Act, if the service of document has been made through electronic mode.

To take part in the said Green Initiative, we would send documents like the notice convening the General Meeting, Financial Statements, Annual Reports etc. and other communications in electronic form, to the email addresses of those members which are available in the Register of Members of the Company. In case you desire hence-forth to receive documents in the electronic form, kindly furnish your email address to the Company/ Registrars and participate in such initiatives.

By Order of the Board
For Graphite India Limited

Kolkata
May 11, 2012

B.Shiva
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 8

Section 309 of the Companies Act, 1956 ("the Act") enables the Company to authorise payment of remuneration by way of commission on net profits to Directors of the Company who are neither in the whole-time employment nor Managing Director(s) of the Company. Since such directors devote their time and attention to the business of the Company and the Company benefits from their expertise and mature advice, it is desirable that they be paid some remuneration by way of commission.

In terms of Section 309(4) of the Act, remuneration by way of commission payable to such directors shall not exceed –

- i) One percent of the net profits of the Company, if the Company has a Managing or Whole-time director or Manager.
- ii) Three percent of the net profits of the Company, in any other case.

Such payment of commission however requires approval of the members of the Company by way of special resolution. It is proposed that the Board be authorised to pay commission not exceeding in the aggregate such per cent of the net profits of the Company as prescribed in Section 309(4) of the Act in such proportion and to such one or more directors who are neither the Managing Director nor the Whole-time director, as the Board in its discretion may decide, subject to necessary approvals.

Approval from members is accordingly sought for payment of remuneration by way of commission to directors of the Company who are neither in the whole-time employment nor Managing Director of the Company for a period of five financial years, commencing from 1st April, 2012.

A copy of the Articles of Association of the Company is available for inspection at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

All the directors (except Mr. M B Gadgil) may be deemed to be concerned or interested in the resolution.

ITEM NO. 9

Approval of the members of the Company was obtained to create security on the Company's fixed assets in favour of its lenders under Section 293(1) (a) of the Companies Act, 1956 upto a limit of ` 1000 crore in the Annual General Meeting held on 31.07.2006. The Company has to create charge on its assets favouring its consortium bankers in respect of working capital limits being availed. Further, as and when the Company decides to borrow from financial/ investment institutions or by way of issue of debentures, depending upon the need security on the fixed assets would have to be created. It is therefore proposed to obtain members approval u/s 293 (1) (a) of the Companies Act, 1956, authorizing the Board to create security on its fixed assets upto a limit of ` 1500 crore in favour of its lenders. The resolution is proposed accordingly.

None of the Directors of the Company is in any way concerned or interested in the resolution.

By Order of the Board
For Graphite India Limited

Kolkata
May 11, 2012

B. Shiva
Company Secretary

DIRECTORS' REPORT

The Directors have pleasure in presenting their Thirty Seventh Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

in Crore

Particulars	2011-12	2010-11	2011-12	2010-11
	Graphite India Limited		Graphite India Limited Consolidated	
Revenue from Operations (Gross)	1742.03	1283.38	1983.63	1501.33
Profit for the year after charging all Expenses but before providing Finance Costs, Depreciation, Exceptional Item and Tax	345.87	313.43	361.14	343.67
Finance Costs	14.39	5.55	18.63	8.64
Profit before Depreciation, Exceptional Item and Tax	331.48	307.88	342.51	335.03
Depreciation and Amortisation Expense	40.44	39.33	48.74	48.62
Profit before Exceptional Item and Tax	291.04	268.55	293.77	286.41
Exceptional Item	(29.62)	12.73	(3.41)	12.73
Profit before Tax	320.66	255.82	297.18	273.68
Tax Expense for the Current Year				
Current Tax	82.20	94.24	83.77	96.29
Deferred Tax - Charge/(Credit)	7.80	(10.74)	8.14	(11.87)
Tax Expense - Write Back relating to Earlier Years (Net)	(7.23)	—	(7.21)	0.15
Profit for the Year	237.89	172.32	212.48	189.11
Balance as at the beginning of the Year	166.47	110.46	283.67	211.13
Transferred from Debenture Redemption Reserve	—	68.04	—	68.04
Amount available for appropriation	404.36	350.82	496.15	468.28
Appropriations :				
Transfer to General Reserve	100.00	100.00	100.00	100.00
Reserve Fund	—	—	0.12	0.26
Dividend Paid on Equity Shares	—	4.18	—	4.18
Proposed Dividend on Equity Shares	68.38	68.38	68.38	68.38
Dividend Tax	11.09	11.79	11.09	11.79
Balance as at the close of the Year	404.36	350.82	496.15	468.28

BUSINESS REVIEW

The CSO (Central Statistical Organisation), has estimated that the Indian Economy is likely to register a modest growth of 6.9% in FY 2011-12 as compared with the robust growth of 8.4% registered in the two preceding years. It is further stated that the sharp decline in growth in the manufacturing industry has led to the significant slowdown in the National GDP growth rate. The economic / financial crisis in the Eurozone, the minimal growth in the other industrialised nations and the slow pace of

recovery of the domestic sector, are all collectively responsible for the overall depressed performance of the Indian economy. It is however heartening to note that despite the challenging conditions faced by the global economy, Indian exports have continued to be steady in the current year and has registered a growth of 14.3% in real terms over and above 22.7% growth achieved in FY 2010-11 (as per advance estimates). The outlook for the global economy is neutral to cautiously positive, subject to a major upswing in the economic prospects of Europe and other large trading blocks.

GRAPHITE INDIA

The Company has repeated an impressive performance. Revenue from Operations for FY 2011-12 was ₹ 1742 crore as against ₹ 1283 crore in the previous year and PAT was ₹ 238 crore for the current year as against ₹ 172 crore in the previous year.

The Company's Graphite and Carbon Segment (Graphite Electrodes) continues to be the main source of income and profit for the Company, accounting for about 84% of the total revenues.

Higher levels of capacity utilisation backed by a strong volume growth, tighter cost control, along with a weaker rupee geared the Company to register a notable performance for the year, in spite of a miniscule price increase. The major players in their aggressive drive to pick up volumes, kept the pressure on selling prices through the year.

The performance of the subsidiary companies too improved during the year aided wholly by growth in volumes.

DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(i) Industry's structure and developments

A. GRAPHITE ELECTRODE BUSINESS

Capacity utilisation of this segment was 96% compared to the previous year's 73%.

Graphite Electrode is used in electric arc furnace (EAF) based steel mills for conducting current and is a consumable item for the steel industry. 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 from 26% to about 32% 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 dynamics coupled with an increasing proportion of EAF steel share to total crude steel production will directly augment the graphite electrode industry's demand profile.

The global crude steel production during 2011 at 1.5 billion metric tonnes, was higher by 6.8% compared to 1.4 billion metric tonnes in 2010 and is yet another record for global crude steel production. The share of crude steel production through the EAF is estimated conservatively at 28%. Commensurate with this rise, there was significant revival in the demand for Graphite Electrodes with sales in volume terms registering a growth of 29% on a Y-O-Y basis.

The Company's Order book for FY 2012-13 continues to be healthy despite the challenging economic environment.

Durgapur Plant Expansion: Part of the facilities of the capacity expansion module of 20,000 MT of Graphite Electrodes at Durgapur Plant has been commissioned and the balance is likely to be commissioned during the first half of FY 2012-13 in synchronisation with the manufacturing cycle. This module is characterised by cost / energy efficient production facilities - focused on strict compliance with latest pollution norms.

Coke Division

The Coke Division in Barauni, engaged in the manufacture of Calcined Petroleum Coke (CPC), 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.

Production of CPC was adversely affected by the poor and unpredictable availability of RPC, leading to a lower capacity utilisation of 79% (97% in previous year). The shortage of RPC is likely to continue during FY 2012-13.

B. GRAPHITE EQUIPMENT BUSINESS

The Impervious Graphite Equipment (IGE) Division is engaged in manufacturing and marketing heat exchangers, ejectors, pumps and turnkey plants at its Nashik Works. These have wide range of applications

in corrosive chemicals industries such as pharmaceutical, agro-chemical, chloro alkali and fertilizer industries.

This Division continues to be under demand pressure due to low levels of fresh investment in new projects, both within the country and overseas. The effect of the economic slowdown is apparently fading and the order booking in the current year is better than the previous year.

This Division is adequately equipped to meet the challenges of competition from established European and Japanese producers.

The regulatory requirement of export licences and the delay in obtaining the same, has to some extent affected the delivery lead times resulting in loss of some business to competition.

C. GRP PIPES & TANKS BUSINESS

Glass Reinforced Plastic (GRP) Pipes and Tanks Division is engaged in manufacturing and marketing of GRP Pipes and Tanks. The Company converts users of conventional pipe systems to GRP through re-engineering, strategic marketing, superior product quality, competitive pricing and value-added services.

Driven by strategic marketing initiatives, the division virtually doubled its turnover. While the division is strategically equipped and poised well to deliver the high end large diameter GRP pipes to the discerning customers of the power project segment, the industry is faced with aggressive price competition from several new entrants into the industry. The GRP Division is equipped well to perform well despite such routine challenges.

D. POWER

Power constitutes one of the major costs of Electrode production. The Company has an installed capacity of 33 MW of power generation through Hydel (19.5 MW) and Multi-fuel routes (13.5 MW).

Generation through hydel route was slightly less than the previous year, with normal rain.

The delay in supply of power from the Wardha Power Company, coupled with higher cost of grid power, has necessitated a review of the terms of the Power Purchase Agreement. The power supply is likely to commence as soon as the new agreement is in place.

E. POWMEX STEELS DIVISION (PSD)

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. Its current market share is estimated at around 60%. 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 DIY market. The industry is categorised by one dominant quality manufacturer of HSS viz. PSD and several other small manufacturers who cater to the lower 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.

(ii) Opportunities and threats

Generally, the Company's export turnover constitutes about 50% of its total turnover. Driven by increased demand in domestic and export markets, there was all round growth in the recent years and the Company thus captured the opportunities. Expansion of capacity brought economies of scale. There is a constant need for improvement in quality. To a large extent, the increased sales generated by penetrating into new markets, enlisting new customers in existing markets and increasing the market share in its existing customers, have all collectively contributed to this steady growth in volumes.

India, estimated to be the fourth largest producer of crude steel in the world in 2011, is expected to grow and become the world's second largest producer by 2015-16. India's crude steel production in 2011 reached 71.3 million tonnes, registering a growth of 4.4% (68.3 million tonnes) over 2010. MOUs have been signed by several states for planned capacity addition of around 276 million tonnes. The steel demand in India remains robust, led by strong demand from sectors like automobile and engineering services, and the steel consumption of the country grew during the year under review by 5.50% as compared to the previous year. 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 like scrap iron (to the EAF steel mills) due to its soaring prices may somewhat restrict the production of EAF steel mills as also put on hold their investment / expansion plans.

The Company is exposed to the threat of the cyclicity in the steel business and also to the risks arising from the volatility in the cost of input materials. The Company faces threats from imports given the relatively improved prospects of the Indian Steel industry.

(a) The world economy is yet to recover fully from the financial melt down of 2008. (b) The European Union is still quite fragile with many of its economies in or near bankruptcy, imposing heavy and unsustainable bail-out-packages on the more stable economic powers like Germany and France. (c) The political and regional turmoil of the middle-east countries especially the uncertainties arising from US sanctions on trade with Iran - all these developments are likely to impact adversely the business prospects in general.

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

(iii) Segment-wise Performance

REVENUE OF THE COMPANY

The revenue from operations amounted to ` 1742 crore as against ` 1283 crore in the previous year.

Aggregate Export Revenue of all divisions together was ` 954 crore as against ` 635 crore in the previous year.

(a) Graphite and Carbon Division

Production of Graphite Electrodes and Other Miscellaneous Carbon and Graphite Products during the year under review was 68,549 MT against 57,241 MT in the previous year.

Production of Calcined Petroleum Coke during the year was 26,885 MT as against 33,768 MT in the previous year.

Production of Carbon Paste during the year was 8,308 MT against 6,883 MT in the previous year.

Cost of all inputs increased during the year.

(b) Power Division

Total power generated was 57 million units during the year, as against 59 million units in the previous year.

(c) Powmex Steels Division (PSD)

Production of HSS and Alloy Steels was 1,883 MT during the year as against 1,898 MT in the previous year.

(d) Others

Production of Impervious Graphite Equipment (IGE) Division and spares at 850 MT was lower as compared to that of 983 MT in the previous year.

The Glass Reinforced Plastic Pipes (GRP) Division produced 11,198 MT as against 9,504 MT in the previous year.

(iv) Outlook

Recent economic indicators suggest a slowing of

(a) the world GDP growth rate to around 3.5% forecast for 2012 due to continuing Eurozone crisis, (b) contraction in Eurozone demand and also other parts of the world and its consequent adverse impact on emerging markets. In spite of all these, the world steel production is expected to be 1670 million tonnes in 2012, an increase of 105 million tonnes, as compared to 1565 million tonnes in 2011.

The Indian steel sector has grown substantially during the last decade, registering a strong demand push in the last five years. The growth is expected to increase further as new steelmaking capacity is getting added by several steel manufacturers to meet the growing demand. It is likely to touch 90 million tonnes and is expected to cross 110 million tonnes by the end of 2012-13. However, the recent trend of disruption in availability of key inputs like iron ore and steep rise in the price of coking coal, may lead to a slow down in FY 2012-13 as compared to the previous year.

It is projected that Electric Arc Furnaces will contribute to over 50% of global steel production by 2020, 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.

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

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.

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.

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.

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.

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 ` 1742 crore as against ` 1283 crore in the previous year. Graphite and Carbon Division contributed 84% to the revenue of the Company while others contributed 16%.

The increase in gross sale comprises increase both in terms of quantity and higher realisation during the year. In the previous years the market dynamics prevented passing on the increase in the cost of raw materials including power to customers.

The whole year was a challenging one from the financial management perspective, owing to tight liquidity, continuing volatility in currency exchange rates and high inflation, a compounded situation hardly faced before, 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.

The RBI continued its tight monetary policies throughout the year to combat the inflationary conditions caused by high commodity prices and food inflation, by raising the interest rates 13 times since March, 2010.

Borrowing at ` 462 crore was higher than ` 265 crore of the previous year, mainly due to increased working capital requirements consequent upon increased operations and full draw down of ECB for expansion of production capacity at Durgapur Plant.

There have been repeated increases in operating costs due to the increased prices of Pitch, CPC, Furnace Oil and Metcoke, as well as increase in manning and power costs. The input costs are expected to rise further.

The operations continue to generate adequate cash flows to fund normal capital expenditure, expansion and higher requirements of working capital.

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.

The Financial Statements are prepared in accordance with revised Schedule VI to the Companies Act, 1956.

Due to volatility in the foreign-currency markets, companies were given an option to capitalise exchange losses on long term borrowing in foreign currency. The Company has availed this option and capitalised its foreign currency translation losses on long term borrowing.

Details of contingent liabilities are given in Note 36 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

HRD practices of the Company focus on long term

business vision, creating sustainable organisational structures and aims at utilising the human resources, optimally. Towards this objective, the Company has taken many initiatives like transparent appraisals, open communication, analysing the potential of an employee by his leadership characteristics and need based training, etc. Overall, the value added contribution made by employees at all levels is given due recognition. Succession Planning, especially in the middle to senior management rungs continues to be a challenging task. The Company has already invested in ERP systems and a variety of technology environments that offer further business opportunities based on the real-time sharing of information and integration of attributes, leading to efficient decision-making and this has had a dramatic impact on internal communications in the growing enterprise.

The total number of people employed in the Company is 2,528 as on 31 March, 2012.

Employee relations are excellent and cordial at all locations of the Company.

The Board wishes to place on record its appreciation of the contribution made by all the employees in ensuring high levels of performance and growth.

Cautionary Note

Certain statements in the 'Management Discussion and Analysis' section may be more than optimistic, and are represented as perceived in the present situation and are stated as required by relevant prescriptions. Many factors may affect the actual results, which could be different from what the management visualised in respect of future performance and outlook.

Additional Disclosures

In line with the requirements of the Listing Agreements and the Accounting Standards of the Institute of Chartered Accountants of India, the Company has made certain additional disclosures in respect of consolidated financial statements, related party transactions and segmental reporting.

Research & Development

The R&D's commitment towards continuous improvement and development of technology has consistently supported the Company in becoming one of the low cost producers, in the electrode industry.

R&D initiatives are in areas of raw materials, productivity, process development, reduction in carbon emission, etc. Many of the cost savings achieved were significant and in compliance with the "pollution control and clean

environment norms". These R&D efforts are continual and by benchmarking, 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.

Besides, the R&D initiatives in the areas of (a) new product development, (b) speciality products and (c) Carbon-Carbon Composite Brake Discs for defence applications, continue.

Subsidiary Companies

In March 2012, the Company sold shares it held in Carbon International Holdings NV, Curacao. Presently, Carbon Finance Limited is 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 Company made an investment of Euro 4.5 mn in the share capital of its overseas subsidiary, Graphite International B.V. and converted loan of Euro 1.3 mn into equity to strengthen the capital base of the Company during the year.

The overseas subsidiaries recorded a turnover of Euro 61.19 mn as compared to Euro 48.51 mn in the previous year. The profit before tax of these overseas subsidiaries was Euro 1.02 mn and profit after tax was Euro 0.78 mn (as against Euro 0.16 mn and 0.13 mn).

The Company earned by way of Royalty ` 4.82 crore during the year, as against ` 3.35 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 seeking 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 31 March, 2012 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 31 March, 2012 are given in Annexure '2'.

DIRECTORS

Mr. Bhaskar Mitter, Director, who retires by rotation at the ensuing AGM does not seek re-appointment in view of his advanced age. Mr Mitter had joined the erstwhile Graphite Board in April 1967 and continued to serve as a director after its amalgamation with the Company. The Board has placed on record its sincere appreciation of the valuable services rendered by him during his long and distinguished association with the Company.

Dr. R Srinivasan, Mr. N Venkataramani and Mr. M B Gadgil, Directors of the Company, retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

Recognition/Award

The Company continues to enjoy the status of a Star Trading House for a period of five years effective 01 April, 2009 till 31 March, 2014. This year too, the Company received the following awards for export performance -

- from CAPEXIL: Special Export Award for 2010-11;
- from EEPC, India, Eastern Region, Kolkata : Top Exporter Award for 2009-10 from Eastern Region- (Silver Trophy) Large Enterprise;
- from EEPC, India, New Delhi : National Award for Export Excellence for 2009-10;
- from EEPC, India, Mumbai : 43rd National Award for Export Excellence for 2010-11
- from Dun & Bradstreet - Rolta Corporate Award, 2011.

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 31 March, 2012 and of the profit of the Company for the year ended 31 March, 2012.
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

Mani & Co., Cost Auditors, who conducted audit of the cost accounts relating to Powmex Steels Division of the Company for the FY 2010-11 filed the Cost Audit Report with the Ministry of Corporate Affairs, Government of India on 18 August, 2011. The due date for filing the said Report was 27 September, 2011. They are appointed to conduct the audit for FY 2011-12.

The Company had appointed N.Radhakrishnan & Co, Cost Auditors, to conduct the audit of the cost accounts relating to 1.5 MW Link Canal Mini Hydrel Plant at Mandya, Mysore, of the Company for FY 2011-12.

The due date for filing the Cost Audit Reports for the financial year ended 31 March, 2012 is 27 September, 2012.

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
Date : May 11, 2012

K. K. Bangur
Chairman

ANNEXURE to the Directors' Report

ANNEXURE - 1

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

A. CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken –
- Reduced process cycle time resulting in reduction in specific energy consumption.
 - Increased use of CBM in place of Furnace Oil thereby eliminating the energy requirement for oil heating and atomisation.
 - Improvement of plant power factors in additional areas.
 - Arresting leakages in utility supply lines like water, air.
 - Installation of roof air ventilators thereby saving energy in forced ventilation.
 - Modified furnace loading pattern in order to reduce energy consumption.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy -
- Replacing reciprocating compressors with efficient Screw compressors.
 - Capacity expansion with energy efficient mixing, baking as well as graphitisation technology.
 - Replacement of old energy inefficient motors and air conditioners with more efficient ones.
 - Process cycle improvement in other operating areas.
- (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods -
- Reduction in specific energy consumption and cost of production.
 - Better product quality.
 - Lower emission levels.
 - Improvement in Power Factor.
- (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 STEELS 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 50% of the total turnover of the Company. Initiatives for increasing exports is receiving continued focus.
- Expanded capacity will target the export market.
- (g) Total foreign exchange used and earned
- | | ₹. in Lakhs |
|----------|-------------|
| Earnings | 90933 |
| Outgo | 50980 |

By Order of the Board

Kolkata
May 11, 2012

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 31-03-2012	PREVIOUS YEAR ENDED 31-03-2011
(1) Electricity		
(a) Purchased - Unit (KWH Million)	6.66	7.72
Total Amount (` crore)	4.33	4.07
Rate / Unit (`)	6.51	5.28
(b) Own Generation	Nil	Nil
(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	1,708	1,991
Total Amount (` crore)	6.51	6.52
Average Rate / KL	38,111	32,775
(4) Others / internal generation (please give details)	Nil	Nil
(B) Consumption per unit of production (MT)		
Products (with details) unit		
Electricity (KWH/MT)		
Melting	972	935
Black Bar	795	820
Bright Bar	58	71
Heat Treatment	81	104
HSD / FO (LTR/MT)		
Rolled Product	356	417

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 newer version of brake disc; • Product quality improvement; • Enhancement of productivity. |
| 2. Benefits derived as a result of the above R&D | <ul style="list-style-type: none"> • Increase in operational efficiency; • Cost Reduction; • Introduction of new product. |
| 3. Future plan of action | <ul style="list-style-type: none"> • Continue to focus on improving operational efficiencies; • Improve energy utilisation. |
| 4. Expenditure on R&D | |
| (a) Capital | — |
| (b) Recurring | ` 24.87 lakh |
| (c) Total | ` 24.87 lakh |
| (d) Total R&D expenditure as a percentage of total turnover | 0.01% |

Technology absorption, adaptation and innovation

- | | |
|---|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | <p>Installation and use of Eirich mixers for better homogeneity of product as well as reduced energy consumption.</p> <p>Installation and use of suitable pollution control equipment to be used with Eirich Mixers</p> <p>Installation and use of Tunnel Kiln in order to reduce energy consumption, metcoke consumption and emission control.</p> <p>New Alloy Tool Steel Grades - S2 and S5 have been successfully developed.</p> |
|---|--|

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.
- Reduced emission.
 - Reduced energy consumption
 - Better product quality
 - Reduced metcoke consumption
 - Slide gate mechanism has been installed in one ladle.
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 11, 2012

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, 2012

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	59	Executive Director / Management	128.62	Contractual	B. Tech (Mech.), MBA (Operation Research)	06.02.1978	36	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 11, 2012

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, 2012

The strength of the Board of Directors as on 31st March, 2012 was eleven comprising the non-executive Chairman (promoter director), seven non-executive directors who are independent, two non-executive directors who are not 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	—	1
A. V. Lodha	NED *	3	1	2
Dr. R. Srinivasan	NED *	7	3	7
Bhaskar Mitter	NED *	3	2	6
P. K. Khaitan	NED	14	-	3
Sanjiv Goenka	NED *	11	2	4
D. J. Balaji Rao	NED *	9	4	10
N. Venkataramani	NED	1	1	1
J. D. Currala	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 9th May, 2011, 25th July, 2011, 14th November, 2011 and 14th February, 2012. The requisite information as per Annexure I A 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 as well as steps taken by the Company to rectify instances of non-compliances.

Attendance Record

Names of Directors	Number of Board Meetings during April 2011 to March 2012		Attended last Annual General Meeting (AGM) held on 25th July, 2011
	Held	Attended	
K. K. Bangur	4	4	Yes
N. S. Damani	4	2	Yes
A. V. Lodha	4	4	Yes

Names of Directors	Number of Board Meetings during April 2011 to March 2012		Attended last Annual General Meeting (AGM) held on 25th July, 2011
	Held	Attended	
R. Srinivasan	4	4	Yes
Bhaskar Mitter	4	3	Yes
P. K. Khaitan	4	1	Yes
Sanjiv Goenka	4	—	No
D. J. Balaji Rao	4	3	No
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 Mr. Bhaskar Mitter, Dr. R.Srinivasan and Mr. N. Venkataramani 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 9th May, 2011, 25th July, 2011, 14th November, 2011 and 14th February, 2012.

Name	Position in the Audit Committee	Meetings	
		Held	Attended
Mr. A. V. Lodha	Chairman	4	4
Mr. Bhaskar Mitter	Member	4	3
Dr. R. Srinivasan	Member	4	4
Mr. N. Venkataramani	Member	4	4

All members of the Audit Committee (except Mr. N. Venkataramani) are non-executive independent directors. All members are financially literate and persons of repute and erudition. Mr. A. V. Lodha and Dr. R. Srinivasan are experts in finance and accounting.

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

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

An Audit Committee meeting was held on 9th May, 2011 to review and approve the draft annual accounts of 2010-2011 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 25th July, 2011.

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 9th May, 2011 which was attended by 2 members.

Remuneration Policy

Remuneration to non-executive directors is decided by the Board as authorised by the Articles of Association of the Company and are within the limits set out in Section 309 and 198 of the Companies Act, 1956. The members of the Company have in their meeting held on 1st August, 2007 authorised the Board of Directors of the Company to pay commission to non-executive directors within the limits set out in Section 309 (4) of the Companies Act, 1956 for a period of five years w.e.f. 1st April, 2007. 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, 2012*
	Rs.	Rs.	Rs.	Rs.	Rs.	
K. K. Bangur	—	—	—	24000000	160000	510885 @
N. S. Damani	—	—	—	300000	40000	—
A. V. Lodha	—	—	—	400000	180000	—
Dr. R. Srinivasan	—	—	—	400000	180000	—
Bhaskar Mitter	—	—	—	400000	200000	—
P. K. Khaitan	—	—	—	300000	20000	—
Sanjiv Goenka	—	—	—	300000	—	—
D. J. Balaji Rao	—	—	—	300000	60000	—
N. Venkataramani	—	—	—	2500000	160000	4200
J. D. Curravala	—	—	—	300000	80000	4750
M. B. Gadgil	2680333	911514	2770163	6500000	—	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 01.07.09 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 Grievances 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. Bhaskar Mitter and Mr. M. B. Gadgil as its members.

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

During the year, 44 complaints were received from the shareholders, all of which were attended to. The details of shareholders/investors grievances are placed before the Shareholders' Grievances 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
36th	2010-2011	Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017	25.07.2011	10.00 a.m.
35th	2009-2010	Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017	29.07.2010	10.00 a.m.
34th	2008-2009	Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017	31.07.2009	10.00 a.m.

ii. Special Resolution passed in previous 3 AGMs

AGM	Whether Special Resolution passed	Details of Special Resolution
36th	None	
35th	None	
34th	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. 46 to the Accounts for the year ended 31st March, 2012 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
- The Company maintains a Chairman office at its expense.
 - Remuneration Committee has been constituted as detailed in Section IV of this Report.
 - The audit report on the financial statements of the Company for the previous year has no qualifications.
 - 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 :-
 - Term of independent directors, qualification and experience
 - Sending half yearly declaration of financial performance including summary of significant events in last 6 months to each household of shareholders.
 - 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

The Company's quarterly results and shareholding pattern, have also been posted on the website www.corpfiling.co.in.

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

3rd August, 2012 at 10.00 A.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

20th July, 2012 to 3rd August, 2012 (both days inclusive)

Dividend Payment Date

13th/14th August, 2012

Listing on Stock Exchanges

Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

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

The Company has paid the listing fees for the period April, 2012 to March, 2013 to BSE & NSE.

Stock Code

509488 on Bombay Stock Exchange Limited
GRAPHITE on National Stock Exchange

Demat ISIN Number for NSDL and CDSL

INE 371A01025

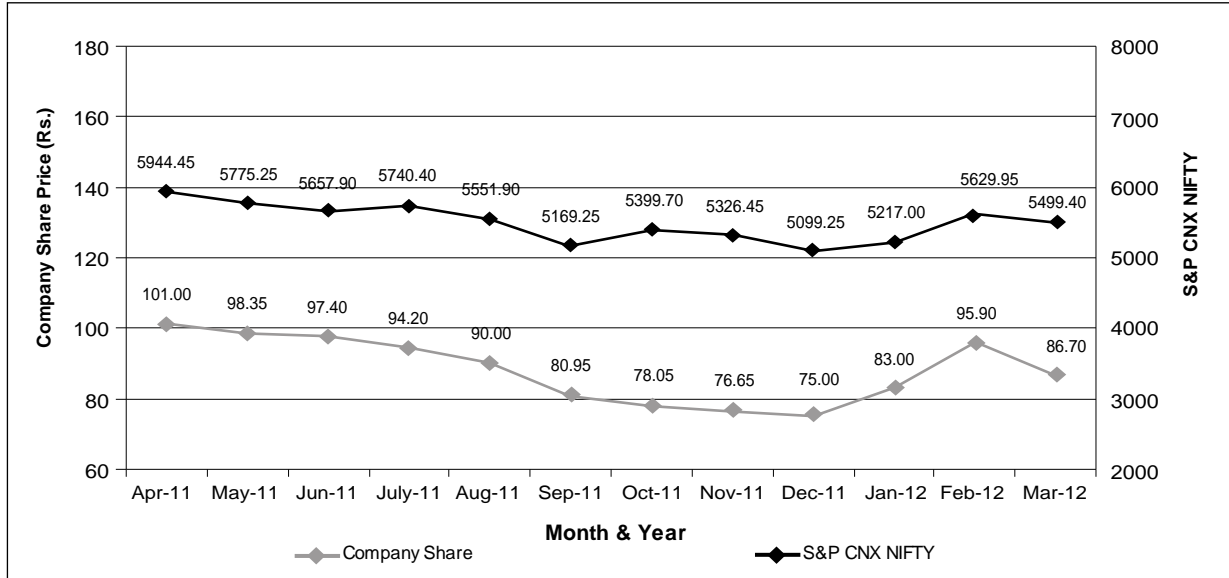
High, Low of market price of the Company's shares traded on National Stock Exchange of India Limited is furnished below:

Period	High	Low	Period	High	Low
	Rs	Rs		Rs	Rs
April, 2011	101.00	92.00	October, 2011	78.05	67.50
May, 2011	98.35	90.60	November, 2011	76.65	69.30
June, 2011	97.40	88.00	December, 2011	75.00	65.50
July, 2011	94.20	85.80	January, 2012	83.00	68.50
August, 2011	90.00	67.50	February, 2012	95.90	74.00
September, 2011	80.95	72.45	March, 2012	86.70	80.25

S&P CNX NIFTY

Period		High	Period		High
April	2011	5944.45	October	2011	5399.70
May	2011	5775.25	November	2011	5326.45
June	2011	5657.90	December	2011	5099.25
July	2011	5740.40	January	2012	5217.00
August	2011	5551.90	February	2012	5629.95
September	2011	5169.25	March	2012	5499.40

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, 2012

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1 – 500	105855	94.45	5413198	2.77
501 – 1000	3192	2.85	2550501	1.31
1001 – 2000	1504	1.34	2257644	1.16

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
2001 – 3000	536	0.48	1351961	0.69
3001 – 4000	243	0.22	876023	0.45
4001 – 5000	215	0.19	1023231	0.52
5001 – 10000	240	0.21	1770378	0.91
10001 – 30000	160	0.14	2641724	1.35
30001 – 50000	27	0.02	1066787	0.55
50001 – 100000	31	0.03	2266761	1.16
100001 and above	73	0.07	174157386	89.14
Total	112076	100.00	195375594	100.00
No. of shareholders in Physical mode	69702	62.20	3617620	1.85
Electronic Mode	42374	37.80	191757974	98.15
Total	112076	100.00	195375594	100.00

Shareholding Pattern as on 31st March, 2012

Category	No. of Shares	%
Promoters' Holding		
Promoters		
Indian Promoters	111980147	57.32
Foreign Promoters	9601711	4.91
Persons acting in concert	—	—
Sub-Total	121581858	62.23
Non-Promoters' Holding		
Institutional Investors		
Mutual Fund and UTI	1126380	0.58
Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	8418727	4.31
FII's	30625962	15.68
Sub-Total	40171069	20.57
Others		
Private Corporate Bodies	12019375	6.15
Indian Public	19114192	9.78
NRI / OCBs	2489100	1.27
Any Other	—	—
Sub-Total	33622667	17.20
Grand Total	195375594	100.00
Total Foreign Shareholding		
Foreign Promoters	9601711	4.91
FII's	30625962	15.68
NRIs / OCBs	2489100	1.27
Total	42716773	21.86

Dematerialisation of shares and liquidity

As on 31st March 2012, 191757974 shares of the Company representing 98.15% 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) 2556641 – 45 88 MIDC Industrial Area, Satpur, Nashik 422 007, Phone : (0253) 2203300 Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048 Phone : (080) 28524061 – 71
Coke	Phulwaria, Barauni 851 112, Phone : (06279) 232252
Impervious Graphite Equipment	C-7 Ambad Industrial Area, Nashik 422 010, Phone : (0253) 2302100
Glass Reinforced Pipes/ Tanks	Gut No. 523/524, Village Gonde, Taluka – Igatpuri, Nashik 422 403 Phone : (02553) 225038 / 225039
Powmex Steels	AT - Turla, PO - Jagua, PS - Titilagarh, District Bolangir, Orissa 767033 Phone : (06655) 220504 / 220505
Power	Chunchanakatte, K R Nagar Taluk, Mysore 571 617 Phone : (0821) 323182/ 681116 Link Canal Mini Hydel Plant, Peehalli, Srirangapatna Taluk Mandya Dist 571415 Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048 Phone : (080) 28524061 – 71 88 MIDC Industrial Area, Satpur, Nashik 422 007, Phone : (0253) 2203300
R & D Centre	Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048 Phone : (080) 43473300
Sales Office	407 Ashoka Estate, 24, Barakhamba Road, New Delhi 110 001 Phone : (011) 23314364

Address for Correspondence

Graphite India Limited Bakhtawar, 2nd Floor Nariman Point Mumbai 400 021 Phone : (022) 22886418-21 Fax : (022) 22028833 E-Mail ID: gilbakt@graphiteindia.com investorgrievance@graphiteindia.com	Graphite India Limited 31, Chowringhee Road Kolkata 700 016 Phone : (033) 22265755/2334/4942 Fax : (033) 22496420 E-Mail ID: corp_secy@graphiteindia.com	Link Intime India Pvt. Ltd., C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup(W) Mumbai 400 078 Phone: 022-25946970 Fax : 022- 25946969 E-mail ID: rnt.helpdesk@linktime.co.in
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On behalf of the Board

Kolkata
May 11, 2012

K. K. Bangur
Chairman

Declaration

All the Board Members and the Senior management Personnel have as on 31.03.12 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 11, 2012

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 31st March, 2012, 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: 11th May, 2012

AUDITORS' REPORT TO THE MEMBERS OF GRAPHITE INDIA LIMITED

1. We have audited the attached Balance Sheet of Graphite India Limited (the "Company") as at 31st March, 2012, and the related Profit and Loss Statement and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') 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 further report that:
 - 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 between the book records and the physical inventory have been noticed. 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 of 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 not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act other than unsecured loan of Rs. 12.00 lakhs to a director of the Company. The maximum amount involved during the year and the year-end balance of such loan is Rs. 12.00 lakhs and Rs. 10.80 lakhs respectively.
- (b) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
- (c) In respect of the aforesaid loan, the party is repaying the principal amount, as stipulated, and is 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.
- 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, no major weakness has been noticed or reported.

- v. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (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 regular in depositing the undisputed statutory dues, including investor education and protection fund, employees' state insurance, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable with the appropriate authorities and is generally regular in respect of provident fund and income tax.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of customs duty, sales tax, service tax and excise duty as at 31st March, 2012 which have not been deposited on account of a dispute (there being no such cases with regard to income tax and wealth tax), are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act	Excise Duty, Interest And Penalty	13.70	1996-97, 2008-09 to 2010-11	Assistant / Deputy Commissioner of Central Excise
		7.94	2008-09	Additional Commissioner of Central Excise
		144.13	2004-05 to 2005-06	Commissioner, Central Excise Division, Patna
		447.10	1999-2000 to 2009-10	Customs, Excise & Service Tax Appellate Tribunal
		19.28	2000-01	Calcutta High Court
Central & State Sales Tax Acts	Sales Tax, Interest and Penalty	6.62	1998-99	Sales Tax Officer
		3.39	2006-07	Deputy Commissioner of Commercial Taxes
		24.88	2006-07 to 2007-08	Additional Commissioner of Commercial Taxes

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
		54.76	2003-04	Joint Commissioner of Commercial Taxes
		5.32	2003-04	Commissioner (Appeals)
		201.32	1996-97, 2001-02 to 2003-04, 2005-06 to 2008-09	Sales Tax Tribunal
Customs Act	Custom Duty, Interest and Penalty	877.75	1991-92, 2005-06 to 2007-08	Commissioner of Customs
		112.97	1996-97 to 2000-01	Customs, Excise & Service Tax Appellate Tribunal
Finance Act, 1994 - Service Tax	Service Tax, Interest and Penalty	7.98	2006-07 to 2007-08	Assistant / Deputy Commissioner, Central Excise
		5.52	2004-05 to 2007-08	Additional Commissioner, Service Tax Commissionerate, Kolkata
		61.56	2004-05 to 2010-11	The Commissioner (Appeals), Kolkata
		292.79	1996-97, 2005-06 to 2010-11	Customs, Excise & Service Tax Appellate Tribunal

- x. The Company has no accumulated losses as at 31st March, 2012, and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to bank as at the balance sheet date. The Company does neither have any outstanding dues to any debenture holder or any financial institution at the beginning of the year nor has it obtained any loans from such parties during the year.
- 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.
- xiii. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- xiv. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 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.

- 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. On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, there are no funds raised on short-term basis which 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.
- xix. The Company has not issued any debentures during the year; and does not have any debentures outstanding as at the year end.
- xx. The Company has not raised any money by public issues during the year.
- 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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

4. Further to our comments in paragraph 3 above, we report that:

- i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- ii. 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;
- iii. The Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report comply, in all material respects, with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- v. On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 from being

appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (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.

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants
(Pinaki Chowdhury)
Partner
Membership No. 57572

Kolkata
11th May, 2012

		(Rs. in Lakhs)	
	Note	As at 31st March, 2012	As at 31st March, 2011
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	2	3,907.68	3,907.68
Reserves and Surplus	3	152,283.73	136,442.16
		<u>156,191.41</u>	<u>140,349.84</u>
Non-current Liabilities			
Long-term Borrowings	4	15,327.00	6,697.50
Deferred Tax Liabilities (Net)	5	7,082.30	6,302.47
Other Long-term Liabilities	6	146.12	49.82
		<u>22,555.42</u>	<u>13,049.79</u>
Current Liabilities			
Short-term Borrowings	7	30,844.98	19,818.63
Trade Payables	8	16,383.90	14,235.40
Other Current Liabilities	9	6,757.73	5,996.68
Short-term Provisions	10	12,628.29	12,369.95
		<u>66,614.90</u>	<u>52,420.66</u>
TOTAL		<u><u>245,361.73</u></u>	<u><u>205,820.29</u></u>
<u>ASSETS</u>			
Non-current Assets			
Fixed Assets			
Tangible Assets	11	54,270.17	44,019.70
Intangible Assets	11	60.22	80.00
Capital Work-in-Progress		12,665.95	9,503.43
		<u>66,996.34</u>	<u>53,603.13</u>
Non-current Investments	12	20,506.77	9,185.12
Long-term Loans and Advances	13	899.88	2,119.37
Other Non-current Assets	14	7.32	10.17
		<u>88,410.31</u>	<u>64,917.79</u>
Current Assets			
Current Investments	15	12,841.28	18,093.02
Inventories	16	85,491.10	75,981.62
Trade Receivables	17	37,528.69	28,553.78
Cash and Bank Balances	18	1,112.18	3,014.19
Short-term Loans and Advances	19	16,382.68	12,877.14
Other Current Assets	20	3,595.49	2,382.75
		<u>156,951.42</u>	<u>140,902.50</u>
TOTAL		<u><u>245,361.73</u></u>	<u><u>205,820.29</u></u>

The 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 - 11th May, 2012

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, 2012	Year ended 31st March, 2011
Revenue from Operations (Gross)	21	174,203.02	128,338.27
Less: Excise Duty		7,118.80	5,743.88
Revenue from Operations (Net)		167,084.22	122,594.39
Other Income	22	3,461.89	3,042.55
Total Revenue		170,546.11	125,636.94
Expenses			
Cost of Materials Consumed	23	68,761.77	59,713.09
Changes in Inventories of Finished Goods and Work-in-Progress	24	2,772.06	(12,222.49)
Employee Benefits Expense	25	9,704.37	8,439.71
Finance Costs	26	1,439.47	554.69
Depreciation and Amortisation Expense	27	4,043.58	3,933.27
Other Expenses	28	54,720.49	38,363.84
Total Expenses		141,441.74	98,782.11
Profit before Exceptional Item and Tax		29,104.37	26,854.83
Exceptional Item (Gain) / Loss (Refer Note 41)		(2,961.63)	1,273.09
Profit before Tax		32,066.00	25,581.74
Tax Expense for the Current Year			
Current Tax		8,220.17	9,423.74
Deferred Tax - Charge / (Credit)		779.83	(1,073.74)
Tax Expense - Write Back relating to Earlier Years (Net)		(723.04)	—
Profit for the Year		23,789.04	17,231.74
Earnings per Equity Share [Nominal Value per Share Rs. 2/- (Previous Year - Rs. 2/-)]	29		
Basic (Rs.)		12.18	9.19
Basic before Exceptional Item (Rs.)		10.68	9.65
Diluted (Rs.)		12.18	8.82
Diluted before Exceptional Item (Rs.)		10.68	9.26
The 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 - 11th May, 2012			
K. C. Parakh Sr. Vice President-Finance	B. Shiva Company Secretary	M. B. Gadgil Executive Director	K. K. Bangur Chairman

	(Rs. in Lakhs)	
	<u>2011-2012</u>	<u>2010-2011</u>
A. Cash Flows from Operating Activities:		
Profit before Tax	32,066.00	25,581.74
Adjustments for:		
Depreciation and Amortisation Expense	4,043.58	3,933.27
Loss on Disposal of Tangible Fixed Assets (Net)	62.55	10.15
Bad Debts/Advances Written Off	35.88	46.92
Provision for Doubtful Debts	73.87	9.33
Net Gain on Disposal of Non-current Investments	(2,961.63)	—
Net Gain on Disposal of Current Investments	(2,287.90)	(687.41)
Interest Income	(330.64)	(348.69)
Dividend Income	—	(121.41)
Interest Expense	1,345.93	503.58
Provision for Doubtful Debts Written Back	(15.12)	(8.71)
Liabilities No Longer Required Written Back	(435.06)	(393.61)
Unrealised Foreign Currency Gain	(142.93)	(763.16)
Operating Profit before Working Capital Changes	31,454.53	27,762.00
Changes in Working Capital:		
Increase in Trade Payables	2,188.29	2,503.40
Increase in Provisions	342.26	263.84
Increase in Other Current Liabilities	151.31	1,511.76
Increase in Other Long-term Liabilities	96.30	49.82
Increase in Trade Receivables	(8,572.48)	(3,341.20)
Increase in Inventories	(9,509.48)	(18,335.22)
Increase in Loans and Advances	(4,496.49)	(3,133.59)
Increase in Other Current Assets	(1,214.02)	(1,509.28)
(Increase) / Decrease in Other Non-current Assets	2.98	(10.17)
Cash Generated from Operations	10,443.20	5,761.36
Taxes Paid (Net of Refunds)	(7,581.05)	(7,566.25)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	2,862.15	(1,804.89)
B. Cash Flows from Investing Activities:		
Purchase of Tangible / Intangible Assets	(13,230.46)	(9,680.39)
Proceeds on Disposal of Tangible Fixed Assets	23.24	29.52
Purchase of Long-term Investments	(7,553.30)	—
Investment in a Subsidiary	(2,967.53)	—
Purchase of Current Investments	(14,944.43)	(55,142.78)
Redemption of Current Investments	22,484.07	54,050.94
Proceeds on Disposal of Long-term Investments in a Subsidiary	3,018.09	—
Interest Received	331.79	587.48
Dividend Received from a Subsidiary	—	121.41
NET CASH USED IN INVESTING ACTIVITIES	(12,838.53)	(10,033.82)

	(Rs. in Lakhs)	
	<u>2011-2012</u>	<u>2010-2011</u>
C. Cash Flows from Financing Activities:		
Dividends Paid	(6,796.16)	(6,376.63)
Dividend Tax Paid	(1,109.32)	(1,066.36)
Interest Paid	(1,567.02)	(564.20)
Proceeds from Borrowings		
Long-term	6,753.00	6,821.06
Short-term	29,105.17	11,788.08
Repayment of Borrowings		
Long-term	—	(88.69)
Short-term	(18,340.66)	(3,219.81)
NET CASH FROM FINANCING ACTIVITIES	<u>8,045.01</u>	<u>7,293.45</u>
D. Exchange Differences on Translation of Foreign Currency		
Cash and Cash Equivalents	5.61	(0.12)
Net Cash Inflow / (Outflow)	<u>(1,925.76)</u>	<u>(4,545.38)</u>
Cash and Cash Equivalents - Opening	3,011.40	7,556.78
Cash and Cash Equivalents - Closing	<u>1,085.64</u>	<u>3,011.40</u>
	<u>(1,925.76)</u>	<u>(4,545.38)</u>
<u>Cash and Cash Equivalents comprise of:</u>		
Cash on Hand	21.16	21.93
Cheques, Drafts on Hand	—	108.55
Balances with Banks*	1,058.87	381.04
Fixed Deposits with Maturity of Less than Three Months	—	2,500.00
Effect of Exchange Differences on Balances with Banks in Foreign Currency	5.61	(0.12)
Total	<u>1,085.64</u>	<u>3,011.40</u>
* Includes the following balances which are not available for use by the Company -		
Unpaid Dividend Accounts	226.21	184.22

Notes:

- 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.
- Investment in Shares amounting to Rs. 857.28 Lakhs (Previous Year - Rs. Nil) in Graphite International B.V. (GIBV), a wholly owned Subsidiary on conversion of loan to GIBV, being non-cash transaction, has not been considered for the purpose of Cash Flow Statement. (Also refer Note 12.1 to the Financial Statements).
- Previous year's figures have been regrouped or rearranged, wherever necessary. Also refer Note 49 to the Financial Statements.

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 : 11th May, 2012

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. 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 the 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. CHANGE IN ACCOUNTING POLICY

The Company has exercised the option as set out in paragraph 46A of the Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates' (AS 11), pursuant to the Notification dated 29th December, 2011. Accordingly, exchange differences arising on restatement of long-term foreign currency loans obtained for the purpose of acquisition of depreciable capital assets, which were until now being recognised in the Profit and Loss Statement, is adjusted in the cost of depreciable asset, which would be depreciated over the balance life of the asset.[Refer Note 1(F) below]

Had the Company continued to follow the earlier accounting policy, net loss on foreign currency transactions / translation would have been higher by Rs.1,665.98 Lakhs and depreciation on tangible fixed assets would have been lower by Rs.5.87 Lakhs, with corresponding decrease in profit before tax for the year by Rs.1,660.11 Lakhs. Also, Net Block of Tangible Fixed Assets and Capital Work-in-Progress relating to Graphite and Carbon Segment as at 31st March, 2012 would have been lower by Rs. 898.93 Lakhs and Rs.761.18 Lakhs respectively.

C. FIXED ASSETS:

(a) Fixed Assets (comprising both tangible and intangible assets) are stated at cost of acquisition including taxes, duties, freight and other incidental expenses related to acquisition and installation, and inclusive of borrowing cost, where applicable, and adjustments for exchange differences referred to in Note 1(F) below. Pre-operative expenses for major projects are also capitalised, where appropriate.

Subsequent expenditure related to an item of fixed assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

(b) Depreciation includes amortisation. Depreciation on tangible fixed assets including those utilised in Research and Development activities, is provided on straight-line basis in accordance with Schedule XIV to the Companies Act, 1956. 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.

(c) Machinery Spares, which are irregular in use and associated with particular asset, are treated as fixed asset and the cost is amortised over its utility period.

(d) 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).

D. INVESTMENTS:

(a) 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 stated at cost less write down for any diminution, other than temporary, in carrying value. Current Investments are stated at lower of cost and fair value. Fair value is determined on the basis of realisable or market value.

(b) Earnings from Investments, where appropriate, are accrued or taken into revenue in full on declaration or receipts.

E. 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.

F. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the exchange rate prevailing on the Balance Sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of transactions.

With regard to long-term foreign currency monetary items obtained for the purpose of acquisition of depreciable capital assets, exchange differences are adjusted in the cost of depreciable asset, which would be depreciated over the balance life of the asset and in other cases, such difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account and amortised over the balance period of such long term asset/liability.

Exchange differences arising on settlement of transactions and/or restatements of all other monetary items are recognised in the Profit and Loss Statement.

G. DERIVATIVE INSTRUMENTS

The Company uses derivative financial instruments such as forward exchange contracts, currency swaps etc. to hedge its risks associated with foreign currency fluctuations relating to the underlying transactions, highly probable forecast transactions and firm commitments. In respect of Forward Exchange Contracts, covered under AS 11, the premium or discount arising at the inception of such contract is amortised as expense or income over the life of contract.

Other derivative contracts outstanding at the Balance Sheet date are marked to market and resulting loss, if any, is provided for in the financial statements.

Any profit or losses arising on cancellation of instruments are recognised as income or expenses for the period.

H. REVENUE

Revenue is recognised on completion of sale of goods and rendering of services. Sales are inclusive of excise duty less discounts as applicable. Export entitlements are recognised after completion of related exports on prudent basis.

I. CONSTRUCTION CONTRACTS

Revenue in respect of construction contracts is recognised on the basis of percentage of completion method. Stages of completion are determined based on completion of a physical proportion of the contract work. Anticipated loss on such contracts is provided for in the period of incurrence.

J. 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.

K. RESEARCH AND DEVELOPMENT EXPENDITURE (R & D)

Revenue expenditure on R & D is expensed in the period in which it is incurred. Capital expenditure on R & D is capitalised.

L. 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 expense for the year.

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.

M. PROVISIONS AND CONTINGENT LIABILITIES

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or a present obligation where reliable estimate of which cannot be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

N. 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 Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such assets 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 during the specified period.

	(Rs. in Lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
2. Share Capital		
Authorised		
200,000,000 (Previous Year - 200,000,000) Equity Shares of Rs. 2/- each	<u>4,000.00</u>	<u>4,000.00</u>
Issued, Subscribed and Paid-up		
195,375,594 (Previous Year - 195,375,594) Equity Shares of Rs. 2/- each Fully Paid-up	3,907.51	3,907.51
Add : Forfeited Shares	0.17	0.17
	<u>3,907.68</u>	<u>3,907.68</u>
2.1 Reconciliation of the Number of Equity Shares :	Number of Shares	Number of Shares
Number of Equity Shares at the Beginning of the Year	195,375,594	171,510,110
Add: Equity Shares Allotted on Conversion of Foreign Currency Convertible Bonds (FCCB)	—	23,865,484
Number of Equity Shares at the End of the Year	<u>195,375,594</u>	<u>195,375,594</u>
2.2 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.		
2.3 Details of Equity Shares Held by Shareholders Holding More than 5% of the Aggregate Shares of the Company :		
Name of Shareholder	Number of Shares	Number of Shares
Likhami Leasing Limited	55,870,000 (28.60%)	55,870,000 (28.60%)
The Emerald Company Limited	20,584,781 (10.54%)	19,089,781 (9.77%)
The Bond Company Limited	15,888,250 (8.13%)	14,600,250 (7.47%)
H.L. Investment Co. Ltd.	11,455,999 (5.86%)	— —
* Holding was less than 5%, hence not disclosed.		
2.4 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.	19,888,336	19,888,336

	(Rs. in Lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
3. Reserves and Surplus		
Capital Reserve : As per Last Accounts	<u>45.86</u>	<u>45.86</u>
	45.86	45.86
Capital Redemption Reserve : As per Last Accounts	<u>575.00</u>	<u>575.00</u>
	575.00	575.00
Securities Premium Account		
Balance as at the Beginning of the Year	20,097.65	7,374.96
Add: Adjustment upon Conversion of FCCBs into Equity Shares	—	12,722.69
	<u>20,097.65</u>	<u>20,097.65</u>
Debenture Redemption Reserve		
Balance as at the Beginning of the Year	—	6,804.06
Less: Transferred to Surplus in Profit and Loss Statement during the Year	—	(6,804.06)
	<u>—</u>	<u>—</u>
General Reserve		
Balance as at the Beginning of the Year	99,076.20	89,076.20
Add: Transferred from Surplus in Profit and Loss Statement during the Year	10,000.00	10,000.00
	<u>109,076.20</u>	<u>99,076.20</u>
Surplus in Profit and Loss Statement		
Balance as at the Beginning of the Year	16,647.45	11,046.13
Add: Transferred from Profit and Loss Statement during the Year	23,789.04	17,231.74
Add: Transferred from Debenture Redemption Reserve	—	6,804.06
Amount Available for Appropriation	<u>40,436.49</u>	<u>35,081.93</u>
Less : Appropriations		
Transferred to General Reserve	10,000.00	10,000.00
Dividend Paid on Equity Shares (Note 3.1 below)	—	417.65
Proposed Dividend on Equity Shares [Rs. 3.50 per Share (Previous Year - Rs. 3.50 per Share)]	6,838.15	6,838.15
Dividend Tax	1,109.32	1,178.68
	<u>22,489.02</u>	<u>16,647.45</u>
	<u>152,283.73</u>	<u>136,442.16</u>

3.1 Represents dividend paid in respect of 11,932,742 Equity Shares of Rs. 2/- each allotted on conversion of Foreign Currency Convertible Bonds before the book closure date but after 31st March, 2010 as indicated in Note 2.1 above.

	(Rs. in Lakhs)	
	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
4. Long-term Borrowings		
Secured		
Foreign Currency Term Loans from a Bank	15,327.00	6,697.50
(Secured by way of first charge on certain moveable fixed assets, both present and future, of the Company)		
	<u>15,327.00</u>	<u>6,697.50</u>
<u>Terms of Repayment -</u>		
Rs. 10,218.00 Lakhs (USD 20 Million) [Previous Year - Rs. 6,697.50 Lakhs (USD 15 Million)] is repayable in 3 equal annual installments commencing from February, 2014. Interest is payable on half-yearly basis at Libor plus 1.85% p.a.		
Rs. 5,109.00 Lakhs (USD 10 Million) [Previous Year - Rs. Nil] is repayable in 3 equal annual installments commencing from August, 2015. Interest is payable on half-yearly basis at Libor plus 2.10% p.a.		
5. Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation	7,643.91	6,867.95
Deferred Tax Assets		
Expenses Allowable for Tax Purpose on Payment	249.07	186.55
Provision for Doubtful Debts	61.91	42.90
Unamortised Expenditure Allowable for Tax Purpose in Subsequent Years	250.63	336.03
	<u>561.61</u>	<u>565.48</u>
	<u>7,082.30</u>	<u>6,302.47</u>
6. Other Long-term Liabilities		
Trade Payables	145.42	49.82
Security Deposits	0.70	—
	<u>146.12</u>	<u>49.82</u>
7. Short-term Borrowings		
Secured		
Loans Repayable on Demand from Banks	18,299.92	13,319.57
(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 moveable and immovable assets of the Company, both ranking pari passu amongst the related chargeholders)		
Unsecured		
Loans Repayable on Demand from Banks	12,545.06	6,499.06
	<u>30,844.98</u>	<u>19,818.63</u>

(Rs. in Lakhs)

	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
8. Trade Payables		
Trade Payables		
Acceptances *	3,771.32	3,346.16
Sundry Creditors (Refer Note 40)	12,612.58	10,889.24
	16,383.90	14,235.40
* Secured by way of hypothecation of stocks and book debts in favour of the Company's Bankers to the extent of	2,825.92	3,346.16
9. Other Current Liabilities		
Interest Accrued but not Due on Borrowings	181.83	38.46
Unpaid Dividends*	226.21	184.22
Unpaid Interest on Matured Deposits*	—	0.02
Other Payables		
Dues Payable to Government Authorities	2,380.18	2,034.11
Capital Liabilities	1,620.29	898.55
Advance from Customers	360.19	1,021.75
Deposits	41.76	37.76
Claims / Charges Payable	169.61	117.48
Employee Benefits Payable	1,476.37	1,393.01
Fractional Entitlement Due for Refund to Shareholders	9.29	9.32
Remuneration Payable to Non-executive Director	292.00	262.00
	6,757.73	5,996.68
* There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 at the year end		
10. Short-term Provisions		
Provisions for Employee Benefits	982.53	640.66
Other Provisions		
Current Tax (Net of Advance Tax)	3,690.19	3,701.07
Wealth Tax (Net of Advance Tax)	8.10	7.71
Fringe Benefit Tax	—	73.04
Proposed Dividend	6,838.15	6,838.15
Tax on Dividend	1,109.32	1,109.32
	12,628.29	12,369.95

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, 2011	Additions during the Year	Adjustments during the Year Borrowing Cost	Exchange Differences [Refer Note 1(B) above]	Disposals during the Year	As at 31st March, 2012	Up to 31st March, 2011	For the Year	On Disposals	Up to 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Tangible Assets												
Freehold Land	2,239.72	—	—	—	0.02	2,239.70	—	—	—	—	2,239.70	2,239.72
Leasehold Land	108.60	0.59	—	—	—	109.19	30.91	1.58	—	32.49	76.70	77.69
Buildings	16,382.27	3,377.64	89.43	260.63	—	20,109.97	5,202.68	509.63	—	5,712.31	14,397.66	11,179.59
Plant and Equipment	70,220.45	9,448.23	224.13	644.17	234.67	80,302.31	40,365.35	3,377.63	176.36	43,566.62	36,735.69	29,855.10
						(Note 11.2 below)					(Note 11.2 below)	
Furniture and Fixtures	646.00	15.39	—	—	9.56	651.83	466.78	26.57	8.24	485.11	166.72	179.22
Vehicles	655.23	238.47	—	—	89.88	803.82	350.51	64.38	67.32	347.57	456.25	304.72
Office Equipment	691.28	58.55	—	—	18.58	731.25	508.16	41.18	15.00	534.34	196.91	183.12
Machinery Spares	68.19	—	—	—	—	68.19	67.65	—	—	67.65	0.54	0.54
Total	91,011.74	13,138.87	313.56	904.80	352.71	105,016.26	46,992.04	4,020.97	266.92	50,746.09	54,270.17	44,019.70
Previous Year	89,709.70	1,471.32	—	—	169.28	91,011.74	43,239.96	3,881.69	129.61	46,992.04	44,019.70	
Intangible Assets												
Computer Software - Acquired	305.26	2.83	—	—	—	308.09	225.26	22.61	—	247.87	60.22	80.00
Total	305.26	2.83	—	—	—	308.09	225.26	22.61	—	247.87	60.22	80.00
Previous Year	296.90	8.36	—	—	—	305.26	173.68	51.58	—	225.26	80.00	
Grand Total	91,317.00	13,141.70	313.56	904.80	352.71	105,324.35	47,217.30	4,043.58	266.92	50,993.96	54,330.39	44,099.70
			(Note 11.3 below)									
Previous Year	90,006.60	1,479.68	—	—	169.28	91,317.00	43,413.64	3,933.27	129.61	47,217.30	44,099.70	

11.2 Gross Block as at 31st March, 2012 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, 2012 is Rs. 226.65 Lakhs (Previous Year - Rs. 260.87 Lakhs).

11.3 Includes Rs. 132.02 Lakhs (Previous Year - Rs. Nil) transferred from Capital Work-in-Progress.

12. Non-current Investments

(Rs. in Lakhs)

	Unit Face Value	Number	As at 31st March, 2012	Number	As at 31st March, 2011
Long - term					
Trade Investments (Valued at Cost)					
Unquoted					
Investments in Equity Instruments					
In Subsidiary Companies					
Fully Paid-up Shares					
Graphite International B.V. (Note 12.1 below)	Euro 1	12,300,000	7,368.95	6,500,000	3,544.14
Carbon International Holdings N.V. (Note 12.2 below)	Euro 1	—	—	100,000	56.46
In Other Body Corporate					
Fully Paid-up Equity Shares					
Wardha Power Company Limited [Refer Note 35 (iv)]					
Class A Equity Shares	Rs.10	2,476,558	247.66	2,476,558	247.66
Investments in Preference Shares					
In Other Body Corporate					
Fully Paid-up Preference Shares					
Wardha Power Company Limited [Refer Note 35 (iv)]					
0.01% Class A Redeemable Preference Shares	Rs.10	3,123,442	312.34	3,123,442	312.34
Other than Trade Investments (Valued at Cost)					
Quoted					
In Bonds					
0% NABARD 2019 Bonds (Issue Price Rs. 8,450/- per Bond)	Rs. 20,000	20,000	2,020.70	20,000	2,020.70
8.30% National Highways Authority of India - Series 2 Bonds	Rs. 1,000	24,724	247.24	—	—
8.30% Power Finance Corporation Limited - Series II Bonds	Rs. 1,000	14,239	142.39	—	—
8.20% Housing and Urban Development Corporation Limited - Series 2 Bonds	Rs. 1,000	100,000	1,000.00	—	—
Unquoted					
Investments in Equity Instruments					
In Subsidiary Company					
Fully Paid-up Equity Shares					
Carbon Finance Limited	Rs.10	5,300,000	3,003.76	5,300,000	3,003.76
In Government Securities					
6 Year National Savings Certificate (Deposited with Sales Tax Authority)			0.06		0.06
Investments in Mutual Funds					
IDFC Fixed Maturity Plan - Eighteen Months Series 9 - Growth	Rs. 10	4,500,000	450.00	—	—
HDFC FMP 24M November 2011 (1) - Growth - Series XIX	Rs. 10	5,034,282	503.43	—	—
DSP BlackRock FTP - Series 3 - 24M - Growth	Rs. 10	5,000,000	500.00	—	—
HDFC- Fixed Maturity Plan 400D - February 2012 (1) - Growth	Rs. 10	11,020,200	1,102.02	—	—
HDFC- Fixed Maturity Plan 400D - March 2012 (1) - Growth	Rs. 10	8,366,128	836.61	—	—
Reliance Fixed Horizon Fund - XXI Series 18 - Growth	Rs. 10	6,716,070	671.61	—	—
DSP BlackRock FMP - Series 43 - 12M - Growth	Rs. 10	7,000,000	700.00	—	—
Reliance Fixed Horizon Fund - XXI Series 11 - Growth	Rs. 10	7,000,000	700.00	—	—
HDFC- Fixed Maturity Plan 391D - March 2012 (1) - Growth	Rs. 10	7,000,000	700.00	—	—
			20,506.77		9,185.12
Aggregate Amount of Quoted Investments			3,410.33		2,020.70
Market Value of Quoted Investments			3,757.04		—
Aggregate Amount of Unquoted Investments			17,096.44		7,164.42
Net Asset Value of Units of Mutual Funds			6,239.33		—

12.1 Includes 1,300,000 shares acquired on conversion of loan.

12.2 The Company has disposed of its entire shareholding in Carbon International Holdings N.V. (CINV), a wholly owned subsidiary on 14th March, 2012 at a consideration of Rs. 3,018.09 Lakhs. Consequent upon its disposal, CINV has ceased to be a subsidiary with effect from the aforesaid date.

	(Rs. in Lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
13. Long-term Loans and Advances		
Unsecured, Considered Good :		
Capital Advances	379.28	1,708.69
Security Deposits	391.51	315.58
Loan to Related Party		
Housing Loan to Executive Director	6.00	—
Other Loans and Advances		
Loans to Employees	109.32	79.75
Prepaid Expenses	13.77	15.35
	<u>899.88</u>	<u>2,119.37</u>
14. Other Non-current Assets		
Unsecured, Considered Good :		
Fixed Deposits with Banks (with Maturity of More than Twelve Months) (Lodged with Government Authority / Others)	6.57	9.55
Accrued Interest on Fixed Deposits	0.75	0.62
	<u>7.32</u>	<u>10.17</u>

15. Current Investments

	(Rs. in Lakhs)				
	Unit Face Value	Number	As at 31st March, 2012	Number	As at 31st March, 2011
Investments in Mutual Funds (At Lower of Cost and Fair Value)					
Unquoted					
Reliance Money Manager Fund-Institutional Option-Growth	Rs. 10	—	—	17,380.55	226.48
HDFC Monthly Income Plan-Long Term-Growth	Rs. 10	6,607,162.12	1,543.41	6,475,712.80	1,350.00
HSBC Monthly Income Plan-Savings Plan-Growth	Rs. 10	5,238,654.23	1,030.00	4,225,993.01	750.00
Reliance Monthly Income Plan-Growth	Rs. 10	4,736,649.11	1,000.00	6,140,163.27	1,200.00
ICICI Prudential MIP-25	Rs. 10	3,407,072.11	700.00	4,007,824.46	700.00
HDFC Short Term Plan-Growth	Rs. 10	1,484,656.08	300.00	—	—
Templeton India Short Term Income Plan Institutional-Growth	Rs. 1,000	—	—	147,414.76	2,100.00
Reliance Short Term Fund-Retail Plan-Growth Plan	Rs. 10	—	—	6,161,293.49	1,036.53
Reliance Regular Saving Fund-Debt Plan-Inst Growth Plan	Rs. 10	2,106,755.11	300.73	2,385,837.67	300.00
Templeton India Income Opportunities Fund-Growth	Rs. 10	23,681,425.60	2,817.20	19,404,262.34	2,000.00
Templeton India Corporate Bond Opportunities Fund - Growth	Rs. 10	4,911,494.86	500.00	—	—
Reliance Fixed Horizon Fund-XV Series 8-Growth	Rs. 10	—	—	5,000,000.00	500.00
UTI-Fixed Maturity Plan-Yearly FMP Series:					
YFMP (09/10) Institutional Growth Plan	Rs. 10	—	—	4,000,000.00	400.00
Kotak-Fixed Maturity Plan-370 days Series-9-Growth	Rs. 10	—	—	3,000,000.00	300.00
Reliance Fixed Horizon Fund-XVI Series 8-Growth	Rs. 10	—	—	2,099,668.50	209.97
HDFC-Fixed Maturity Plan-370 days-Nov 10 -Growth-Series XVII	Rs. 10	—	—	5,000,000.00	500.00
DSP BlackRock FMP-12M Series 9-Growth	Rs. 10	—	—	5,000,000.00	500.00
Reliance Fixed Horizon Fund-XVI Series 4-Growth	Rs. 10	—	—	3,000,000.00	300.00
Birla Sun Life Fixed Term Plan-Series CI (367 Days)	Rs. 10	—	—	3,500,000.00	350.00
Reliance Fixed Horizon Fund-XVI Series 6-Growth	Rs. 10	—	—	10,000,000.00	1,000.00
DSP BlackRock FMP-12M Series 13-Growth	Rs. 10	—	—	10,000,000.00	1,000.00
Kotak-Fixed Maturity Plan-Series-34-Growth	Rs. 10	—	—	6,100,000.00	610.00
IDFC-Fixed Maturity Plan-Yearly Series-37	Rs. 10	—	—	5,000,000.00	500.00
Kotak-Fixed Maturity Plan-Series-38 - Growth	Rs. 10	—	—	5,000,000.00	500.00
HDFC-Fixed Maturity Plan-370 Days-Feb(I)-Growth-Series-XVI	Rs. 10	—	—	10,000,000.00	1,000.00
HDFC-Fixed Maturity Plan-370 Days-Mar(II)- Growth-Series XVI	Rs. 10	—	—	7,600,388.96	760.04
Reliance Fixed Horizon Fund - XXI Series 16 - Growth	Rs. 10	5,000,000.00	500.00	—	—
ICICI Prudential FMP Series 59 - 1 Year Plan F Cumulative	Rs. 10	5,000,000.00	500.00	—	—
DSP BlackRock FTP - Series 32 - 12M - Growth	Rs. 10	10,987,900.00	1,098.79	—	—
Kotak - Fixed Maturity Plan -Series - 75 - Growth	Rs. 10	5,000,000.00	500.00	—	—
Kotak - Fixed Maturity Plan -Series - 79 - Growth	Rs. 10	5,511,464.00	551.15	—	—
IDFC Fixed Maturity Plan Yearly Series - 65	Rs. 10	10,000,000.00	1,000.00	—	—
Canara Robeco FMP Series - 7 Plan A - Growth	Rs. 10	5,000,000.00	500.00	—	—
			<u>12,841.28</u>		<u>18,093.02</u>
Aggregate Amount of Unquoted Investments			12,841.28		18,093.02
Net Asset Value of Units of Mutual Funds			13,123.32		19,136.64

	(Rs. in Lakhs)	
	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
16. Inventories		
- At Lower of Cost and Net Realisable Value		
Raw Materials [Includes in transit - Rs. 3,776.17 Lakhs (Previous Year - Rs. 2,450.67 Lakhs)]	43,933.30	31,888.50
Work-in-Progress [Includes in transit - Rs. 329.34 Lakhs (Previous Year - Rs. 31.16 Lakhs)]	33,081.58	32,139.97
Finished Goods [Includes in transit - Rs. 441.31 Lakhs (Previous Year - Rs. 523.06 Lakhs)]	6,620.32	10,333.99
Stores and Spares [Includes in transit - Rs. 147.41 Lakhs (Previous Year - Rs. 17.22 Lakhs)]	1,787.54	1,552.07
Loose Tools	68.36	67.09
	<u>85,491.10</u>	<u>75,981.62</u>
17. Trade Receivables		
Unsecured :		
Debts Outstanding for a Period Exceeding Six Months from the Date they are Due for Payment -		
Considered Good	1,138.89	592.70
Considered Doubtful	190.97	132.22
	<u>1,329.86</u>	<u>724.92</u>
Less: Provision for Doubtful Debts	<u>(190.97)</u>	<u>(132.22)</u>
	1,138.89	592.70
Other Debts -		
Considered Good	36,389.80	27,961.08
	<u>37,528.69</u>	<u>28,553.78</u>
18. Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks		
In Current Accounts	838.27	196.70
In Fixed Deposit Accounts (with Maturity of Less than Three Months)	—	2,500.00
Unpaid Dividend Accounts @	226.21	184.22
Cheques, Drafts on Hand	—	108.55
Cash on Hand	21.16	21.93
	<u>1,085.64</u>	<u>3,011.40</u>
Other Bank Balances		
Fixed Deposit Accounts (with Maturity of More than Three Months but Less than Twelve Months) (Lodged with Government Authority / Others)	26.54	2.79
	<u>1,112.18</u>	<u>3,014.19</u>
@ Earmarked for payment of Unclaimed Dividend.		
18.1 Fixed Deposits with Banks with Maturity of More than Twelve Months included in Note 14	<u>6.57</u>	<u>9.55</u>

	(Rs. in Lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
19. Short-term Loans and Advances		
Unsecured, Considered Good :		
Loans and Advances to Related Parties		
Subsidiary	271.96	976.56
Housing Loan to Executive Director	4.80	—
Others		
Advance / Deposits with Government Authorities	14,814.06	10,766.18
Advance to Suppliers / Service Providers	868.54	728.53
Prepaid / Advance for Expenses	245.90	233.56
Loans to Employees	92.88	67.89
Claims Receivable / Charges Recoverable	39.98	18.23
Security Deposits	44.56	86.19
	<u>16,382.68</u>	<u>12,877.14</u>
20. Other Current Assets		
Unsecured, Considered Good :		
Accrued Interest on Deposits		
with Banks	0.54	10.40
with Others	4.47	7.64
Accrued Interest on Investments	11.75	—
Export Incentive Receivable	3,574.28	2,353.10
Unamortised Premium on Forward Contracts	4.45	11.61
	<u>3,595.49</u>	<u>2,382.75</u>
		(Rs. in Lakhs)
	Year ended 31st March, 2012	Year ended 31st March, 2011
21. Revenue from Operations (Gross)		
Sale of Products		
Graphite Electrodes and Miscellaneous Graphite Products	133,413.22	95,140.10
Carbon Paste	2,619.02	2,063.20
Calcined Petroleum Coke	5,711.92	5,744.65
Electricity	181.99	210.92
Impervious Graphite Equipment and Spares	6,466.26	7,034.20
GRP / FRP Pipes and Tanks	8,816.16	4,753.30
High Speed Steel	9,157.32	8,085.11
Alloy Steel	681.01	684.84
Others	675.49	569.94
	<u>167,722.39</u>	<u>124,286.26</u>
Sale of Services		
Processing / Service Charges	106.13	109.29
Installation Charges	1,808.19	530.28
	<u>1,914.32</u>	<u>639.57</u>
Other Operating Revenues		
Export Entitlement	4,084.27	3,077.71
Royalty	482.04	334.73
	<u>4,566.31</u>	<u>3,412.44</u>
	<u>174,203.02</u>	<u>128,338.27</u>

	(Rs. in Lakhs)	
	Year ended 31st March, 2012	Year ended 31st March, 2011
22. Other Income		
Interest Income		
On Loans and Deposits	61.59	63.96
On Long-term Investments	25.09	—
From Customers	205.31	125.66
From Income-tax Authority	38.65	159.07
Dividend Income		
Long-term-From a Subsidiary Company	—	121.41
Net Gain on Disposal of Current Investments	2,287.90	687.41
Guarantee Fee	51.17	—
Liabilities No Longer Required Written Back	435.06	393.61
Provision for Doubtful Debts Written Back	15.12	8.71
Net Gain on Foreign Currency Transactions and Translation	—	1,252.41
Other Non-operating Income	342.00	230.31
	<u>3,461.89</u>	<u>3,042.55</u>
23. Cost of Materials Consumed		
Opening Inventory	31,888.50	26,102.39
Add : Purchase	81,040.84	65,499.20
	<u>112,929.34</u>	<u>91,601.59</u>
Less : Capitalised	234.27	—
Less : Closing Inventory	43,933.30	31,888.50
Cost of Materials Consumed	<u>68,761.77</u>	<u>59,713.09</u>
23.1 Details of Materials Consumed		
Raw Petroleum Coke	5,849.85	5,207.66
Calcined Petroleum Coke	41,426.07	36,849.31
Pitch	10,441.85	7,081.18
Extrusion Oil	318.43	215.81
Fibreglass	1,680.76	1,384.87
Resin Chemicals	3,131.77	2,364.50
Melting Scrap	2,673.47	3,089.88
Ferro Alloys, Fluxes and Other Materials	2,729.33	2,740.47
Stearic Acid	116.91	99.42
Iron & Ferric Oxide	202.17	163.75
Steel	74.83	87.76
Sand	172.39	112.48
Others	178.21	316.00
	<u>68,996.04</u>	<u>59,713.09</u>
Less : Capitalised		
Calcined Petroleum Coke	228.74	—
Pitch	5.53	—
	<u>234.27</u>	<u>—</u>
	<u>68,761.77</u>	<u>59,713.09</u>

	(Rs. in Lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
23.2 Details of Inventory		
Raw Petroleum Coke	321.72	502.19
Calcined Petroleum Coke	40,131.31	28,378.00
Pitch	969.00	782.40
Extrusion Oil	39.25	12.19
Fibreglass	224.10	265.95
Resin Chemicals	81.89	138.47
Melting Scrap	1,444.80	1,198.59
Ferro Alloys, Fluxes and Other Materials	297.30	205.67
Stearic Acid	18.02	23.26
Iron & Ferric Oxide	22.08	17.63
Steel	27.51	27.93
Sand	28.00	28.82
Others	328.32	307.40
	<u>43,933.30</u>	<u>31,888.50</u>

	(Rs. in Lakhs)	
	Year ended 31st March, 2012	Year ended 31st March, 2011
24. Changes in Inventories of Finished Goods and Work-in-Progress		
Finished Goods		
Closing Stock	6,620.32	10,333.99
Deduct: Opening Stock	<u>10,333.99</u>	<u>6,837.45</u>
	<u>3,713.67</u>	<u>(3,496.54)</u>
Work-in-Progress		
Closing Stock	33,081.58	32,139.97
Deduct: Opening Stock	<u>32,139.97</u>	<u>23,414.02</u>
	<u>(941.61)</u>	<u>(8,725.95)</u>
	<u>2,772.06</u>	<u>(12,222.49)</u>

	(Rs. in Lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
24.1 Details of Inventory		
Finished Goods		
Graphite Electrodes and Miscellaneous Graphite Products	5,584.34	9,379.50
Carbon Paste	326.17	57.67
Electricity	50.20	67.02
Impervious Graphite Equipment and Spares	135.45	131.33
GRP / FRP Pipes and Tanks	341.52	414.04
High Speed Steel	169.99	245.25
Alloy Steel	12.65	39.18
	<u>6,620.32</u>	<u>10,333.99</u>
Work-in-Progress		
Graphite Electrodes and Miscellaneous Graphite Products	26,676.69	24,924.94
Calcined Petroleum Coke	829.59	880.35
Impervious Graphite Equipment and Spares	2,830.59	2,321.74
GRP / FRP Pipes and Tanks	705.18	1,549.08
High Speed Steel	1,758.66	2,089.54
Alloy Steel	165.28	179.17
Others	115.59	195.15
	<u>33,081.58</u>	<u>32,139.97</u>

	(Rs. in Lakhs)	
	Year ended 31st March, 2012	Year ended 31st March, 2011
25. Employee Benefits Expense		
Salaries and Wages	8,209.65	7,197.83
Contribution to Provident and Other Funds	886.48	776.63
Staff Welfare Expenses	608.24	465.25
	<u>9,704.37</u>	<u>8,439.71</u>
26. Finance Costs		
Interest Expense on		
Borrowings from Banks	1,493.66	402.84
Debentures / Bonds	—	0.54
Others	216.73	109.81
Other Borrowing Costs	124.31	350.08
	<u>1,834.70</u>	<u>863.27</u>
Less: Interest and Other Borrowing Costs Capitalised	395.23	308.58
	<u>1,439.47</u>	<u>554.69</u>
27. Depreciation and Amortisation Expense		
Depreciation on Fixed Assets	4,019.39	3,880.24
Amortisation of Leasehold Land	1.58	1.45
Amortisation of Intangible Assets	22.61	51.58
	<u>4,043.58</u>	<u>3,933.27</u>
28. Other Expenses		
Consumption of Stores and Spare Parts	11,502.27	9,002.83
Power and Fuel	25,402.12	17,515.34
Rent	207.91	158.64
Repairs to Buildings	347.71	280.78
Repairs to Machinery	1,274.48	953.38
Repairs to Others	267.15	233.94
Insurance	455.97	355.37
Rates and Taxes	289.25	259.32
Freight and Transport	4,881.26	2,945.74
Commission to Selling Agents	1,878.91	1,374.68
Travelling and Conveyance	533.47	555.94
Payment to Auditors (Refer Note 39)	41.67	35.75
Directors' Remuneration (Other than Executive Director)	302.80	277.60
Excise Duty on Stocks etc. - Charge / (Credit)	19.96	(146.32)
Bad Debts / Advances Written Off	35.88	46.92
Provision for Doubtful Debts	73.87	9.33
Processing Charges	388.03	295.27
Contractors' Labour Charges	3,543.12	1,843.02
Loss on Disposal of Tangible Fixed Assets [Net of Profit on Disposal of Tangible Fixed Assets Rs. 2.78 Lakhs (Previous Year - Rs. 20.56 Lakhs)]	62.55	10.15
Net Loss on Foreign Currency Transactions and Translation	681.28	—
Miscellaneous Expenditure	2,530.83	2,356.16
	<u>54,720.49</u>	<u>38,363.84</u>
28.1 Consumption of Stores and Spare Parts includes:		
Packing Materials	1,301.00	968.49
Loose Tools	227.28	179.95

	(Rs. in Lakhs)	
	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
29. Earnings Per Share		
(A) Basic		
(i) Number of Equity Shares at the Beginning of the Year	195,375,594	171,510,110
(ii) Number of Equity Shares at the End of the Year	195,375,594	195,375,594
(iii) Weighted Average Number of Equity Shares Outstanding during the Year	195,375,594	187,424,792
(iv) Face Value of Each Equity Share (Rs.)	2.00	2.00
(v) Profit after Tax Available for Equity Shareholders	23,789.04	17,231.74
(vi) Basic Earnings per Share (Rs.)(v)/(iii)]	12.18	9.19
(vii) Profit after Tax Available for Equity Shareholders (Before Exceptional Item) (Refer Note 29.1 below)	20,868.73	18,081.94
(viii) Basic Earnings per Share Before Exceptional Item (Rs.) [(vii)/(iii)]	10.68	9.65
(B) Diluted		
(i) Weighted Average Number of Dilutive Potential Equity Shares resulting from Exercise of Options Outstanding During the Year	—	7,950,802
(ii) Aggregate of A(iii) and B(i)	195,375,594	195,375,594
(iii) Face Value of Each Equity Share (Rs.)	2.00	2.00
(iv) Adjusted Profit after Tax (Refer Note 29.2 below)	23,789.04	17,232.10
(v) Diluted Earnings per Share (Rs.)(iv)/(ii)]	12.18	8.82
(vi) Adjusted Profit after Tax Available for Equity Shareholders (Before Exceptional Item) (Refer Note 29.3 below)	20,868.73	18,082.30
(vii) Diluted Earnings per Share Before Exceptional Item (Rs.)(vi)/(ii)]	10.68	9.26
29.1 Profit after Tax (Before Exceptional Item) :		
Profit after Tax	23,789.04	17,231.74
Add: Payment under Voluntary Retirement Scheme (Net of Tax)	—	850.20
Less : Gain on Disposal of Investment (Net of Tax)	(2,920.31)	—
	<u>20,868.73</u>	<u>18,081.94</u>
29.2 Adjusted Profit after Tax :		
Profit after Tax	23,789.04	17,231.74
Add: Interest Expense (Net of Tax)	—	0.36
	<u>23,789.04</u>	<u>17,232.10</u>
29.3 Adjusted Profit after Tax (Before Exceptional Item) :		
Adjusted Profit after Tax	23,789.04	17,232.10
Add: Payment under Voluntary Retirement Scheme (Net of Tax)	—	850.20
Less : Gain on Disposal of Investment (Net of Tax)	(2,920.31)	—
	<u>20,868.73</u>	<u>18,082.30</u>

	(Rs. in Lakhs)			
	Year ended 31st March, 2012		Year ended 31st March, 2011	
30. C.I.F. Value of Imports				
Raw Materials		44,107.58		35,992.36
Components and Spare Parts		783.23		444.90
Capital Goods		3,341.25		2,023.58
31. Expenditure in Foreign Currency on Account of				
Travelling		95.93		135.81
Commission		1,591.35		1,122.59
Export Sales Expenses		51.57		133.53
Interest		399.69		38.05
Professional Fees		200.87		95.95
Bank Charges		37.87		254.33
Others		36.22		62.63
		2011-12		2010-11
	(Rs. in Lakhs)	%	(Rs. in Lakhs)	%
32. Consumption of				
Raw Materials				
Imported	35,461.47	51.40	34,495.00	57.77
Indigenous	33,534.57	48.60	25,218.09	42.23
	<u>68,996.04</u>	<u>100.00</u>	<u>59,713.09</u>	<u>100.00</u>
Stores and Spare Parts				
Imported	849.65	7.39	432.21	4.80
Indigenous	10,652.62	92.61	8,570.62	95.20
	<u>11,502.27</u>	<u>100.00</u>	<u>9,002.83</u>	<u>100.00</u>
33. Amount Remitted in Foreign Currency				
On Account of Dividend excluding Payments to Mandatees in India (Rs. in Lakhs)	334.74		530.74	
Total Number of Non-resident Shareholders	14		14	
Total Number of Shares of Rs. 2/- each held by Non-resident Shareholders on which the Dividends were Due	9,563,950		15,163,950	
The Year to which such Dividends relate	2010-11		2009-10	
34. Earnings in Foreign Currency				
Export of Goods on F.O.B. Basis	87,350.25		58,195.81	
Royalty	482.04		334.73	
Guarantee Fee	51.17		—	
Interest	36.00		30.64	
Dividend	—		121.41	
Service Charges	22.36		39.94	
Sale of Carbon Credit	29.96		—	
Profit on Disposal of Long-term Investments	2,961.63		—	

	(Rs. in Lakhs)	
	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
35. Commitments -		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1291.49	5728.63
(ii) Export obligations under EPCG Licenses	2561.97	6638.33
(iii) Export obligations against Advance Licenses	167.29	440.77
(iv) The Company has entered into a Power Delivery Agreement 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 another related agreement 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 are required to subscribe 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.		

	(Rs. in Lakhs)	
	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
36. Contingent Liabilities -		
(I) Claims against the Company not acknowledged as debts:		
(i) Disputed Excise Duty	567.54	394.01
(ii) Disputed Customs Duty	1004.47	1060.75
(iii) Disputed Service Tax	256.35	218.23
(iv) Disputed Sales Tax	524.34	506.32
(v) Disputed Entry Tax	267.28	246.04
(vi) Labour Related and Other Matters	355.70	295.79
(II) Guarantee		
Corporate Guarantees given to banks to secure the financial assistance/ accommodation extended to Subsidiary Companies	5117.25	4748.25
37. 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).		
38. Fixed Assets including Capital Work-in-Progress includes Pre-operative expenses : Salaries and Wages Rs. 101.89 Lakhs (Previous Year – Rs. 51.79 Lakhs), Contribution to Provident and Other Funds Rs. 10.70 Lakhs (Previous Year – Rs. 7.30 Lakhs), Consumption of Stores and Spare Parts Rs. Nil (Previous Year – Rs. 5.27 Lakhs), Power and Fuel Rs. Nil (Previous Year – Rs. 2.60 Lakhs), Rates and Taxes Rs. Nil (Previous Year – Rs. 0.67 Lakhs), Insurance Rs. 1.20 Lakhs (Previous Year – Rs. 1.35 Lakhs), Travelling and Conveyance Rs. 6.80 Lakhs (Previous Year – Rs. 4.82 Lakhs), Miscellaneous Expenses Rs. 63.21 Lakhs (Previous Year – Rs. 29.58 Lakhs) and Interest and Other Borrowing Cost Rs. 376.52 Lakhs (net of Interest Income of Rs. 18.71 Lakhs)[(Previous Year – Rs. 273.79 Lakhs) (net of Interest Income of Rs. 34.79 Lakhs)].		

	(Rs. in Lakhs)	
	<u>2011-12</u>	<u>2010-11</u>
39. Auditors' Remuneration (Note 28) include –		
(i) Payment to Statutory Auditors as Auditor		
- As Audit Fee	24.00	20.00
- For Certificate and Other Matters	16.20	14.75
- Out of Pocket Expenses	1.17	0.68
- Service Tax and Education Cess	4.76	3.65
	<u>46.13</u>	<u>39.08</u>
Less: Cenvat Credit of Service Tax and Education Cess Availed	4.76	3.65
	<u>41.37</u>	<u>35.43</u>
(ii) Cost Auditors		
- As Fee	0.30	0.30
- Out of Pocket Expenses	—	0.02
- Service Tax and Education Cess	0.03	0.03
	<u>0.33</u>	<u>0.35</u>
Less: Cenvat Credit of Service Tax and Education Cess Availed	0.03	0.03
	<u>0.30</u>	<u>0.32</u>
Total	<u>41.67</u>	<u>35.75</u>

	(Rs. in Lakhs)	
	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
40. Information relating to Micro and Small Enterprises (MSEs)-		
(i) The Principal amount and Interest due thereon remaining unpaid to any supplier		
Principal	239.06	2.69
Interest	—	—
(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	10.98	7.13
Interest	0.02	0.01
(iii) The amount of interest accrued and remaining unpaid at the end of the accounting year	—	—
(iv) 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	—	—
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.		

41. Exceptional item for the current year represents profit on disposal of long-term investments in a wholly owned subsidiary (Refer Note 12.2 above) and that for the previous year represents Payments under Voluntary Retirement Scheme.

	(Rs. in Lakhs)	
	<u>2011-12</u>	<u>2010-11</u>
42. Particulars relating to Construction Contracts –		
(a) Contract revenues recognised as revenue	4273.07	1473.69

	(Rs. in Lakhs)	
	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
(b) Other information relating to Contract Work-in-Progress		
(i) Aggregate amount of cost incurred and recognised profits less recognised losses	5653.78	4763.67
(ii) The amount of customer advances	99.57	202.92
(iii) The amount of retentions due from customers	28.07	92.80
(iv) Gross amount due from customers for contract work as an asset	666.10	681.47
(v) Gross amount due to customers for contract work as a liability	2.39	—

43. Employee Benefits:

(I) Post Employment Defined Benefit Plans:

(A) Gratuity

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(L)(b) above, based upon which, the Company makes contributions to the Employees' Gratuity Funds.

(B) Provident Fund

Certain employees of the Company receive provident fund benefits, which are administered by the Provident Fund Trusts set up by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employee's salary to such Provident Fund Trusts. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time.

In terms of the Guidance on implementing Accounting Standard -15 (AS -15) on 'Employee Benefits' issued by the Accounting Standards Board of The Institute of Chartered Accountants of India (ICAI), a provident fund set up by the Company is a defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest.

Unlike previous year, consequent upon issuance of Guidance Note by The Institute of Actuaries of India in 2011-12, actuarial valuation of the provident fund as at the year-end has been done under the Projected Unit Credit Method and the resultant charge / gain has been recognised in the accounts. Information pertaining to the year required to be considered as per AS-15 in this regard is also disclosed. However, in the absence of a Guidance Note from The Institute of Actuaries of India in earlier years, such exercise was not carried out and the related information has not been disclosed in respect of earlier years.

The following Table sets forth the particulars in respect of the Defined Benefit Plans (funded) of the Company for the year ended 31st March, 2012:

	(Rs. in Lakhs)	
GRATUITY FUND	<u>2011-12</u>	<u>2010-11</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	1344.64	1565.39
Current Service Cost	100.37	84.31
Interest Cost	108.91	104.57
Actuarial (Gains) / Losses	194.52	168.86
Benefits Paid	(126.69)	(578.49)
Present Value of Obligation at the end of the year	1621.75	1344.64

	(Rs. in Lakhs)				
	2011-12	2010-11			
(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	1334.98	1533.09			
Expected Return on Plan Assets	106.80	122.65			
Actuarial Gains / (Losses)	17.39	(0.36)			
Contributions	97.03	258.09			
Benefits Paid	(126.69)	(578.49)			
Fair Value of Plan Assets at the end of the year	<u>1429.51</u>	<u>1334.98</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	1621.75	1344.64			
Fair Value of Plan Assets at the end of the year	1429.51	1334.98			
Assets / (Liabilities) recognised in the Balance Sheet	<u>(192.24)</u>	<u>(9.66)</u>			
(d) Expense recognised in the Profit and Loss Statement:					
Current Service Cost	100.37	84.31			
Interest Cost	108.91	104.57			
Expected Return on Plan Assets	(106.80)	(122.65)			
Actuarial (Gains) / Losses	177.13	169.22			
Total Expense recognised	<u>279.61</u>	<u>235.45</u>			
(e) Category of Plan Assets:					
Fund with LIC	1426.81	1332.30			
Others (including bank balances)	2.70	2.68			
Total	<u>1429.51</u>	<u>1334.98</u>			
(f) Actual Return on Plan Assets	124.19	122.29			
(g) Principal Actuarial Assumptions:					
Discount Rate	8.50%	8.00%			
Salary Escalation	6.00%	5.00%			
Inflation Rate	6.00%	5.00%			
Expected Return on Assets	8.00%	8.00%			
(h) Other Disclosures:	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Present Value of Obligation at the end of the year	1621.75	1344.64	1565.39	1686.02	1577.53
Fair Value of Plan Assets at the end of the year	1429.51	1334.98	1533.09	1613.39	1417.70
Surplus / (Deficit) at the end of the year	(192.24)	(9.66)	(32.30)	(72.63)	(159.83)
Experience Adjustments on Plan Assets [Gain / (Loss)]	1.56	(0.36)	15.33	17.96	12.58
Experience Adjustments on Obligation [(Gain) / Loss]	203.06	184.41	0.93	(55.06)	160.16

	(Rs.in Lakhs)
PROVIDENT FUND	2011-12
(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	886.28
Current Service Cost *	82.96
Interest Cost	72.14
Actuarial (Gains) / Losses	1.20
Benefits Paid	<u>(106.67)</u>
Present Value of Obligation at the end of the year	<u>935.91</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	886.28
Expected Return on Plan Assets	74.63
Actuarial Gains / (Losses)	(7.08)
Contributions *	82.96
Benefits Paid	<u>(106.67)</u>
Fair Value of Plan Assets at the end of the year	<u>930.12</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	935.91
Fair Value of Plan Assets at the end of the year	<u>930.12</u>
Assets / (Liabilities) recognised in the Balance Sheet	<u>(5.79)</u>
(d) Expense recognised in the Profit and Loss Statement:	
Current Service Cost *	82.96
Interest Cost	72.14
Expected Return on Plan Assets	(74.63)
Actuarial (Gains) / Losses	<u>8.28</u>
Total	<u>88.75</u>
* Includes employees' statutory contributions, voluntary contributions etc.	
(e) Category of Plan Assets:	
Central Government Securities	215.23
State Government Securities	116.88
Bonds / Term Deposits	352.92
Special Deposit Schemes	204.81
Others (including bank balances)	<u>40.28</u>
Total	<u>930.12</u>
(f) Actual Return on Plan Assets	67.55
(g) Principal Actuarial Assumptions:	
Expected Return on Asset	8.17 / 8.75%
Statutory Interest Rate	8.25%
(h) Other Disclosures:	
Present Value of Obligation at the end of the year	935.91
Fair Value of Plan Assets at the end of the year	930.12
Surplus / (Deficit) at the end of the year	(5.79)
Experience Adjustments on Plan Assets [Gain / (Loss)]	(7.08)
Experience Adjustments on Obligation [(Gain) / Loss]	1.20

Notes:

- (a) The expenses for the above mentioned benefits have been included and disclosed under the following line items:-
 Gratuity – under ‘Contribution to Provident and Other Funds’ in Note 25.
 Provident Fund – under ‘Contribution to Provident and Other Funds’ in Note 25, other than employees’ statutory contributions, voluntary contributions etc. which are recovered from their salaries, as included under ‘Salaries and Wages’ in Note 25.
- (b) 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.
- (c) 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.

(II) Post Employment Defined Contribution Plans

During the year an amount of Rs. 571.71 Lakhs (Previous Year - Rs.500.53 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 -

(a) Name of Subsidiary	Graphite International B.V.
Loan outstanding as at 31st March, 2012	Rs. Nil (Rs. 823.03 Lakhs)
Rate of interest on above	Euribor plus 250 basis point
Maximum amount outstanding during the year ended 31st March, 2012	Rs. 892.45 Lakhs (Rs. 823.03 Lakhs)

Figures in bracket relate to previous year.

- (b) 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, 2012 is Rs.213.00 Lakhs (Previous Year - Rs.147.64 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. Segment Information

A. Primary Segment Reporting (by Business Segments)

i) Composition of Business Segments

The Company's operations predominantly relate to the following segments:

- Graphite and Carbon Segment, engaged in the production of Graphite Electrodes, Other Miscellaneous Carbon and Graphite Products,
- Power Segment engaged in generation of Power,
- Steel Segment engaged in production of High Speed Steel and Alloy Steel, and
- Other Segment, engaged in manufacturing of Impervious Graphite Equipment (IGE) and Glass Reinforced Pipes (GRP)

ii) Inter Segment Transfer Pricing

Inter Segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks.

iii) Segment Revenues, Results and Other Information as at / for the year ended 31st March, 2012

(Rs. in Lakhs)

	Graphite and Carbon		Power		Steel		Others		Total of Reportable Segments	
	2011-12@	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue from Operations (Gross)										
External Sales	142,438.77	103,533.44	181.99	210.92	9,838.33	8,769.95	17,177.62	12,411.52	169,636.71	124,925.83
Inter Segment Sales	1,665.83	1,015.84	3,221.15	3,235.66	—	—	33.91	25.76	4,920.89	4,277.26
Other Operating Revenues	4,518.84	3,396.03	—	—	—	—	47.47	16.41	4,566.31	3,412.44
Segment Revenues	148,623.44	107,945.31	3,403.14	3,446.58	9,838.33	8,769.95	17,259.00	12,453.69	179,123.91	132,615.53
Segment Results	25,336.65*	20,759.94*	2,493.09	2,567.30	1,198.77	60.73	3,187.81	3,276.46	32,216.32	26,664.43
Segment Assets	180,682.61	145,722.80	5,650.36	6,340.24	20,281.84	19,312.76	13,741.13	14,250.65	220,355.94	185,626.45
Segment Liabilities	17,867.28	13,716.31	1,056.69	1,095.20	1,714.85	1,551.09	2,606.33	3,676.99	23,245.15	20,039.59
Capital Expenditure	15,922.80	9,812.10	5.77	7.00	13.08	40.00	109.13	220.99	16,050.78	10,080.09
Depreciation and Amortisation	2,456.56	2,396.65	625.93	618.56	567.82	574.52	300.61	273.30	3,950.92	3,863.03
Non-cash Expenses other than Depreciation and Amortisation (Net)	58.49	35.78	—	—	20.14	35.92	93.43	11.10	172.06	82.80

* After exceptional item - Rs. Nil (Previous Year - Rs. 1,273.09 Lakhs relating to Payments under Voluntary Retirement Scheme).
@ Refer Note 1(B) regarding change in accounting policy in respect of exchange differences on re-statement of long - term foreign currency loans.

Reconciliation of Reportable Segments with the Financial Statements

	Revenues		Results / Net Profit		Assets		Liabilities*	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Total of Reportable Segments	179,123.91	132,615.53	32,216.32	26,664.43	220,355.94	185,626.45	23,245.15	20,039.59
Corporate - Unallocated / Others (Net)	—	—	1,289.15	(528.00)	25,005.79	20,193.84	65,925.17	45,430.86
Inter Segment Sales	(4,920.89)	(4,277.26)	—	—	—	—	—	—
Finance Costs	—	—	(1,439.47)	(554.69)	—	—	—	—
Taxes (Net)	—	—	(8,276.96)	(8,350.00)	—	—	—	—
	174,203.02	128,338.27	23,789.04	17,231.74	245,361.73	205,820.29	89,170.32	65,470.45

* Excluding Shareholders' Funds

B. Secondary Segment (Geographical)

	Domestic		Export		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue-Gross	78,777.68	64,859.14	95,425.34	63,479.13	174,203.02	128,338.27
Total Assets	220,355.94	185,626.45	—	—	220,355.94	185,626.45
Capital Expenditure	16,050.78	10,080.09	—	—	16,050.78	10,080.09

46. 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
Carbon International Holdings N.V. (Up to 13th March, 2012)	Subsidiary
Graphite Cova GmbH	Subsidiary
Graphite International B.V.	Subsidiary

(b) Others:

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, 2012 –

	<u>2011-12</u>	<u>2010-11</u>
(A) Key Management Personnel		
Mr. M. B. Gadgil		
(a) Director's Remuneration	128.62	102.72
(b) Loan given	12.00	—
(c) Dividend paid	0.07	0.07
(B) Subsidiary Companies		
(a) Sale of Goods		
Graphite Cova GmbH	15334.02	6744.62
Bavaria Electrodes GmbH	—	4.70
(b) Purchase of Goods		
Graphite Cova GmbH	405.35	446.27
Graphite International B.V.	—	0.24
(c) Royalty Income		
Graphite Cova GmbH	482.04	334.73
(d) Interest Income		
Graphite International B.V.	36.00	29.97
(e) Dividend Income		
Carbon International Holdings N.V.	—	121.41
(f) Guarantee Income		
Graphite Cova GmbH	51.17	—
(g) Rent Paid		
Carbon Finance Limited	87.00	87.00
(h) Recoveries / (Reimbursement) of Expenses (Net)		
Graphite Cova GmbH	(20.99)	(13.68)
(i) Investments in Shares		
Graphite International B.V.	3824.81	—
[Including Rs. 857.28 Lakhs (Previous Year - Rs. Nil) on conversion of loan]		

	(Rs. in Lakhs)	
	<u>2011-12</u>	<u>2010-11</u>
(C) A Shareholder holding 28.60% Equity Shares of the Company -		
Dividend paid		
Likhmi Leasing Limited	1955.45	1437.50
	As at 31st	As at 31st
	March, 2012	March, 2011
(iii) Balance outstanding at the year end -		
(a) Trade Receivable		
Graphite Cova GmbH	4269.11	2104.95
(b) Investment in Shares		
Graphite International B.V.	7368.95	3544.14
Carbon International Holdings N.V.	—	56.46
Carbon Finance Limited	3003.76	3003.76
(c) Loans and Advances (including Charges Recoverable)		
Mr. M. B. Gadgil	10.80	—
Graphite International B.V.	—	848.38
Graphite Cova GmbH	271.96	128.18
(d) Trade Payables / Other Current Liabilities		
Mr. M. B. Gadgil	72.18	55.93
Graphite Cova GmbH	80.83	95.37
(e) 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	5117.25	4748.25

47. The Company has cancellable operating lease arrangements for certain accommodation with tenures of three years. 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. 100.51 Lakhs (Previous Year - Rs. 99.94 Lakhs).

48. Research and Development Expenditure of revenue nature of Rs.24.87 Lakhs (Previous Year - Rs. 20.56 Lakhs).

49. The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified / regrouped to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

(Pinaki Chowdhury)
Partner

Membership No. 57572
Kolkata : 11th May, 2012

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)	
	<u>2011-12</u>	<u>2010-11</u>
Revenue from Operations (Net)	167,084	122,594
Other Income	3,462	3,043
Profit before Interest, Depreciation and Tax (PBIDT)	34,587	31,343
Depreciation	4,044	3,933
Profit before Interest and Tax (PBIT)	30,543	27,410
Finance Cost	1,439	555
Profit before Exceptional Item and Tax	29,104	26,855
Exceptional Item (Gain) / Loss	(2,962)	1,273
Profit before Tax (PBT)	32,066	25,582
Provision for Taxation	8,277	8,350
Profit after Tax (PAT)	23,789	17,232
EPS - Basic (Rs.)	12.18	9.19
Equity Dividend per Share (Rs.)	3.50	3.50
Non-current Assets		
Fixed Assets	66,997	53,603
Non-current Investments	20,507	9,185
Other Non-current Assets	907	2,130
Current Assets		
Current Investments	12,841	18,093
Other Current Assets	144,110	122,809
Total Assets	245,362	205,820
Shareholders' Fund	156,192	140,350
Non-current Liabilities		
Long-term Borrowings	15,327	6,697
Deferred Tax Liability	7,082	6,302
Other Non-current Liabilities	146	50
Current Liabilities		
Short-term Borrowings	30,845	19,819
Other Current Liabilities	35,770	32,602
Equity and Liabilities	245,362	205,820
Capital Employed	202,364	166,866
Financial / Performance Ratios		
PBIDT / Total Revenue - Percent	20.28	24.95
Net Profit (PAT) / Total Revenue - Percent	13.95	13.72
Finance Cost Cover - Times	24.03	56.51
Return on Capital Employed (PBIT / Capital Employed) - Percent	15.09	16.43
Return on Net Worth (PAT / Net Worth) - Percent	15.23	12.28
Debt Equity Ratio (Long-term Borrowings)	0.10:1	0.05:1
Debt Equity Ratio (Total Borrowings)	0.30:1	0.19:1
Current Ratio	2.36	2.69
Book Value per Share (Rs.)	79.94	71.84
Number of Employees	2,528	2,259

Particulars	(Rs. in Lakhs)								
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Sales / Income from Operations (Net)	113,119	112,588	109,905	84,985	61,400	51,422	52,128	38,802	34,782
Other Income	3,058	2,891	3,621	3,833	1,728	1,167	1,360	827	762
Profit before Interest, Depreciation and Tax (PBIDT)	40,928	26,104	27,619	20,379	12,875	9,432	9,878	7,944	8,297
Depreciation	3,954	3,435	3,350	2,993	2,476	2,069	2,057	1,986	1,751
Profit before Interest and Tax (PBIT)	36,974	22,669	24,269	17,386	10,399	7,363	7,821	5,958	6,546
Interest	1,049	2,594	3,570	3,215	2,001	1,063	1,284	2,316	2,797
Profit before Tax (PBT)	35,925	20,075	20,699	14,171	8,398	6,300	6,537	3,642	3,749
Provision for Taxation	12,709	718	7,335	4,408	2,103	1,500	1,405	303	379
Profit after Tax but before Non-recurring Item (PAT)	23,216	19,357	13,364	9,763	6,295	4,800	5,132	3,339	3,370
Non-recurring Item	—	—	—	9,624	—	—	—	—	—
Profit after Non-recurring Item	23,216	19,357	13,364	19,387	6,295	4,800	5,132	3,339	3,370
EPS - Basic (Excluding Non-recurring Item) (Rs.)	13.58	12.55	9.03	7.38	4.29	3.27	3.48	2.24	2.25
Equity Dividend per Share (Rs.)	3.50	3.00	3.00	3.00	1.20	0.90	0.80	0.50	0.50
Fixed Assets	48,548	50,362	49,827	51,788	47,349	41,475	35,244	35,452	36,417
Investments	25,276	16,641	14,707	14,707	5,007	2,886	1,407	1,434	1,445
Current Assets	101,682	102,746	87,899	77,624	67,552	39,400	31,936	28,123	25,114
Total Assets	175,506	169,749	152,433	144,119	119,908	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)	114,922	98,419	66,769	56,481	42,448	38,454	35,179	31,363	28,947
Total Liabilities	175,506	169,749	152,433	144,119	119,908	83,761	68,587	65,009	62,976
Net Worth	118,352	101,839	69,791	59,419	45,386	41,392	38,117	34,301	31,885

Financial / Performance Ratios

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

Number of Employees	2,334	2,614	2,961	2,653	2,651	2,240	2,306	2,257	2,294
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Auditors' Report on the Consolidated Financial Statements of Graphite India Limited

The Board of Directors of Graphite India Limited

1. We have audited the attached consolidated Balance Sheet of Graphite India Limited (the "Company") and its subsidiaries, hereinafter referred to as the "Group" (refer Note 30 to the attached consolidated financial statements) as at 31st March, 2012, the related consolidated Profit and Loss Statement and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. We did not audit the financial statements of three subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 41,333.03 Lakhs and net assets of Rs. 24,301.39 Lakhs as at 31st March, 2012, total revenue of Rs. 40,415.26 Lakhs, net profit of Rs. 15,440.21 Lakhs and net cash flows amounting to Rs. 1,009.24 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.
4. 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 sub-section (3C) of Section 211 of the Companies Act, 1956.
 5. 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 above, and to the best of our information and according to the explanations given to us, in our opinion, the attached 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 31st March, 2012;
 - (b) in the case of the consolidated Profit and Loss Statement, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

(Pinaki Chowdhury)

Partner

Kolkata
11th May, 2012

Membership No. 57572

**CONSOLIDATED BALANCE SHEET of
Graphite India Limited and its subsidiaries as at 31st March, 2012**

		(Rs. in Lakhs)	
	Note	As at 31st March, 2012	As at 31st March, 2011
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	2	3,907.68	3,907.68
Reserves and Surplus	3	<u>161,664.01</u>	<u>148,279.99</u>
		<u>165,571.69</u>	<u>152,187.67</u>
Non-current Liabilities			
Long-term Borrowings	4	15,763.00	7,457.22
Deferred Tax Liabilities (Net)	5	7,082.30	6,302.47
Other Long-term Liabilities	6	146.12	49.82
Long-term Provisions	7	<u>182.62</u>	<u>136.72</u>
		<u>23,174.04</u>	<u>13,946.23</u>
Current Liabilities			
Short-term Borrowings	8	43,574.18	26,267.16
Trade Payables	9	18,688.83	17,011.98
Other Current Liabilities	10	8,040.24	7,253.33
Short-term Provisions	11	<u>12,643.74</u>	<u>12,342.19</u>
		<u>82,946.99</u>	<u>62,874.66</u>
Total		<u>271,692.72</u>	<u>229,008.56</u>
<u>ASSETS</u>			
Non-current Assets			
Fixed Assets			
Tangible Assets	12	60,111.29	50,157.86
Intangible Assets	12	195.69	155.78
Capital Work-in-Progress		<u>12,665.95</u>	<u>9,503.43</u>
		<u>72,972.93</u>	<u>59,817.07</u>
Non-current Investments	13	12,118.89	4,428.11
Deferred Tax Assets (Net)	14	122.66	146.85
Long-term Loan and Advances	15	1,350.83	2,570.33
Other Non-current Assets	16	<u>7.32</u>	<u>10.17</u>
		<u>86,572.63</u>	<u>66,972.53</u>
Current Assets			
Current Investments	17	12,841.28	18,093.02
Inventories	18	103,745.08	90,575.05
Trade Receivables	19	45,739.09	33,898.35
Cash and Bank Balances	20	1,896.00	4,807.24
Short-term Loans and Advances	21	17,302.14	12,279.62
Other Current Assets	22	<u>3,596.50</u>	<u>2,382.75</u>
		<u>185,120.09</u>	<u>162,036.03</u>
Total		<u>271,692.72</u>	<u>229,008.56</u>

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

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

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

(Pinaki Chowdhury)
Partner
Membership No. 57572
Kolkata - 11th May, 2012

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

**CONSOLIDATED PROFIT AND LOSS STATEMENT of
Graphite India Limited and its subsidiaries for the year ended 31st March, 2012**

		(Rs. in Lakhs)	
	Note	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue From Operations (Gross)		198,363.50	150,132.57
Less: Excise Duty		<u>7,118.80</u>	<u>5,743.88</u>
Revenue From Operations (Net)		191,244.70	144,388.69
Other Income	23	<u>3,813.42</u>	<u>3,447.38</u>
Total Revenue		<u>195,058.12</u>	<u>147,836.07</u>
Expenses			
Cost of Materials Consumed		75,059.84	66,344.31
Changes in Inventories of Finished Goods, Work-in-Progress and Trading Items	24	2,477.44	(12,862.55)
Employee Benefits Expense	25	15,597.82	13,068.11
Finance Costs	26	1,863.03	864.55
Depreciation and Amortisation Expense	27	4,874.38	4,862.30
Other Expenses	28	65,808.17	46,919.23
Total Expenses		<u>165,680.68</u>	<u>119,195.95</u>
Profit before Exceptional Item and Tax		29,377.44	28,640.12
Exceptional Item (Gain) / Loss (Refer Note 33)		<u>(340.72)</u>	<u>1,273.09</u>
Profit before Tax		29,718.16	27,367.03
Tax Expense for the Current Year			
Current Tax		8,377.12	9,628.55
Deferred Tax - Charge / (Credit)		814.24	(1,187.27)
Tax Expense - Provision / (Write Back) relating to Earlier Years (Net)		<u>(721.38)</u>	<u>14.50</u>
Profit for the Year		<u>21,248.18</u>	<u>18,911.25</u>
Earnings per Equity Share [Nominal Value per Share Rs. 2/- (Previous Year - Rs. 2/-)]	29		
Basic (Rs.)		10.88	10.09
Basic before Exceptional Item (Rs.)		10.72	10.54
Diluted (Rs.)		10.88	9.68
Diluted before Exceptional Item (Rs.)		10.72	10.11
 The Notes are an integral part of these Consolidated Financial Statements.			
This is the Consolidated Profit and Loss Statement referred to in our report of even date.			
For PRICE WATERHOUSE Firm Registration Number - 301112E Chartered Accountants (Pinaki Chowdhury) Partner Membership No. 57572 Kolkata - 11th May, 2012			
	K. C. Parakh Sr. Vice President-Finance	B. Shiva Company Secretary	M. B. Gadgil Executive Director
			K. K. Bangur Chairman

**CONSOLIDATED CASH FLOW STATEMENT of Graphite India Limited
and its subsidiaries for the year ended 31st March, 2012**

	(Rs. in Lakhs)	
	<u>2011-2012</u>	<u>2010-2011</u>
A. Cash Flows from Operating Activities:		
Profit before Tax	29,718.16	27,367.03
Adjustments for:		
Depreciation and Amortisation Expense	4,874.38	4,862.30
Unrealised Exchange Differences	(145.73)	(751.13)
(Profit) / Loss on Disposal of Tangible Fixed Assets (Net)	57.93	(10.96)
Bad Debts / Advances Written Off	75.13	50.83
Provision for Doubtful Debts	73.87	9.33
Net Gain on Disposal of Non-current Investments	(35.97)	—
Net Gain on Disposal of Current Investments	(2,287.90)	(687.41)
Interest Income	(308.10)	(318.94)
Interest Expense	1,706.98	775.32
Goodwill Written Off	4.61	—
Provision for Doubtful Debts Written Back	(15.12)	(8.71)
Liabilities no Longer Required Written Back	(456.91)	(398.07)
Effect of changes in Foreign Currency Translation	363.29	339.53
Operating Profit Before Working Capital Changes	<u>33,624.62</u>	<u>31,229.12</u>
 Changes in Working Capital:		
Increase in Trade Payables	1,716.64	2,337.76
Increase in Provisions	378.78	314.21
Increase in Other Current Liabilities	152.58	2,024.58
Increase in Other Long-term Liabilities	96.30	49.82
Increase in Trade Receivables	(11,475.93)	(4,622.74)
Increase in Inventories	(13,170.03)	(18,667.28)
Increase in Loans and Advances	(4,916.20)	(1,380.25)
Increase in Other Current Assets	(1,214.02)	(1,577.50)
(Increase) / Decrease in Other Non-current Assets	2.98	(10.17)
Cash Generated from Operations	5,195.72	9,697.55
Taxes paid (net of refunds)	(7,920.37)	(7,692.49)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	<u>(2,724.65)</u>	<u>2,005.06</u>
 B. Cash Flows from Investing Activities:		
Purchase of Tangible / Intangible Assets	(13,486.53)	(9,753.65)
Proceeds on Disposal of Tangible Fixed Assets	27.84	55.73
Purchase of Long-term Investments	(8,677.31)	(5,122.74)
Sale of Long-term Investments	1,022.50	3,338.95
Purchase of Current Investments	(14,944.43)	(55,142.78)
Redemption of Current Investments	22,484.07	54,050.94
Interest Received	308.24	586.73
NET CASH USED IN INVESTING ACTIVITIES	<u>(13,265.62)</u>	<u>(11,986.82)</u>

**CONSOLIDATED CASH FLOW STATEMENT of Graphite India Limited
and its subsidiaries for the year ended 31st March, 2012**

	(Rs. in Lakhs)		
	<u>2011-2012</u>	<u>2010-2011</u>	
C. Cash Flows from Financing Activities:			
Dividends Paid	(6,796.16)	(6,376.63)	
Dividend Tax Paid	(1,109.32)	(1,066.36)	
Interest Paid	(1,919.75)	(858.03)	
Proceeds from Borrowings			
Long-term	6,788.68	6,821.06	
Short-term	34,691.57	13,704.88	
Repayment of Borrowings			
Long-term	(396.22)	(455.27)	
Short-term	(18,340.66)	(5,024.91)	
NET CASH FROM FINANCING ACTIVITIES	<u>12,918.14</u>	<u>6,744.74</u>	
D. Exchange Differences on Translation of Foreign Currency			
Cash and Cash Equivalents	137.14	21.03	
Net Cash Inflow / (Outflow)	(2,934.99)	(3,215.99)	
Cash and Cash Equivalents - Opening	4,804.45	8,020.44	
Cash and Cash Equivalents - Closing	<u>1,869.46</u>	<u>4,804.45</u>	
	<u>(2,934.99)</u>	<u>(3,215.99)</u>	
<u>Cash and Cash Equivalents comprise of:</u>			
Cash on hand	25.04	24.41	
Cheques, Drafts on hand	—	108.55	
Balances with Banks*	1,707.28	2,150.46	
Fixed Deposits with Maturity of Less than Three Months	—	2,500.00	
Effect of Exchange Differences on Balances with Banks in Foreign Currency	137.14	21.03	
Total	<u>1,869.46</u>	<u>4,804.45</u>	
* Includes the following balances which are not available for use by the Company			
Unpaid Dividend Accounts	226.21	184.22	
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 or rearranged, wherever necessary. Also refer Note 43 to the Consolidated Financial Statements.			
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 : 11th May, 2012	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. 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. CHANGE IN ACCOUNTING POLICY

The Group has exercised the option as set out in paragraph 46A of the Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates' (AS 11), pursuant to the Notification dated 29th December, 2011. Accordingly, exchange differences arising on restatement of long-term foreign currency loans obtained for the purpose of acquisition of depreciable capital assets, which were until now being recognised in the Profit and Loss Statement, is adjusted in the cost of depreciable asset, which would be depreciated over the balance life of the asset.[Refer Note 1(G) below]

Had the Group continued to follow the earlier accounting policy, net loss on foreign currency transactions / translation would have been higher by Rs. 1,665.98 Lakhs and depreciation on tangible fixed assets would have been lower by Rs.5.87 Lakhs, with corresponding decrease in profit before tax for the year by Rs. 1,660.11 Lakhs. Also, Net Block of Tangible Fixed Assets and Capital Work-in-Progress relating to Graphite and Carbon Segment as at 31st March, 2012 would have been lower by Rs. 898.93 Lakhs and Rs. 761.18 Lakhs respectively.

C. FIXED ASSETS:

(a) Fixed Assets (comprising both tangible and intangible assets) are stated at cost of acquisition including taxes, duties, freight and other incidental expenses related to acquisition and installation and inclusive of borrowing cost, where applicable, and adjustments for exchange differences referred to in Note 1(G) below. Pre-operative expenses for major projects are also capitalised, where appropriate.

Subsequent expenditure related to an item of fixed assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

(b) Depreciation includes amortisation. Depreciation on tangible fixed assets including those utilised in Research and Development activities, is provided on straight-line basis in accordance with Schedule XIV to the Companies Act, 1956. 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 is provided on straight-line basis. The assets acquired from the insolvency administrator are depreciated assuming remaining life of assets to be seven years for plant and equipment, office equipment, furniture and fixtures and ten years for buildings. Other assets are depreciated according to the local fiscal regulation.

(c) Machinery Spares, which are irregular in use and associated with particular asset, are treated as fixed asset and the cost is amortised over its utility period.

(d) 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).

D. INVESTMENTS:

(a) 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 stated at cost less write down for any diminution, other than temporary, in carrying value. Current Investments are stated at lower of cost and fair value. Fair value is determined on the basis of realisable or market value.

(b) Earnings from Investments, where appropriate, are accrued or taken into revenue in full on declaration or receipts.

E. 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.

F. GOODWILL ON CONSOLIDATION

Goodwill arising on consolidation is carried at cost.

G. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the exchange rate prevailing on the Balance Sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of transactions.

With regard to long-term foreign currency monetary items obtained for the purpose of acquisition of depreciable capital assets, exchange differences are adjusted in the cost of depreciable asset, which would be depreciated over the balance life of the asset and in other cases, such difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account and amortised over the balance period of such long-term asset/liability.

Exchange differences arising on settlement of transactions and/or restatements of all other monetary items are recognised in the Profit and Loss Statement.

H. DERIVATIVE INSTRUMENTS

The Group uses derivative financial instruments such as forward exchange contracts, currency swaps etc. to hedge its risks associated with foreign currency fluctuations relating to the underlying transactions, highly probable forecast transactions and firm commitments. In respect of Forward Exchange Contracts, covered under AS11, the premium or discount arising at the inception of such contracts is amortised as expense or income over the life of contract.

Other derivative contracts outstanding at the Balance Sheet date are marked to market and resulting loss, if any, is provided for in the financial statements.

Any profit or losses arising on cancellation of instruments are recognised as income or expenses for the period.

I. REVENUE

Revenue is recognised on completion of sale of goods and rendering of services. Sales are inclusive of excise duty less discounts as applicable. Export entitlements are recognised after completion of related exports on prudent basis.

J. CONSTRUCTION CONTRACTS

Revenue in respect of construction contracts is recognised on the basis of percentage of completion method. Stages of completion are determined based on completion of a physical proportion of the contract work. Anticipated loss on such contracts is provided for in the period of incurrence.

K. 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.

L. RESEARCH AND DEVELOPMENT EXPENDITURE (R & D)

Revenue expenditure on R & D is expensed in the period in which it is incurred. Capital expenditure on R & D is capitalised.

M. 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 expense for the year.

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.

N. PROVISIONS AND CONTINGENT LIABILITIES

The Group recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or a present obligation where reliable estimate of which can not be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

O. 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 Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Parent Company will pay normal income tax 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 Parent Company will pay normal income tax during the specified period.

P. 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 Companies Act, 1956 of India (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, 2012

	(Rs. in Lakhs)	
	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
2. Share Capital		
Authorised		
200,000,000 (Previous Year - 200,000,000) Equity Shares of Rs. 2/- each	<u>4,000.00</u>	<u>4,000.00</u>
Issued, Subscribed and Paid-up		
195,375,594 (Previous Year - 195,375,594) Equity Shares of Rs. 2/- each Fully Paid-up	3,907.51	3,907.51
Add : Forfeited Shares	0.17	0.17
	<u>3,907.68</u>	<u>3,907.68</u>
2.1 Reconciliation of the Number of Equity Shares	Number of Shares	Number of Shares
Number of Equity Shares at the Beginning of the Year	195,375,594	171,510,110
Add: Equity Shares Allotted on Conversion of Foreign Currency Convertible Bonds (FCCB)	—	<u>23,865,484</u>
Number of Equity Shares at the End of the Year	<u>195,375,594</u>	<u>195,375,594</u>
2.2 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.	19,888,336	19,888,336

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	(Rs. in Lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
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		
Balance as at the Beginning of the Year	20,097.65	7,374.96
Add: Adjustment upon Conversion of FCCBs into Equity Shares	—	12,722.69
	<u>20,097.65</u>	<u>20,097.65</u>
Debenture Redemption Reserve		
Balance as at the Beginning of the Year	—	6,804.06
Less: Transferred to Surplus in Consolidated Profit and Loss Statement during the Year	—	(6,804.06)
	<u>—</u>	<u>—</u>
Reserve Fund		
Balance as at the Beginning of the Year	216.30	190.30
Add: Transferred from Surplus in Consolidated Profit and Loss Statement during the Year (Note 3.1 below)	12.08	26.00
	<u>228.38</u>	<u>216.30</u>
General Reserve		
Balance as at the Beginning of the Year	99,076.20	89,076.20
Add: Transferred from Surplus in Consolidated Profit and Loss Statement during the Year	10,000.00	10,000.00
	<u>109,076.20</u>	<u>99,076.20</u>
Foreign Currency Translation Adjustment Account		
Balance as at the Beginning of the Year	(98.63)	(324.35)
Add: Adjustment for the Year	424.03	225.72
Less: Transferred to Consolidated Profit and Loss Statement during the Year	340.72	—
	<u>(15.32)</u>	<u>(98.63)</u>
Surplus in Consolidated Profit and Loss Statement		
Balance as at the Beginning of the Year	28,367.61	21,112.78
Add: Transferred from Consolidated Profit and Loss Statement during the Year	21,248.18	18,911.25
Add: Transferred from Debenture Redemption Reserve	—	6,804.06
Amount Available for Appropriation	49,615.79	46,828.09
Less : Appropriations		
Transfer to General Reserve	10,000.00	10,000.00
Transfer to Reserve Fund	12.08	26.00
Dividend Paid on Equity Shares (Note 3.2 below)	—	417.65
Proposed Dividend on Equity Shares [Rs. 3.50 per Share (Previous Year - Rs. 3.50 per Share)]	6,838.15	6,838.15
Dividend Tax	1,109.32	1,178.68
	<u>31,656.24</u>	<u>28,367.61</u>
	<u>161,664.01</u>	<u>148,279.99</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 dividend paid in respect of 11,932,742 Equity Shares of Rs. 2/- each allotted on conversion of Foreign Currency Convertible Bonds before the book closure date but after 31st March, 2010 as indicated in Note 2.1 above.

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	(Rs. in Lakhs)	
	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
4. Long-term Borrowings		
Secured		
Term Loans		
From Banks	15,736.38	7,457.22
From Others	26.62	—
	<u>15,763.00</u>	<u>7,457.22</u>
5. Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation	7,643.91	6,867.95
Deferred Tax Assets		
Expenses Allowable for Tax Purpose on Payment	249.07	186.55
Provision for Doubtful Debts	61.91	42.90
Unamortised Expenditure Allowable for Tax Purpose in Subsequent Years	250.63	336.03
	<u>561.61</u>	<u>565.48</u>
	<u>7,082.30</u>	<u>6,302.47</u>
6. Other Long-term Liabilities		
Trade Payables	145.42	49.82
Security Deposits	0.70	—
	<u>146.12</u>	<u>49.82</u>
7. Long-term Provisions		
Provisions for Employee Benefits	182.62	136.72
	<u>182.62</u>	<u>136.72</u>
8. Short-term Borrowings		
Secured		
Loans Repayable on Demand from Banks	31,029.12	19,768.10
Unsecured		
Loans Repayable on Demand from Banks	12,545.06	6,499.06
	<u>43,574.18</u>	<u>26,267.16</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	(Rs. in Lakhs)	
	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
9. Trade Payables		
Trade Payables		
Acceptances	3,771.32	3,346.16
Sundry Creditors	14,917.51	13,665.82
	<u>18,688.83</u>	<u>17,011.98</u>
10. Other Current Liabilities		
Current Maturities of Long-term Debt	419.66	380.36
Interest Accrued but not Due on Borrowings	226.26	74.55
Unpaid Dividends	226.21	184.22
Unpaid Interest on Matured Deposits	—	0.02
Other Payables		
Dues payable to Government Authorities	2,478.30	2,121.71
Capital Liabilities	1,620.29	898.55
Advance from Customers	438.25	1,220.65
Deposits	54.43	49.51
Claims / Charges Payable	455.92	375.75
Employee Benefits Payable	1,819.63	1,676.69
Fractional Entitlement Due for Refund to Shareholders	9.29	9.32
Remuneration Payable to Non-Executive Director	292.00	262.00
	<u>8,040.24</u>	<u>7,253.33</u>
11. Short-term Provisions		
Provisions for Employee Benefits	974.75	642.27
Other Provisions		
Current Tax (Net of Advance Tax)	3,713.33	3,671.62
Wealth Tax (Net of Advance Tax)	8.19	7.79
Fringe Benefit Tax	—	73.04
Proposed Dividend	6,838.15	6,838.15
Tax on Dividend	1,109.32	1,109.32
	<u>12,643.74</u>	<u>12,342.19</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

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, 2011	Addition/ Adjustments during the Year	Adjustments during the year Borrowing Cost	Exchange Differences [Refer Note 1(B) above]	Disposals/ Adjustments during the Year	As at 31st March, 2012	Up to 31st March, 2011	For the Year	On Disposals/ Adjustments	Up to 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Tangible Assets												
Freehold Land	2,669.57	33.94	—	—	0.02	2,703.49	—	—	—	—	2,703.49	2,669.57
Leasehold Land	108.60	0.59	—	—	—	109.19	30.91	1.58	—	32.49	76.70	77.69
Buildings	18,458.40	3,412.12	89.43	260.63	—	22,220.58	5,406.14	556.74	(10.33)	5,973.21	16,247.37	13,052.26
Plant and Equipment	78,665.95	10,208.67	224.13	644.17	234.79	89,508.13	45,124.43	4,091.37	(222.04)	49,437.84	40,070.29	33,541.52
						(Note 12.2 below)					(Note 12.2 below)	
Furniture and Fixtures	646.00	15.39	—	—	9.56	651.83	466.78	26.57	8.24	485.11	166.72	179.22
Vehicles	695.98	300.77	—	—	89.88	906.87	373.95	73.38	65.20	382.13	524.74	322.03
Office Equipment	1,314.26	148.78	—	—	23.70	1,439.34	999.23	98.81	(19.86)	1,117.90	321.44	315.03
Machinery Spares	68.19	—	—	—	—	68.19	67.65	—	—	67.65	0.54	0.54
Total	102,626.95	14,120.26	313.56	904.80	357.95	117,607.62	52,469.09	4,848.45	(178.79)	57,496.33	60,111.29	50,157.86
Previous Year	99,981.59	2,942.55	—	—	297.19	102,626.95	47,668.70	4,806.85	6.46	52,469.09	50,157.86	
Intangible Assets												
Goodwill (arising on consolidation)	67.75	—	—	—	4.61	63.14	—	—	—	—	63.14	67.75
Patent (Note 12.5 below)	6.33	0.49	—	—	—	6.82	6.33	—	(0.49)	6.82	—	—
Trademark (Note 12.5 below)	31.67	2.46	—	—	—	34.13	31.67	—	(2.46)	34.13	—	—
Computer Software - Acquired (Note 12.5 below)	353.44	73.71	—	—	—	427.15	265.41	25.93	(3.26)	294.60	132.55	88.03
Total	459.19	76.66	—	—	4.61	531.24	303.41	25.93	(6.21)	335.55	195.69	155.78
Previous Year	442.23	16.96	—	—	—	459.19	244.46	55.45	(3.50)	303.41	155.78	
Grand Total	103,086.14	14,196.92	313.56	904.80	362.56	118,138.86	52,772.50	4,874.38	(185.00)	57,831.88	60,306.98	50,313.64
						(Note 12.3 below)					(Note 12.4 below)	
Previous Year	100,423.82	2,959.51	—	—	297.19	103,086.14	47,913.16	4,862.30	2.96	52,772.50	50,313.64	

12.2 Gross Block as at 31st March, 2012 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, 2012 is Rs. 226.65 Lakhs (Previous Year - Rs. 260.87 Lakhs)

12.3 Includes Rs. 790.22 Lakhs (Previous Year - Rs. 452.54 Lakhs) in respect of Tangible Assets and Rs. 8.94 Lakhs (Previous Year - Rs. 4.38 Lakhs) in respect of Intangible Assets on account of foreign exchange adjustment arising on consolidation of foreign subsidiaries.

12.4 Net of Rs. 450.98 Lakhs (Previous Year - Rs. 245.97 Lakhs) in respect of Tangible Assets and Rs. 6.19 Lakhs (Previous Year - Rs. 3.49 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. 132.02 Lakhs (Previous Year - Rs. Nil) transferred from Capital Work-in-Progress.

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	(Rs. in Lakhs)	
	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
13. Non-current Investments		
Long-term (Valued at Cost)		
Fully Paid-up Equity Shares in a company [Refer Note 31 (iv)]	247.66	247.66
Fully Paid-up Redeemable Preference Shares in a company [Refer Note 31 (iv)]	312.34	312.34
In Government Securities		
6 Year National Savings Certificate (Deposited with Sales Tax Authority)	0.06	0.06
In Bonds	3,410.33	2,020.70
In Units of Mutual Funds	8,148.50	1,847.35
	<u>12,118.89</u>	<u>4,428.11</u>
Aggregate Amount of Quoted Investments	3,410.33	2,020.70
Market Value of Quoted Investments	3,757.04	—
Aggregate Amount of Unquoted Investments	8,708.56	2,407.41
Net Asset Value of Units of Mutual Funds	<u>8,391.03</u>	<u>1,870.16</u>
14. Deferred Tax Assets		
Pertaining to foreign subsidiaries on account of carried forward tax benefit	122.66	146.85
	<u>122.66</u>	<u>146.85</u>
14.1 Deferred Tax Assets includes Rs. 10.22 Lakhs (Previous Year - Rs. 7.15 Lakhs) on account of exchange fluctuations due to restatement		
15. Long-term Loans and Advances		
Unsecured, Considered Good:		
Capital Advances	379.28	1,708.69
Security Deposits	842.46	766.54
Loan to Related Party		
Housing Loan to Executive Director	6.00	—
Other Loans and Advances		
Loans to Employees	109.32	79.75
Prepaid Expenses	13.77	15.35
	<u>1,350.83</u>	<u>2,570.33</u>
16. Other Non-current Assets		
Unsecured, Considered Good:		
Fixed Deposits with Banks with Maturity of More than Twelve Months (Lodged with Government Authority / Others)	6.57	9.55
Accrued Interest on Fixed Deposits	0.75	0.62
	<u>7.32</u>	<u>10.17</u>
17. Current Investments		
(At Lower of Cost and Fair Value)		
In Units of Mutual Funds	12,841.28	18,093.02
	<u>12,841.28</u>	<u>18,093.02</u>
Aggregate Amount of Unquoted Investments	12,841.28	18,093.02
Net Asset Value of Units of Mutual Funds	<u>13,123.32</u>	<u>19,136.64</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	(Rs. in Lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
18. Inventories		
- At Lower of Cost and Net Realisable Value		
Raw Materials	50,415.61	35,045.47
Work-in-Progress	41,193.40	39,141.64
Finished Goods	9,950.92	14,473.33
Stores and Spares	2,116.79	1,840.73
Loose Tools	68.36	67.09
Trading Items	—	6.79
	<u>103,745.08</u>	<u>90,575.05</u>
19. Trade Receivables		
Unsecured		
Debts Outstanding for a Period Exceeding Six Months from the Date they are Due for Payment-		
Considered Good	1,138.89	592.70
Considered Doubtful	190.97	132.22
	<u>1,329.86</u>	<u>724.92</u>
Less: Provision for Doubtful Debts	(190.97)	(132.22)
	<u>1,138.89</u>	<u>592.70</u>
Other Debts -		
Considered Good	44,600.20	33,305.65
	<u>45,739.09</u>	<u>33,898.35</u>
20. Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks		
In Current Accounts	1,618.21	1,987.27
In Fixed Deposit Accounts (with Maturity of Less than Three Months)	—	2,500.00
Unpaid Dividend Accounts @	226.21	184.22
Cheques, Drafts on Hand	—	108.55
Cash on Hand	25.04	24.41
	<u>1,869.46</u>	<u>4,804.45</u>
Other Bank Balances		
Fixed Deposit Accounts (with Maturity of More than Three Months but Less than Twelve Months)	26.54	2.79
(Lodged with Government Authority / Others)		
	<u>1,896.00</u>	<u>4,807.24</u>
@ Earmarked for payment of Unclaimed Dividend.		
21. Short-term Loans And Advances		
Unsecured, Considered Good:		
Loan to Related Party		
Housing Loan to Executive Director	4.80	—
Others		
Advance / Deposits with Government Authorities	15,166.21	10,851.90
Advance Income Tax (Net of Provision)	239.98	—
Advance to Suppliers / Service Providers	1,217.64	746.92
Prepaid / Advance for Expenses	323.56	346.01
Loans to Employees	92.88	67.89
Claims Receivable / Charges Recoverable	212.51	180.71
Security Deposits	44.56	86.19
	<u>17,302.14</u>	<u>12,279.62</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	(Rs. in Lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
22. Other Current Assets		
Unsecured, Considered Good:		
Accrued Interest on Deposit		
with Banks	1.55	10.40
with Others	4.47	7.64
Accrued Interest on Investments	11.75	—
Export Incentive Receivable	3,574.28	2,353.10
Unamortised Premium on Forward Contracts	4.45	11.61
	<u>3,596.50</u>	<u>2,382.75</u>

	(Rs. in Lakhs)	
	Year ended 31st March, 2012	Year ended 31st March, 2011
23. Other Income		
Interest Income		
On Loans and Deposits	28.43	34.21
On Long-term Investments	25.09	—
From Customers	205.31	125.66
From Income Tax Authority	49.27	159.07
Net Gain on Disposal of Current Investments	2,287.90	687.41
Net Gain on Disposal of Non-current Investments	35.97	—
Liabilities No Longer Required Written Back	456.91	398.07
Provision for Doubtful Debts Written Back	15.12	8.71
Profit on Disposal of Tangible Fixed Assets [Net of Loss on Disposal of Tangible Fixed Assets Rs. Nil (Previous Year - Rs. 30.71 Lakhs)]	—	10.96
Net Gain on Foreign Currency Transactions and Translation	—	1,260.85
Other Non-operating Income	709.42	762.44
	<u>3,813.42</u>	<u>3,447.38</u>

24. Changes in Inventories of Finished Goods, Work-in-Progress and Trading Items

Finished Goods		
Closing Stock	9,950.92	14,473.33
Deduct: Opening Stock	14,473.33	10,511.60
	<u>4,522.41</u>	<u>(3,961.73)</u>
Work-in-Progress		
Closing Stock	41,193.40	39,141.64
Deduct: Opening Stock	39,141.64	29,333.33
	<u>(2,051.76)</u>	<u>(9,808.31)</u>
Trading Items		
Closing Stock	—	6.79
Deduct: Opening Stock	6.79	914.28
	<u>6.79</u>	<u>907.49</u>
	<u>2,477.44</u>	<u>(12,862.55)</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	(Rs. in Lakhs)	
	Year ended 31st March, 2012	Year ended 31st March, 2011
25. Employee Benefits Expense		
Salaries and Wages	13,099.53	11,023.59
Contribution to Provident and Other Funds	1,788.33	1,473.26
Staff Welfare Expenses	709.96	571.26
	<u>15,597.82</u>	<u>13,068.11</u>
26. Finance Costs		
Interest Expense on		
Borrowings from Banks	1,843.56	669.29
Debentures / Bonds	—	0.54
Others	227.88	115.10
Other Borrowing Costs	186.82	388.20
	<u>2,258.26</u>	<u>1,173.13</u>
Less: Interest and Other Borrowing Costs Capitalised	395.23	308.58
	<u>1,863.03</u>	<u>864.55</u>
27. Depreciation and Amortisation Expense		
Depreciation on Fixed Assets	4,846.87	4,805.40
Amortisation of Leasehold Land	1.58	1.45
Amortisation of Intangible Assets	25.93	55.45
	<u>4,874.38</u>	<u>4,862.30</u>
28. Other Expenses		
Consumption of Stores and Spare Parts	13,280.58	10,090.46
Power and Fuel	30,980.88	21,696.46
Rent	292.61	272.75
Repairs to Buildings	400.58	327.20
Repairs to Machinery	2,096.77	1,460.95
Repairs to Others	267.15	238.40
Insurance	718.69	589.13
Rates and Taxes	348.91	313.93
Freight and Transport	5,593.24	3,471.97
Commission to Selling Agents	2,764.64	1,990.25
Travelling and Conveyance	582.50	592.48
Directors' Remuneration (Other than Executive Director)	302.85	277.64
Excise Duty on Stocks etc. - Charge / (Credit)	19.96	(146.32)
Bad Debts / Advances Written Off	75.13	50.83
Provision for Doubtful Debts	73.87	9.33
Processing Charges	399.56	306.83
Contractors' Labour Charges	3,543.12	1,843.02
Loss on Disposal of Tangible Fixed Assets [Net of Profit on Disposal of Tangible Fixed Assets Rs.7.40 Lakhs (Previous Year - Rs. Nil)]	57.93	—
Net Loss on Foreign Currency Transactions and Translation	645.20	—
Miscellaneous Expenditure	3,364.00	3,533.92
	<u>65,808.17</u>	<u>46,919.23</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	(Rs. in Lakhs)	
	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
29. Earnings Per Share		
(A) Basic		
(i) Number of Equity Shares at the Beginning of the Year	195,375,594	171,510,110
(ii) Number of Equity Shares at the End of the Year	195,375,594	195,375,594
(iii) Weighted Average Number of Equity Shares Outstanding during the Year	195,375,594	187,424,792
(iv) Face Value of Each Equity Share (Rs.)	2.00	2.00
(v) Profit after Tax Available for Equity Shareholders	21,248.18	18,911.25
(vi) Basic Earnings per Share (Rs.)[(v)/(iii)]	10.88	10.09
(vii) Profit after Tax Available for Equity Shareholders (Before Exceptional Item) (Refer Note 29.1 below)	20,948.78	19,761.45
(viii) Basic Earnings per Share Before Exceptional Item (Rs.) [(vii)/(iii)]	10.72	10.54
(B) Diluted		
(i) Weighted Average Number of Dilutive Potential Equity Shares resulting from Exercise of Options Outstanding During the Year	—	7,950,802
(ii) Aggregate of A(iii) and B(i)	195,375,594	195,375,594
(iii) Face Value of Each Equity Share (Rs.)	2.00	2.00
(iv) Adjusted Profit after Tax (Refer Note 29.2 below)	21,248.18	18,911.61
(v) Diluted Earnings per Share (Rs.)[(iv)/(ii)]	10.88	9.68
(vi) Adjusted Profit after Tax Available for Equity Shareholders (Before Exceptional Item) (Refer Note 29.3 below)	20,948.78	19,761.81
(vii) Diluted Earnings per Share Before Exceptional Item (Rs.)[(vi)/(ii)]	10.72	10.11
29.1 Profit after Tax (Before Exceptional Item):		
Profit after Tax	21,248.18	18,911.25
Add: Payment under Voluntary Retirement Scheme (Net of Tax)	—	850.20
Less: Exchange Difference arising out of Disposal of Subsidiary (Net of Tax)	(299.40)	—
	<u>20,948.78</u>	<u>19,761.45</u>
29.2 Adjusted Profit after Tax:		
Profit after Tax	21,248.18	18,911.25
Add: Interest Expense (Net of Tax)	—	0.36
	<u>21,248.18</u>	<u>18,911.61</u>
29.3 Adjusted Profit after Tax (Before Exceptional Item):		
Adjusted Profit after Tax	21,248.18	18,911.61
Add: Payment under Voluntary Retirement Scheme (Net of Tax)	—	850.20
Less: Exchange Difference arising out of Disposal of Subsidiary (Net of Tax)	(299.40)	—
	<u>20,948.78</u>	<u>19,761.81</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

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.	The Netherlands
Carbon International Holdings N.V. - (Up to 13th March,2012)	Curacao
Bavaria Electrode GmbH	Germany
Bavaria Carbon Holdings GmbH	Germany
Bavaria Carbon Specialities GmbH	Germany
Graphite Cova GmbH	Germany

(Rs. in Lakhs)

<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
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31. Commitments -

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1291.49	5728.63
(ii) Export obligations under EPCG Licenses	2561.97	6638.33
(iii) Export obligation against Advance Licenses	167.29	440.77

- (iv) The Parent Company has entered into a Power Delivery Agreement 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 another related agreement 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 are required to subscribe 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.

32. Contingent Liabilities -

(Rs.in Lakhs)

<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
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(I) Claims not acknowledged as debts:		
(i) Disputed Income Tax	—	1.69
(ii) Disputed Excise Duty	567.54	394.01
(iii) Disputed Customs Duty	1004.47	1060.75
(iv) Disputed Service Tax	256.35	218.23
(v) Disputed Sales Tax	524.34	506.32
(vi) Disputed Entry Tax	267.28	246.04
(vii) Labour Related and Others Matters	355.70	295.79
(II) Potential Obligation under Public Law of Germany in respect of environment	1635.59	1517.65

33. Exceptional item for the current year represents cumulative amount of exchange difference arising out of disposal of a subsidiary and that for the previous year represents Payments under Voluntary Retirement Scheme.

34. 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, 2012

35. Particulars relating to Construction Contracts -	(Rs. in Lakhs)	
	<u>2011-12</u>	<u>2010-11</u>
(a) Contract revenues recognised as revenue	4273.07	1473.69
	As at 31st March, 2012	As at 31st March, 2011
(b) Other information relating to Contract Work-in-Progress		
i) Aggregate amount of cost incurred and recognised profits less recognised losses	5653.78	4763.67
ii) The amount of customer advances	99.57	202.92
iii) The amount of retentions due from customers	28.07	92.80
iv) Gross amount due from customers for contract work as an asset	666.10	681.47
v) Gross amount due to customers for contract work as a liability	2.39	—

36. The Parent Company has disposed of its entire shareholding in Carbon International Holdings N.V. (CINV), a wholly owned subsidiary on 14th March, 2012 at a consideration of Rs. 3,018.09 Lakhs.

(a) The effect of such disposal on the Consolidated Financial Statements is as under :

	<u>1st April, 2011 to 13th March, 2012</u>	Year ended 31st March, 2011
Income		
Revenue from Operations	49.02	2.01
Other Income	117.23	101.80
Total Revenue	<u>166.25</u>	<u>103.81</u>
Expenditure		
Changes in Inventories of Finished Goods and Work-in-Progress	6.79	0.01
Other Expenses	23.23	9.49
Total Expenses	<u>30.02</u>	<u>9.50</u>
Profit before Tax for the period / year	136.23	94.31
Tax Expense – Current Tax	1.66	3.24
Profit for the period/ year	<u>134.57</u>	<u>91.07</u>

	<u>As at 13th March, 2012</u>	As at 31st March, 2011
Equity and Liabilities		
Shareholders' Funds		
Share Capital	65.74	63.31
Reserves and Surplus	2,952.35	2,714.40
Current Liabilities		
Trade Payables	16.21	3.96
Dues payable to Government Authorities	—	5.22
Short-term Provisions	5.06	3.38
Total	<u>3,039.36</u>	<u>2,790.27</u>
Assets		
Current Assets		
Inventories	—	6.79
Trade Receivables	—	2.52
Cash and Bank Balances	3,039.36	93.35
Short-term Loans and Advances	—	2,627.37
Other Current Assets	—	60.24
Total	<u>3,039.36</u>	<u>2,790.27</u>

(b) Balance of Foreign Currency Translation Adjustment Account Rs. 340.72 Lakhs relating to CINV has been transferred to Consolidated Profit and Loss Statement for the year ended 31st March, 2012. Also refer Note 33.

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

37. Employee Benefits:

(I) Post Employment Defined Benefit Plans:

(A) Gratuity

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(M)(b) above, based upon which, the Parent Company makes contributions to the Employees' Gratuity Funds.

(B) Provident Fund

Certain employees of the Parent Company receive provident fund benefits, which are administered by the Provident Fund Trusts set up by the Parent Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Parent Company make monthly contributions at specified percentage of the employee's salary to such Provident Fund Trusts. The Parent Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time.

In terms of the Guidance on implementing Accounting Standard-15 (AS-15) on 'Employee Benefits' issued by the Accounting Standards Board of The Institute of Chartered Accountants of India (ICAI), a provident fund set up by the Parent Company is a defined benefit plan in view of the Parent Company's obligation to meet shortfall, if any, on account of interest.

Unlike previous year, consequent upon issuance of Guidance Note by The Institute of Actuaries of India in 2011-12, actuarial valuation of the provident fund as at the year-end has been done under the Projected Unit Credit Method and the resultant charge / gain has been recognised in the accounts. Information pertaining to the year required to be considered as per AS-15 in this regard is also disclosed. However, in the absence of a Guidance Note from The Institute of Actuaries of India in earlier years, such exercise was not carried out and the related information has not been disclosed in respect of earlier years.

(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 Defined Benefit Plans of the Group for the year ended 31st March, 2012:

	(Rs. in Lakhs)	
	<u>2011-12</u>	<u>2010-11</u>
GRATUITY FUND (Funded)		
(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	1344.64	1565.39
Current Service Cost	100.37	84.31
Interest Cost	108.91	104.57
Actuarial (Gains) / Losses	194.52	168.86
Benefits Paid	<u>(126.69)</u>	<u>(578.49)</u>
Present Value of Obligation at the end of the year	<u>1621.75</u>	<u>1344.64</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	1334.98	1533.09
Expected Return on Plan Assets	106.80	122.65
Actuarial Gains / (Losses)	17.39	(0.36)
Contributions	97.03	258.09
Benefits Paid	<u>(126.69)</u>	<u>(578.49)</u>
Fair Value of Plan Assets at the end of the year	<u>1429.51</u>	<u>1334.98</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	(Rs. in Lakhs)				
	<u>2011-12</u>	<u>2010-11</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	1621.75	1344.64			
Fair Value of Plan Assets at the end of the year	1429.51	1334.98			
Assets/(Liabilities) recognised in the Balance Sheet	(192.24)	(9.66)			
(d) Expense recognised in the Profit and Loss Statement:					
Current Service Cost	100.37	84.31			
Interest Cost	108.91	104.57			
Expected Return on Plan Assets	(106.80)	(122.65)			
Actuarial (Gains)/ Losses	177.13	169.22			
Total Expense recognised	279.61	235.45			
(e) Category of Plan Assets:					
Fund with LIC	1426.81	1332.30			
Others (including bank balances)	2.70	2.68			
Total	1429.51	1334.98			
(f) Actual Return on Plan Assets	124.19	122.29			
(g) Principal Actuarial Assumptions:					
Discount Rate	8.50%	8.00%			
Salary Escalation	6.00%	5.00%			
Inflation Rate	6.00%	5.00%			
Expected Return on Asset	8.00%	8.00%			
(h) Other Disclosures:	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Present Value of Obligation at the end of the year	1621.75	1344.64	1565.39	1686.02	1577.53
Fair Value of Plan Assets at the end of the year	1429.51	1334.98	1533.09	1613.39	1417.70
Surplus/(Deficit) at the end of the year	(192.24)	(9.66)	(32.30)	(72.63)	(159.83)
Experience Adjustments on Plan Assets [Gain/(Loss)]	1.56	(0.36)	15.33	17.96	12.58
Experience Adjustments on Obligation [(Gain)/Loss]	203.06	184.41	0.93	(55.06)	160.16

PROVIDENT FUND (Funded)

	(Rs. in Lakhs)
	<u>2011-12</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	886.28
Current Service Cost*	82.96
Interest Cost	72.14
Actuarial (Gains) / Losses	1.20
Benefits Paid	(106.67)
Present Value of Obligation at the end of the year	935.91
(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	886.28
Expected Return on Plan Assets	74.63
Actuarial Gains/(Losses)	(7.08)
Contributions *	82.96
Benefits Paid	(106.67)
Fair Value of Plan Assets at the end of the year	930.12

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	(Rs. in Lakhs)	
	<u>2011-12</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		935.91
Fair Value of Plan Assets at the end of the year		930.12
Assets/(Liabilities) recognised in the Balance Sheet		<u>(5.79)</u>
(d) Expense recognised in the Profit and Loss Statement:		
Current Service Cost *		82.96
Interest Cost		72.14
Expected Return on Plan Assets		(74.63)
Actuarial (Gains)/Losses		8.28
Total		<u>88.75</u>
* Includes employees' statutory contributions, voluntary contributions etc.		
(e) Category of Plan Assets :		
Central Government Securities		215.23
State Government Securities		116.88
Bonds / Term Deposits		352.92
Special Deposit Schemes		204.81
Others (including bank balances)		40.28
Total		<u>930.12</u>
(f) Actual Return on Plan Assets		67.55
(g) Principal Actuarial Assumptions:		
Expected Return on Asset		8.17%/ 8.75%
Statutory Interest Rate		8.25%
(h) Other Disclosures:		
Present Value of Obligation at the end of the year		935.91
Fair Value of Plan Assets at the end of the year		930.12
Surplus/(Deficit) at the end of the year		(5.79)
Experience Adjustments on Plan Assets [Gain/(Loss)]		(7.08)
Experience Adjustments on Obligation [(Gain)/Loss]		1.20
PENSION (Unfunded)	<u>2011-12</u>	<u>2010-11</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	138.34	131.88
Exchange Rate Adjustment	11.94	6.15
Current Service Cost	3.71	3.69
Interest Cost	7.02	6.07
Actuarial (Gains) / Losses	23.77	(9.45)
Benefits Paid	—	—
Present Value of Obligation at the end of the year	<u>184.78</u>	<u>138.34</u>
(b) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets:		
Present Value of Obligation at the end of the year	184.78	138.34
Fair Value of Plan Assets at the end of the year	—	—
Assets/(Liabilities) recognised in the Balance Sheet	<u>(184.78)</u>	<u>(138.34)</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	(Rs. in Lakhs)				
	<u>2011-12</u>	<u>2010-11</u>			
(c) Expense recognised in the Profit and Loss Statement:					
Current Service Cost	3.71				3.69
Interest Cost	7.02				6.07
Expected Return on Plan Assets	—				—
Actuarial (Gains)/ Losses	<u>23.77</u>				<u>(9.45)</u>
Total Expense recognised	<u>34.50</u>				<u>0.31</u>
(d) Principal Actuarial Assumptions:					
Discount Rate	4.00%				4.90%
Salary Escalation	2.00%				2.00%
(e) Other Disclosures:	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Present Value of Obligation at the end of the year	184.78	138.34	131.88	109.15	108.39
Fair Value of Plan Assets at the end of the year	—	—	—	—	—
Surplus/(Deficit) at the end of the year	(184.78)	(138.34)	(131.88)	(109.15)	(108.39)
Experience Adjustments on Plan Assets [Gain/(Loss)]	—	—	—	—	—
Experience Adjustments on Obligation [(Gain)/Loss]	(3.48)	(3.13)	(4.63)	(5.33)	(2.69)

Notes:

(a) The expenses for the above mentioned benefits have been included and disclosed under the following line items:
Gratuity – under ‘Contribution to Provident and Other Funds’ in Note 25

Provident and Pension Fund – under ‘Contribution to Provident and Other Funds’ in Note 25, other than employees’ statutory contributions, voluntary contributions etc. which are recovered from their salaries, as included under ‘Salaries and Wages’ in Note 25.

(b) 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.

(c) 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.

(II) Post Employment Defined Contribution Plans

During the year an amount of Rs.1,439.06 Lakhs (Previous Year – Rs. 1,196.85 Lakhs) has been recognised as expenditure towards defined contribution plans of the Group.

38. Particulars of Operating Leases-

A. Cancellable

The Group has cancellable operating lease arrangements for certain accommodation with tenures of three years. 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.101.95 Lakhs (Previous Year - Rs. 99.94 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)	
	<u>2011-12</u>	<u>2010-11</u>
i. Not later than one year	13.09	119.69
ii. Later than one year but not later than five year	63.25	332.60
iii. Later than five years	2.72	—
Total	<u>79.06</u>	<u>452.29</u>

(b) The lease expenses recognised during the year amount to Rs.162.35 Lakhs (Previous Year – Rs.192.55 Lakhs).

39. Depreciation and Amortisation for the year and year-end accumulated depreciation includes Rs.814.97 Lakhs (Previous Year - Rs. 913.19 Lakhs) and Rs.6,789.58 Lakhs (Previous Year - Rs.5,522.66 Lakhs) respectively, computed by certain subsidiaries by applying different depreciation rates as indicated in Note 1(C)(b) above.

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

40. Segment Information

A. Primary Segment Reporting (by Business Segments)

i) Composition of Business Segments

The Group's operations predominantly relate to the following segments:

- a) Graphite and Carbon Segment, engaged in the production of Graphite Electrodes, Other Miscellaneous Carbon and Graphite Products,
- b) Power Segment engaged in generation of Power,
- c) Steel Segment engaged in production of High Speed Steel and Alloy Steel, and
- d) Other Segment, engaged in manufacturing of Impervious Graphite Equipment (IGE) and Glass Reinforced Pipes (GRP) and investing in shares and securities.

ii) Inter Segment Transfer Pricing

Inter Segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks.

iii) Segment Revenues, Results and Other Information as at/ for the year ended 31st March, 2012

	Graphite and Carbon		Power		Steel		Others		Total of Reportable Segments	
	2011-12 @	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue from Operations (Gross)										
External Sales	166,599.25	125,527.29	181.99	210.92	9,838.33	8,769.95	17,177.62	12,383.01	193,797.19	146,891.17
Inter Segment Sales	1,665.83	1,015.84	3,221.15	3,235.66	—	—	33.91	54.28	4,920.89	4,305.78
Other Operating Revenues	4,518.84	3,061.31	—	—	—	—	47.47	180.09	4,566.31	3,241.40
Segment Revenues	<u>172,783.92</u>	<u>129,604.44</u>	<u>3,403.14</u>	<u>3,446.58</u>	<u>9,838.33</u>	<u>8,769.95</u>	<u>17,259.00</u>	<u>12,617.38</u>	<u>203,284.39</u>	<u>154,438.35</u>
Segment Results	26,080.72 *	22,887.70 *	2,493.09	2,567.30	1,198.77	60.73	3,197.79	3,377.39	32,970.37	28,893.12
Segment Assets	213,168.59	172,181.22	5,650.36	6,340.24	20,281.84	19,312.76	17,829.78	18,223.71	256,930.57	216,057.93
Segment Liabilities	34,619.39	25,095.73	1,056.69	1,095.20	1,714.85	1,551.09	2,606.85	3,677.38	39,997.78	31,419.40
Capital Expenditure	16,178.86	10,835.01	5.77	7.00	13.08	40.00	109.13	220.99	16,306.84	11,103.00
Depreciation and Amortisation	3,260.16	3,298.47	625.93	618.56	567.82	574.52	327.82	300.51	4,781.73	4,792.06
Non-cash Expenses other than Depreciation and Amortisation (Net)	97.75	39.69	—	—	20.14	35.92	93.43	11.10	211.32	86.71

* After exceptional item - Rs.Nil (Previous Year - Rs.1,273.09 Lakhs relating to Payments under Voluntary Retirement Scheme).
 @ Refer Note 1(B) regarding change in accounting policy in respect of exchange differences on re-instatement of long term foreign currency loans.

Reconciliation of Reportable Segments with the Consolidated Financial Statements

	Revenues		Results / Net Profit		Assets		Liabilities *	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Total of Reportable Segments	203,284.39	154,438.35	32,970.37	28,893.12	256,930.57	216,057.93	39,997.78	31,419.40
Corporate - Unallocated / Others (Net)	—	—	(1,389.18)	(661.54)	14,762.15	12,950.63	66,123.25	45,401.49
Inter Segment Sales	(4,920.89)	(4,305.78)	—	—	—	—	—	—
Finance Costs	—	—	(1,863.03)	(864.55)	—	—	—	—
Taxes (Net)	—	—	(8,469.98)	(8,455.78)	—	—	—	—
	<u>198,363.50</u>	<u>150,132.57</u>	<u>21,248.18</u>	<u>18,911.25</u>	<u>271,692.72</u>	<u>229,008.56</u>	<u>106,121.03</u>	<u>76,820.89</u>

* Excluding Shareholders' Funds

B. Secondary Segment (Geographical)

	Domestic		Export		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue - Gross	78,864.68	65,022.83	119,498.82	85,109.74	198,363.50	150,132.57
Total Assets	219,795.38	187,195.71	37,135.19	28,862.22	256,930.57	216,057.93
Capital Expenditure	16,050.78	10,080.09	256.06	1,022.91	16,306.84	11,103.00

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

41. 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

(ii) Particulars of Transactions during the year ended 31st March, 2012 –

	(Rs. in Lakhs)	
	<u>2011-12</u>	<u>2010-11</u>
A. Key Management Personnel		
Mr. M. B. Gadgil		
(a) Director's Remuneration	128.62	102.72
(b) Loan given	12.00	—
(c) Dividend paid	0.07	0.07
B. A shareholder holding 28.60% Equity Shares of the Parent Company- Likhami Leasing Limited		
Dividend paid	1955.45	1437.50
	As at 31st March, 2012	As at 31st March, 2011
(iii) Balance outstanding at the year end-		
(a) Loans and Advances		
Mr. M. B. Gadgil	10.80	—
(b) Trade Payables / Other Current Liabilities		
Mr. M. B. Gadgil	72.18	55.93

42. Research and Development Expenditure of revenue nature amounts to Rs. 24.87 Lakhs (Previous Year – Rs. 20.56 Lakhs)

43. The previous year figures have been regrouped/ reclassified to conform with this year's classification. However, such reclassification does not impact recognition and measurement principles followed for preparation of consolidated financial statements.

For PRICE WATERHOUSE
Firm Registration Number- 301112E
Chartered Accountants

(Pinaki Chowdhury)

Partner

Membership No. 57572

Kolkata : 11th May, 2012

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 2011-12

(Rs. in Lakhs)

Name of Subsidiary / Country	Closing exchange rate (Euro) against Indian Rupee as on 31.03.2012	Capital	Reserves	Total Assets	Total Liabilities	Investments (except in case of investment in Subsidiaries)**	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
Carbon Finance Limited, India	—	530.00	3,551.28	2,103.82	7.37	1,984.83	133.59	96.01	35.65	60.36	—
Graphite International B.V., The Netherlands	68.23	8,392.29	55.55	8,512.97	65.13	—	498.59	32.19	16.37	15.82	—
Carbon International Holdings N.V., Curacao*	68.23	—	—	—	—	—	50.72	140.56	1.72	138.84	—
Subsidiaries of Graphite International B.V.											
Graphite COVA GmbH, Germany	68.23	6,768.42	7,235.49	37,356.17	23,352.26	—	42,478.34	168.57	0.09	168.48	—
Bavaria Electrodes GmbH, Germany	68.23	68.23	1273.53	3513.96	2172.20	—	12,129.62	255.63	70.45	185.18	—
Bavaria Carbon Specialities GmbH, Germany	68.23	68.23	860.76	1,365.84	436.85	—	4,021.26	166.19	44.96	121.23	—
Bavaria Carbon Holdings GmbH, Germany	68.23	187.63	261.88	840.38	390.87	—	306.84	10.59	1.69	8.90	—

* Ceased to be a subsidiary w.e.f. 14th March, 2012

** Details of Investments held by Carbon Finance Limited as at 31st March, 2012

Particulars	Nature of Investment	Face value (Rs.)	Number	Amount
Reliance Money Manager Fund - Institutional Option-Growth	Units	1,000.00	73,276,286	989.35
Reliance Short Term Fund Retail Plan Growth	Units	10.00	307,864,774	60.00
JM High Liquidity Fund - Regular Plan Growth Option (13)	Units	10.00	46,664,138	12.00
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale-Growth	Units	10.00	4,265,970	923.48
				1,984.83



GRAPHITE INDIA LIMITED

Registered Office : 31, Chowringhee Road, Kolkata – 700 016
THIRTY SEVENTH ANNUAL GENERAL MEETING

Name and Address of Shareholder

ATTENDANCE SLIP

Attendance by
(Please tick the appropriate box)

Member
 Proxy
 Authorised Representative

I hereby record my presence at the Thirty Sixth Annual General Meeting of the Company being held on Friday, 3rd day of August, 2012 at 10.00 A.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

Note : Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed. Members are requested to bring their copy of the Annual Report at the meeting.



GRAPHITE INDIA LIMITED

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

PROXY FORM

I/We LODHA CAPITAL MARKETS LTD of
in the district of being a member(s) of Graphite India Limited hereby
appoint of in the district of
or failing him/her of in the district of
..... as my/our proxy to vote for me/us on my/our behalf at the Thirty Sixth
Annual General Meeting of the Company to be held at Kala Kunj Auditorium (Sangit Kala Mandir Trust), 48, Shakespeare Sarani,
Kolkata - 700 017 on Friday, 3rd day of August, 2012 at 10.00 A.M. and at any adjournment thereof.

Signed this day of 2012

Folio / DP ID and Client ID : IN30068510395715
No. Shares held: 50000

Affix
Revenue
Stamp

(Signature of member(s)
across the stamp)

Note : The Proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the Meeting. The Proxy need not be a member of the Company.