



**GRAPHITE INDIA LIMITED**

**ANNUAL REPORT**

**2012-13**

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**BOARD OF DIRECTORS**

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

**COMPANY SECRETARY**

Mr. B. Shiva

**AUDITORS**

Price Waterhouse

**SOLICITORS**

Khaitan & Co.  
Orr, Dignam & Co.

**BANKERS**

Bank of India  
Canara Bank  
Citibank N.A.  
Corporation Bank  
HDFC Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
ING Vysya Bank Limited  
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 Eighth ANNUAL GENERAL MEETING of **Graphite India Limited** will be held on Monday, the 5th day of August, 2013 at 11.00 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 Statement for the year ended 31st March, 2013 and the Balance Sheet as at that date.
2. To declare dividend on Equity Shares for the year ended 31st March, 2013.
3. To appoint a Director in place of Mr. J. D. Curravala who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. D. J. Balaji Rao who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. P. K. Khaitan who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors of the Company and fix their remuneration

By Order of the Board  
For Graphite India Limited

Kolkata  
May 10, 2013

**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 Monday, the 22nd July, 2013 to Monday, the 5th August, 2013 (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 Mr. J. D. Curravala, Mr. D. J. Balaji Rao and Mr. P. K. Khaitan, 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:

**Mr. J. D. Curravala**, aged 73 years is Commerce and Law graduate and a qualified Chartered Accountant having wide experience in Finance, Administration, Corporate Management and Business Operations. He holds 4750 equity shares of the Company.

**Other Directorship – GKW Ltd.- Managing Director**

**Other Committee membership – NIL**

**Mr. D. J. Balaji Rao**, aged 73 years holds a B.E. Degree in Mechanical Engineering and Associate Member of Indian Institution of Industrial Engg. (AMIIIE). He attended the Advanced Management Program at the European Institute of Business Administration (INSEAD) at Fontainebleu, France in 1990. He pursued his career as an Industrial Engineer for about 8 years before joining erstwhile ICICI Ltd. (since merged with ICICI Bank Ltd) in 1970. After wide ranging responsibilities in different locations, he reached the position of Dy. Managing Director. He subsequently took over as the Vice Chairman and Managing Director of SCICI Ltd., in August 1996. With the merger of SCICI Ltd. with ICICI Ltd., he moved to Infrastructure Development Finance Co. Ltd. (IDFC), as its first Managing Director, which he served till his superannuation in January 2000. He has served on the Boards of many leading companies including MICO Ltd., Wipro Ltd. and Bharat Forge Ltd., etc. He is currently the Chairman of 3M India Limited and also sits on the Board of several well-known companies in India. He does not hold any equity shares in the Company.

### Other Directorships

|   | Name of the Company   | Position |
|---|-----------------------|----------|
| 1 | Bajaj Auto Ltd.       | Director |
| 2 | Ashok Leyland Ltd.    | Director |
| 3 | 3 M India Ltd.        | Chairman |
| 4 | Hinduja Foundries Ltd | Director |
| 5 | J S W Energy Ltd.     | Director |
| 6 | Bajaj Finserv Ltd.    | Director |

|   | Name of the Company                | Position |
|---|------------------------------------|----------|
| 7 | Bajaj Holdings and Investment Ltd. | Director |
| 8 | Bajaj Finance Ltd.                 | Director |
| 9 | CMI-FPE Ltd.                       | Director |

#### Other Committee Memberships

|   | Name of the Company                | Committee                                                                            | Position                       |
|---|------------------------------------|--------------------------------------------------------------------------------------|--------------------------------|
| 1 | Bajaj Auto Ltd.                    | Audit Committee<br>Shareholders Grievance Committee<br>Remuneration Committee        | Member<br>Chairman<br>Chairman |
| 2 | Ashok Leyland Ltd.                 | Audit Committee<br>Remuneration Committee<br>Share Transfer & Shareholders Committee | Member<br>Chairman<br>Member   |
| 3 | 3M India Limited                   | Shareholders Grievance Committee<br>Audit Committee                                  | Chairman<br>Member             |
| 4 | Hinduja Foundries Ltd              | Audit Committee                                                                      | Chairman                       |
| 5 | J S W Energy Ltd.                  | Audit Committee<br>Remuneration Committee<br>ESOP Committee                          | Member<br>Member<br>Member     |
| 6 | Bajaj Finserv Ltd.                 | Audit Committee<br>Remuneration Committee                                            | Member<br>Member               |
| 7 | Bajaj Holdings and Investment Ltd. | Remuneration Committee                                                               | Member                         |
| 8 | CMI FPE Ltd.                       | Audit Committee<br>Remuneration Committee                                            | Chairman<br>Member             |

**Mr. Pradip Kumar Khaitan** aged 72 years, B.Com, L.L.B., Attorney-at-Law (Bell Chambers Gold Medalist) is an eminent legal personality in the country. He is a member of the Bar Council of India, Bar Council of West Bengal and Indian Council of Arbitration, New Delhi. His areas of specialization are Commercial and Corporate Laws, Tax Laws, Arbitration, Intellectual Property, Foreign Collaboration, Mergers and Acquisition, Restructuring and De-mergers. Mr. Khaitan is on the Board of several well-known Companies in India. He is the Chairman of the 'Remuneration Committee' and Member of the 'Shareholders/ Investor Grievance Committee' and 'Committee for Borrowings' of the Company. He does not hold any equity shares in the Company.

#### Other Directorships

|    | Name of the Company                          | Position |
|----|----------------------------------------------|----------|
| 1  | CESC Limited                                 | Director |
| 2  | Dalmia Bharat Limited                        | Director |
| 3  | Dhunseri Pertochem & Tea Limited             | Director |
| 4  | Electrosteel Castings Limited                | Director |
| 5  | Gillanders Arbuthnot & Co. Ltd.              | Director |
| 6  | Hindustan Motors Limited                     | Director |
| 7  | India Glycols Limited                        | Director |
| 8  | OCL India Limited                            | Director |
| 9  | Pilani Investment & Industries Corpn. Ltd.   | Director |
| 10 | Saregama India Limited                       | Director |
| 11 | TCPL Packaging Limited                       | Director |
| 12 | Visa Steel Limited                           | Director |
| 13 | Warren Tea Limited                           | Director |
| 14 | Woodlands Multispeciality Hospital Limited   | Director |
| 15 | Egyptian Indian Polyester Company SAE, Egypt | Director |

#### Other Committee Membership

|   | Name of the Company                                | Committee                                                                       | Position                   |
|---|----------------------------------------------------|---------------------------------------------------------------------------------|----------------------------|
| 1 | CESC Limited                                       | Finance & Forex Committee<br>Remuneration Committee                             | Member<br>Chairman         |
| 2 | Dhunseri Petrochem & Tea Limited                   | Remuneration Committee                                                          | Member                     |
| 3 | Gillanders Arbuthnot & Co. Ltd.                    | Remuneration Committee<br>Shareholders and Investors<br>Grievance Committee     | Member<br>Member           |
| 4 | Hindustan Motors Limited                           | Executive Committee<br>Investors Grievances Committee<br>Remuneration Committee | Member<br>Member<br>Member |
| 5 | Pilani Investment & Industries Corporation Limited | Audit Committee                                                                 | Member                     |
| 6 | Visa Steel Limited                                 | Remuneration Committee<br>Finance & Banking Committee<br>Selection Committee    | Member<br>Member<br>Member |
| 7 | Woodlands Multispeciality Hospital Limited         | Share Allotment Committee                                                       | Chairman                   |

- e. Dividend on Equity Shares when sanctioned will be made payable to those shareholders whose names stand on the Company's Register of Members on 5th August, 2013 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, 2013 as per details furnished by the depositories for this purpose. Dividend on equity shares, if declared at the meeting will be paid/despached by 16th August, 2013.
- 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, 2006 would be transferred to the said fund in the last week of August, 2013.
- 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, 2005 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 8th May, 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 10, 2013

**B.Shiva**  
Company Secretary

## DIRECTORS' REPORT

The Directors have pleasure in presenting their Thirty Eighth Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2013.

### Financial Results

Rs. in Crore

| Particulars                                                                                                                       | 2012-13                | 2011-12       | 2012-13                             | 2011-12       |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------|-------------------------------------|---------------|
|                                                                                                                                   | Graphite India Limited |               | Graphite India Limited Consolidated |               |
| Revenue from Operations (Gross)                                                                                                   | 1836.18                | 1742.03       | 2020.14                             | 1983.63       |
| <b>Profit for the year after charging all Expenses but before providing Finance Costs, Depreciation, Exceptional Item and Tax</b> | <b>305.26</b>          | <b>345.87</b> | <b>309.86</b>                       | <b>361.14</b> |
| Finance Costs                                                                                                                     | 22.14                  | 14.39         | 30.69                               | 18.63         |
| <b>Profit before Depreciation, Exceptional Item and Tax</b>                                                                       | <b>283.12</b>          | <b>331.48</b> | <b>279.17</b>                       | <b>342.51</b> |
| Depreciation and Amortisation Expense                                                                                             | 50.04                  | 40.44         | 62.01                               | 48.74         |
| <b>Profit before Exceptional Item and Tax</b>                                                                                     | <b>233.08</b>          | <b>291.04</b> | <b>217.16</b>                       | <b>293.77</b> |
| Exceptional Item                                                                                                                  | —                      | (29.62)       | —                                   | (3.41)        |
| <b>Profit before Tax</b>                                                                                                          | <b>233.08</b>          | <b>320.66</b> | <b>217.16</b>                       | <b>297.18</b> |
| Tax Expense for the Current Year                                                                                                  |                        |               |                                     |               |
| Current Tax                                                                                                                       | 55.79                  | 82.20         | 57.97                               | 83.77         |
| MAT Credit                                                                                                                        | —                      | —             | (0.35)                              | —             |
| Deferred Tax                                                                                                                      | 24.21                  | 7.80          | 25.47                               | 8.14          |
| Tax Expense - Write Back relating to Earlier Years (Net)                                                                          | (10.00)                | (7.23)        | (0.34)                              | (7.21)        |
| <b>Profit for the Year</b>                                                                                                        | <b>163.08</b>          | <b>237.89</b> | <b>134.41</b>                       | <b>212.48</b> |
| Balance as at the beginning of the Year                                                                                           | 224.89                 | 166.47        | 316.56                              | 283.67        |
| Amount available for appropriation                                                                                                | <b>387.97</b>          | <b>404.36</b> | <b>450.97</b>                       | <b>496.15</b> |
| Appropriations :                                                                                                                  |                        |               |                                     |               |
| Transfer to General Reserve                                                                                                       | 100.00                 | 100.00        | 100.00                              | 100.00        |
| Transfer to Reserve Fund                                                                                                          | —                      | —             | 0.78                                | 0.12          |
| Proposed Dividend on Equity Shares                                                                                                | 68.38                  | 68.38         | 68.38                               | 68.38         |
| Dividend Tax                                                                                                                      | 11.62                  | 11.09         | 11.62                               | 11.09         |
| Balance as at the close of the Year                                                                                               | 207.97                 | 224.89        | 270.19                              | 316.56        |
|                                                                                                                                   | <b>387.97</b>          | <b>404.36</b> | <b>450.97</b>                       | <b>496.15</b> |

### BUSINESS REVIEW

The CSO (Central Statistical Organisation), has estimated that the Indian Economy is likely to register a lower growth of 5% in FY 2012-13 as compared with the modest growth of 6.2% registered in 2011-12 and much stronger growth in 2009-10 and 2010-11. It is further stated that the sharp decline in growth is mainly due to external causes, while domestic causes also contributed. The growth rate declined on account of the reduction in investment rate and lower growth of exports vis-à-vis that of imports. Growth in net exports has been negative

due to the weakening of global demand. The net exports growth has been low because of global weakness. The World Economic Outlook (WEO) Update released by the IMF in January 2013 put the rate of growth of world output at 3.9% in 2011 and 3.2% in 2012, down from 5.1% in 2010. For the advanced economies, the growth rate was much lower at 3%, 1.6%, and 1.3% for 2010, 2011 and 2012 respectively. The growth rate in the relatively faster growing emerging economies also fell over this period. As a result of weak growth in (trading) partner countries, Indian exports also declined. With the global economy likely to recover in 2013 further aided

by several decontrol measures announced by the Government in recent months, the Indian economy's outlook for 2013-14 can be viewed as "cautiously optimistic".

## GRAPHITE INDIA

In the face of this situation, the year has been quite challenging for the Company due to slow global recovery and consequent weak market conditions. Revenue from Operations at Rs.1836.18 crore was marginally higher by 5.4% for FY 2012-13 as against Rs.1742.03 crore in the previous year. While there was a steady increase in the price of major inputs, raw materials and all round increase in production overheads, selling expenses and finance cost, unfortunately, there was no commensurate increase in selling price. The major players in their aggressive drive to pick up volumes, continued to drop the selling price throughout the year. Japanese producers also reduced prices riding on the back of a weak Yen. This situation led to lower PAT of Rs.163.08 crore for the current year as against Rs. 237.89 crore in the previous year. Charge on account of depreciation was also higher on completion of Durgapur plant expansion.

The Company's Graphite and Carbon Segment continues to be the main source of revenue and profit for the Company, accounting for about 93% of the total revenue. This segment registered a growth of around 11% YoY.

The Company's total export sales increased by 22% but domestic sales declined due to unabated imports in spite of increase in demand.

Glass Reinforced Plastic Pipes and Steel segment did not perform to expectation due to weak demand and unsustainable prices.

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

The performance of the Company's German subsidiaries suffered due to poor demand, increase in input costs and steep fall in selling prices.

## DIVIDEND

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### (i) Industry's structure and developments

#### Change in Segment Heads

The Company has revised the composition of business

segments for its Segment Reporting for better understanding of results -

- | **Graphite and Carbon Segment**, engaged in the production of Graphite Electrodes, Miscellaneous Carbon and Graphite Products to include Captive power generating units and Impervious Graphite Equipment (IGE);
- | **Steel Segment** engaged in production of High Speed Steel and Alloy Steel; and
- | **Others** to include Glass Reinforced Plastic Pipes (GRP) and Power generating utilities for external sale.

## A. Graphite and Carbon Segment

### Graphite Electrodes

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 to about 30% at the global level. The share of EAF is expected to grow further in years to come due to its inherent favourable characteristics of (a) an environment friendly and less polluting production process; (b) low capital cost; and (c) faster project (commissioning) time. Fresh investments in EAF steel mills are characterised by large furnace capacities requiring large diameter UHP Electrodes. It is expected that the demand for UHP Electrodes too will grow synchronously. These industry features coupled with an increasing proportion of EAF steel share in total crude steel production should proportionately augment the demand for graphite electrodes.

World crude steel production reached 1,548 million tonnes (Mt) for the year 2012, up marginally by 1.2% (1529.2 Mt) compared to 2011. The growth came primarily from Blast Furnaces (Ref: World Steel Dynamics).

Rising input costs, intense competition especially from global players on price front because of subdued international markets posed considerable challenges during the year. This is compounded by liberalisation of import tariff for these items by the Government. On the other hand, Graphite Electrodes from India are subject to levies in some countries making imports dearer for overseas consumers. Going forward, the Customs Union of Belarus, Kazakhstan and Russia have imposed an anti dumping duty of 32.85% on import of Graphite Electrodes from GIL effective from 26 January, 2013.

The Company is in the process of filing appeal in the appropriate Court.

The new facility for production of 20,000 MT of Graphite Electrodes at Durgapur has become operative and the process of stabilisation is underway. Upgraded technology deployed in this facility should position the Company as a preferred supplier from the quality/consistency perspective.

#### **Calcined Petroleum Coke and Paste**

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.

This division could not perform to expectations because of poor demand, low realisation and constraint in supply of basic raw material i.e. raw petroleum coke.

#### **Impervious Graphite Equipment**

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

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

This division has done extremely well during the year posting a growth of 56% in sales over FY 2011-12 driven primarily by execution of orders for capital equipment for domestic and international customers.

The Company was the only domestic manufacturer in this field till recently. One of the major global players has established a full scale production base in India. 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 limited the performance in servicing short delivery lead time orders and led to loss of some business to competitors.

#### **Captive Power**

Power constitutes one of the major costs of Electrode Production. For captive consumption, the Company has an installed capacity of 27 MW of power generation through Hydel (18 MW) route and 13.5 MW through multi-fuel route. Power generation through Hydel Power Plant was lower to 29.48 million units as against 52.72 million units in the previous year due to weak monsoon. The multi fuel power generating sets remained as stand-by owing to adequate availability of power from the grid.

Pursuant to failure of Wardha Power Co. Ltd. (WPCL) to commence power supply in accordance with the terms of Power Delivery Agreement (PDA), the Company terminated the PDA and Shares Subscription Agreement (SSA) and asked WPCL to buy back the shares held by the Company along with interest. The Company has invoked the arbitration clause as provided in the Agreement.

#### **B. Steel Segment**

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

During the year under review, overseas suppliers were aggressive on prices of HSS products to the domestic consumers, resulting in loss of some business by PSD. It is expected that such competition may increase in the coming years as the suppliers try to increase market penetration in the Asian markets. Demand in domestic market was also subdued.

#### **C. Other Segments**

##### **Glass Reinforced Plastic Pipes and Tanks (GRP)**

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

The Company has a good track record of supplying large diameter pipes in major infrastructure projects. During the year, the performance of the Division has remained below par due to severe under cutting of prices by competitors. Further, the Division had to face cost pressures on account of rising commodity prices and general inflationary economy. The market is increasingly getting flooded with small competitors owing to low technological requirement and low investment involved, resulting in unhealthy competition. Project cost over-run, delay in completion of projects, disputes on contractual defaults and non-receipt of receivables are the several inherent risks in this business. Thus, it has become difficult to operate in this unpredictable business environment and the Company has become selective in picking its orders. Consolidation of the industry's capacity may take some time, but perhaps that probably is the way forward for this Division.

### **1.5 MW Hydel Power Facility**

Power generated from this facility is sold to Karnataka Power Grid under a Power Purchase Agreement. Generation of power is entirely dependant on monsoon. During the year under review the performance of this unit was adversely affected due to poor monsoon.

### *(ii) Opportunities and threats*

India has acquired a strategic position on the global steel map, from the growing demand from infrastructure, real estate and automobile sector. India was ranked as the world's fourth largest crude steel capacity in 2011-12 and is expected to become the second largest producer of crude steel in the world by 2015-16. India is also one of the world's largest producer of sponge iron. The World Steel Association has estimated steel consumption in India to grow at 5% in 2013. There will be a major spurt in steel demand in the medium term if the Indian Government implements its US \$1 trillion infrastructure investment plan.

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

The Company is exposed to the threat of the cyclical nature of the steel demand as also to the risks arising from the volatility in the cost of input materials. The Company also faces the challenge in its domestic market, due to large scale import of graphite electrodes.

Volumes would be impacted by factors like: (a) Deceleration of the global economy in 2012 further impeded by projections of a gradual recovery in 2013-14; (b) doubts about the early resolution of the crisis in the euro area; (c) doubts about the pace of fiscal withdrawal in the US - all these developments are likely to impact adversely the business prospects in general.

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

### *(iii) Segment-wise Performance*

#### **Revenue of the Company**

The revenue from operations amounted to Rs.1836.18 crore as against Rs.1742.03 crore in the previous year.

Aggregate Export Revenue of all divisions together was Rs.1163.62 crore as against Rs. 954.25 crore in the previous year.

#### **Graphite and Carbon Segment**

Production of Graphite Electrodes and Other Miscellaneous Carbon and Graphite Products during the year under review was 67,583 MT against 68,549 MT in the previous year.

Production of Calcined Petroleum Coke during the year was 24,183 MT as against 26,885 MT in the previous year.

Production of Carbon Paste during the year was 6,303 MT against 8,308 MT in the previous year.

Production of Impervious Graphite Equipment (IGE) and spares at 1,013 MT was higher as compared to that of 850 MT in the previous year.

Power generated from captive Hydel Power Plant of 18 MW capacity amounted to 29.48 million units during the year as against 52.72 million units in the previous year. Multi-fuel generating facilities remained as stand-by and were not operated due to adequate availability from the grid.

The Segment Revenue increased to Rs.1700.83 crore from Rs.1536.11 crore in the previous year registering a growth of 11%. However profitability of the segment was adversely impacted due to increase in input cost, overheads, etc. without corresponding increase in selling price. The volumes impacted due to lower domestic sales in the backdrop of increasing imports in the country.

#### **Steel Segment**

Production of HSS and Alloy Steels was 1,620 MT during the year as against 1,883 MT in the previous year.

## Other Segments

The GRP Division produced 4,298 MT as against 11,198 MT in the previous year.

Sale of power from 1.5 MW Link Canal facility was 2.05 million units as against 4.11 million units in the previous year.

### *(iv) Outlook*

According to indications and forecasts, there may not be any significant growth in FY 2013-14. According to one Report of IMF, Global growth is projected to increase during 2013, as the factors underlying soft global activity are expected to subside. However, this upturn is projected to be gradual. In fact, economic conditions improved modestly in the third quarter of 2012 aided by global growth increasing to about 3 percent. The main source of acceleration was emerging market economies, where activity levels picked up. As per the January 2013 update of the IMF, world trade volume is projected to grow by 3.8 per cent in 2013. Import and export volume growth rates of emerging market and developing economies are however projected to be higher than those of advanced economies.

The revival of growth in the advanced economies is expected to be slow and uncertain at least in the near future, despite the measures being taken on monetary and fiscal fronts. Nevertheless, it is unlikely that the support to Indian growth from the global economy will be significant. Backed by policy actions announced in the recent budget, it is projected that India would return to the robust growth path of 7-8% over the next two to three years.

The Indian steel sector has grown substantially during the last decade, registering a strong demand push in the last five years. India's steel making capacity is estimated to exceed 100 million tonnes (Mt) by 2013 and the production is expected to reach 275 Mt by 2020. The per capita steel consumption increased from 34 kilograms (kg) in 2004-05 to 59 kg in 2011-12.

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, inspite of reducing specific consumption of electrodes per tonne of steel produced, as a result of improvement in manufacturing technology of steel as well as electrodes.

With its competitive cost structure, strong technical product features and a well diversified customer base, the Company has established its presence in the global graphite electrode industry as a potential global player and this has significantly enabled the Company to

penetrate aggressively, the growing market for large diameter UHP graphite electrodes.

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

### *(v) Risks and Concerns*

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 Rs.1836.18 crore as against Rs.1742.03 crore in the previous year.

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

Interest rates after reaching its peak in March-2012 started reducing. The RBI started cutting repo and reverse-repo rates by 50 bps from April followed by two more cuts of 25 bps each in January and March-2013 respectively. However, the reduction was not passed on fully to the customers by the banks. Inflation and Current Account Deficit (CAD) remain major concern for Indian economy. In this background the apex bank remained defensive / cautious on monetary front.

Profit after tax was Rs.163.08 crore as against Rs. 237.89 crore in the previous year.

Profit before tax and exceptional items was lower at Rs.233.08 crore as compared to Rs.291.04 crore in the previous year mainly on following counts – (a) higher finance cost on long-term borrowings for Durgapur Plant capacity expansion; (b) more borrowing on account of increased working capital requirements; (c) higher depreciation charge following capitalization; and (d) all round increase in the cost of operation.

Borrowing at Rs.604 crore was higher than Rs. 462 crore of the previous year, as a result the Finance Cost increased to Rs.22.14 crore from Rs.14.39 crore in previous year.

Capital expenditure during the year amounted to Rs.40.95 crore as against Rs.132.30 crore in the previous year.

On capitalization of expansion project at Durgapur, depreciation charge increased to Rs.50.04 crore as compared to Rs.40.44 crore in the previous year.

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

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.

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

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

The Company is a net foreign exchange earner.

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

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

The total number of people employed in the company is 2393 as on 31st March, 2013.

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

The Board wishes to place on records its appreciation of the contributions made by the employees in ensuring high level 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.

## **Pollution Matter – Bangalore**

The Company had filed appeal before the Environment Appellate Authority (EAA) at Bangalore against the order passed by the Karnataka Pollution Control Board (KPCB) refusing consent under the Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Act, 1974 and also directing closure of factory at Bangalore. In response to the said appeal, an interim order was passed by EAA staying the orders passed by KPCB and which continues to be in force. The appeal was heard and the case has been reserved for final orders.

## **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.

## **Subsidiary Companies**

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 overseas subsidiaries recorded a turnover of Euro 49.71 mn as compared to Euro 61.19 mn in the previous year.

On the backdrop of prolonged economic slowdown, German subsidiaries did not do well due to low demand in Europe, increase in production costs and reduction in prices by competitors to capture volumes in the dwindling market. Hence, lower turnover coupled with high input

cost have resulted in loss of Euro 3.62 mn during the year, as against profit of Euro 1.02 mn in the previous year. Following tax audit carried out for the periods 2004-2008, subsidiaries had to make provision for tax including interest thereon amounting to Euro 1.85 mn. Discussion is on to bring it down.

The Company earned by way of Royalty Rs. 3.92 crore during the year, as against Rs. 4.82 crore in the previous year, from overseas subsidiaries.

The Ministry of Corporate Affairs by a Circular dated 08-February-2011 has granted exemption from the provisions of Section 212 of the Companies Act, 1956 with regard to the attachment of the accounts, reports, statement in terms of section 212(1)(e), etc. of its subsidiaries as part of its Accounts. The Board of Directors of the Company has by a resolution given consent for not attaching the aforesaid documents of its subsidiaries. The Annual Accounts of subsidiary companies and the related detailed information will be made available to the holding and subsidiary company investors who seek such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholder in the Registered Office of the Company and that of the subsidiaries. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.

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

## **Information pursuant to Section 217 of the Companies Act, 1956**

Information in accordance with clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2013 is given in Annexure '1'.

Particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2013 are given in Annexure '2'.

## **DIRECTORS**

Mr J D Curavala, Mr D J Balaji Rao and Mr P K Khaitan, 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 1st April, 2009 till 31st March, 2014. This year too, the

Company received the following awards for export performance -

- from ECGC – DNB –  
Indian Exporters' Excellence Award 2012;  
Best manufacturer – Export (Large);
- from EEPC, India, Mumbai : 44th National Award for Export Excellence for 2011-12.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

1. that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended 31st March, 2013.
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. and N Radhakrishnan & Co., Cost Accountants, conducted audit of the Cost Accounts for FY 2011-12 of the Powmex Steels division and Power division respectively. Consolidated Cost Audit Report and Compliance Report were filed with the Ministry of Corporate Affairs, Government of India on 08.01.2013. The due date for filing reports was 28.02.2013.

The Company has appointed following Cost Auditors for FY 2012-13 –

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

#### **Acknowledgement**

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

On behalf of the Board

Kolkata  
May 10, 2013

**K. K. Bangur**  
*Chairman*

**ANNEXURE - 1**

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

**A. CONSERVATION OF ENERGY**

- (a) Energy Conservation measures taken –

Improvement of plant power factors with the help of automatic power factor controls.

Further increase in use of CBM in place of furnace oil, thereby eliminating the energy required for heating of furnace oil.

Reduced process cycle time coupled with higher batch size in furnaces.

Use of variable frequency drives.

Optimising plant lighting layout as well as use of energy efficient lighting.

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

Most of the energy conservation proposals of last year which required investments were completed and commissioned during the current financial year. This includes energy efficient mixing equipments as well as energy efficient baking and graphitization furnaces.

- (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.

Better product quality.

Lower emission levels.

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

Refer Form A attached.

**B. TECHNOLOGY ABSORPTION**

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

Refer Form B attached

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

Export sales constituted around 63% of the total turnover of the Company. Initiatives for increasing exports receive constant focus.

- (g) Total foreign exchange used and earned

Rs. in Lakh

Earnings

73421

Outgo

57746

By Order of the Board

Kolkata

May 10, 2013

**K. K. Bangur**

*Chairman*

**FORM A**  
**Relating to Powmex Steel Division**

**Form for disclosure of particulars with respect to conservation of energy**

| <b>(A) POWER &amp; FUEL CONSUMPTION</b>                       | <b>CURRENT YEAR<br/>ENDED 31-03-2013</b> | <b>PREVIOUS YEAR<br/>ENDED 31-03-2012</b> |
|---------------------------------------------------------------|------------------------------------------|-------------------------------------------|
| <b>(1) Electricity</b>                                        |                                          |                                           |
| (a) Purchased -                                               |                                          |                                           |
| Unit (KWH Million)                                            | 5.83                                     | 6.66                                      |
| Total Amount (Rs. crore)                                      | 4.28                                     | 4.33                                      |
| Rate / Unit (Rs.)                                             | 7.34                                     | 6.51                                      |
| (b) Own Generation                                            |                                          |                                           |
| (i) Through Diesel Generator                                  | Nil                                      | Nil                                       |
| (ii) Through steam turbine / generator                        | Nil                                      | Nil                                       |
| <b>(2) Coal (specify quality and where used)</b>              | Nil                                      | Nil                                       |
| <b>(3) Furnace Oil / HSD</b>                                  |                                          |                                           |
| Purchased – Kilo Litres                                       | 1,347                                    | 1,708                                     |
| Total Amount (Rs. crore)                                      | 5.66                                     | 6.51                                      |
| Average Rate / KL                                             | 42,025                                   | 38,111                                    |
| <b>(4) Others / internal generation (please give details)</b> | Nil                                      | Nil                                       |
| <b>(B) Consumption per unit of production (MT)</b>            |                                          |                                           |
| Products (with details) unit                                  |                                          |                                           |
| <b>Electricity (KWH/MT)</b>                                   |                                          |                                           |
| Melting                                                       | 975                                      | 972                                       |
| Black Bar                                                     | 763                                      | 795                                       |
| Bright Bar                                                    | 63                                       | 58                                        |
| Heat Treatment                                                | 80                                       | 81                                        |
| <b>HSD / FO (LTR/MT)</b>                                      |                                          |                                           |
| Rolled Product                                                | 387                                      | 356                                       |

**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"> <li>• Development of Carbon Carbon Composites;</li> <li>• Product quality improvement;</li> <li>• Enhancement of productivity.</li> </ul> |
| 2. Benefits derived as a result of the above R&D         | <ul style="list-style-type: none"> <li>• Increase in operational efficiency;</li> <li>• Cost Reduction.</li> </ul>                                                           |
| 3. Future plan of action                                 | <ul style="list-style-type: none"> <li>• Continue to focus on improving operational efficiencies;</li> <li>• Improve energy utilisation.</li> </ul>                          |
| 4. Expenditure on R&D                                    | <ul style="list-style-type: none"> <li>• Rs. 21.41 lakh</li> </ul>                                                                                                           |

**Technology absorption, adaptation and innovation**

- |                                                                                                                                                |                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation                                                            | Installation and use of new production technology through Eirich mixers and Tunnel Kiln.                                                                                              |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. | <ul style="list-style-type: none"> <li>• Reduced emission.</li> <li>• Reduced energy consumption</li> <li>• Better product quality</li> <li>• Reduced metcoke consumption.</li> </ul> |

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 10, 2013

**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, 2013

| Name of the Employee | Age | Designation/<br>Nature of<br>Duties   | Remuneration/<br>Salary<br>Rs. in Lakh | Nature of<br>Employment | Qualification                                      | Date of<br>commencement of<br>Employment/Total<br>Experience (Years) |    | Previous<br>Employment<br>and<br>Designation                                                   |
|----------------------|-----|---------------------------------------|----------------------------------------|-------------------------|----------------------------------------------------|----------------------------------------------------------------------|----|------------------------------------------------------------------------------------------------|
| Mr. M. B. Gadgil     | 60  | Executive<br>Director /<br>Management | 147.77                                 | Contractual             | B. Tech<br>(Mech.), MBA<br>(Operation<br>Research) | 06.02.1978                                                           | 37 | Motor Industries<br>Company Limited,<br>Bangalore<br><br>Asst. Officer<br>- 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 10, 2013

**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, 2013

The strength of the Board of Directors as on 31st March, 2013 was ten comprising the non-executive Chairman (promoter director), six non-executive directors who are independent, two non-executive directors who are not independent and one Executive Director.

| Name              | Category               | Directorships<br>in other Public<br>Limited Companies<br>incorporated in India | Other# Committee ^<br>positions held |                                             |
|-------------------|------------------------|--------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------|
|                   |                        |                                                                                | As<br>Chairman                       | As<br>Member<br>(including<br>Chairmanship) |
| K. K. Bangur      | Chairman Non-Executive | 7                                                                              | —                                    | —                                           |
| N. S. Damani      | NED *                  | 3                                                                              | —                                    | 2                                           |
| A. V. Lodha       | NED *                  | 3                                                                              | 1                                    | 2                                           |
| Dr. R. Srinivasan | NED *                  | 7                                                                              | 3                                    | 7                                           |
| P. K. Khaitan     | NED                    | 14                                                                             | —                                    | 3                                           |
| Sanjiv Goenka     | NED *                  | 12                                                                             | 2                                    | 4                                           |
| D. J. Balaji Rao  | NED *                  | 9                                                                              | 4                                    | 10                                          |
| N. Venkataramani  | NED                    | 1                                                                              | 1                                    | 1                                           |
| J. D. Curavala    | 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 11th May, 2012, 3rd August, 2012, 9th November, 2012 and 1st February, 2013. The requisite information as per Annexure IA forming part of Clause 49 of the Listing Agreement has been made available to the Board. The Board periodically has reviewed compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

#### Attendance Record

| Names of Directors | Number of Board Meetings<br>during April 2012 to March 2013 |          | Attended last<br>Annual General Meeting (AGM)<br>held on 3rd August, 2012 |
|--------------------|-------------------------------------------------------------|----------|---------------------------------------------------------------------------|
|                    | Held                                                        | Attended |                                                                           |
| K. K. Bangur       | 4                                                           | 4        | Yes                                                                       |
| Bhaskar Mitter     | 4                                                           | 1        | Yes                                                                       |
| N. S. Damani       | 4                                                           | 2        | Yes                                                                       |

| Names of Directors | Number of Board Meetings during April, 2012 to March, 2013 |          | Attended last Annual General Meeting (AGM) held on 3rd August, 2012 |
|--------------------|------------------------------------------------------------|----------|---------------------------------------------------------------------|
|                    | Held                                                       | Attended |                                                                     |
| A. V. Lodha        | 4                                                          | 4        | Yes                                                                 |
| R. Srinivasan      | 4                                                          | 3        | Yes                                                                 |
| P. K. Khaitan      | 4                                                          | 4        | Yes                                                                 |
| Sanjiv Goenka      | 4                                                          | 1        | No                                                                  |
| D. J. Balaji Rao   | 4                                                          | 3        | No                                                                  |
| N. Venkataramani   | 4                                                          | 4        | Yes                                                                 |
| J. D. Curavala     | 4                                                          | 3        | Yes                                                                 |
| M. B. Gadgil       | 4                                                          | 4        | Yes                                                                 |

Mr. Bhaskar Mitter vacated his office as Director by not seeking re-appointment at the 37th AGM held on 3rd August, 2012 which he attended. Prior to the said date, he attended the Board meeting held on 11th May, 2012.

### Code of Conduct

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

## III. Audit Committee

### Composition and Scope of Activity

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

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

### Committee Meetings held and attendance during the year

Four meetings of the Audit Committee were held during the year on 11th May 2012, 3rd August, 2012, 9th November, 2012 and 1st February, 2013.

| Name                 | Position in the Audit Committee | Meetings |          |
|----------------------|---------------------------------|----------|----------|
|                      |                                 | Held     | Attended |
| Mr. A. V. Lodha      | Chairman                        | 4        | 4        |
| Mr. Bhaskar Mitter   | Member                          | 4        | 2        |
| Dr. R. Srinivasan    | Member                          | 4        | 3        |
| Mr. N. Venkataramani | Member                          | 4        | 4        |
| Mr. J. D. Curavala   | Member                          | 4        | 2        |

NOTE:

- Consequent upon Mr. Bhaskar Mitter's vacation of Office as Director after the conclusion of the 37th AGM held on 3rd August, 2012 he ceased to be a member of the Audit Committee held thereafter. Mr. Mitter had attended the Audit Committee meeting on 3rd August, 2012 held before the AGM.
- Mr. J. D. Curavala was appointed as a member of the Committee by the Board of Director of the Company, vide circular resolution dated 8th November, 2012.

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, Dr R Srinivasan and Mr. J. D. Curavala are experts in finance and accounting.

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

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

An Audit Committee meeting was held on 11th May, 2012 to review and approve the draft annual accounts of 2011-2012 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 3rd August, 2012.

#### 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 11th May, 2012 which was attended by all the members.

##### Remuneration Policy

Remuneration to non-executive directors is decided by the Board as authorised by the Articles of Association of the Company. The members of the Company have in their meeting held on 3rd August, 2012 authorised the Board of Directors of the Company subject to necessary approvals, to pay commission to non-executive directors upto 3% of net profits of the Company for a period of five financial years w.e.f. 1st April, 2012. The Board of Directors of the Company determine the commission payable to non-executive directors depending upon the time and effort devoted by a director in the business affairs of the Company.

The Company's application seeking approval for payment of commission as aforesaid for FY 2012-13 is pending with the Central Govt. For payment of commission not exceeding 1% of net profits, no further approvals are required.

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, 2013* |
|-------------------|---------|-------------------------------------------|----------------|-------------|----------------|--------------------------------------------|
|                   | Rs.     | Rs.                                       | Rs.            | Rs.         | Rs.            |                                            |
| K. K. Bangur      | —       | —                                         | —              | 17500000    | 120000         | 510885 @                                   |
| N. S. Damani      | —       | —                                         | —              | 300000      | 40000          | —                                          |
| A. V. Lodha       | —       | —                                         | —              | 400000      | 180000         | —                                          |
| Dr. R. Srinivasan | —       | —                                         | —              | 400000      | 140000         | —                                          |
| Bhaskar Mitter    | —       | —                                         | —              | —           | 80000          | —                                          |
| P. K. Khaitan     | —       | —                                         | —              | 300000      | 140000         | —                                          |
| Sanjiv Goenka     | —       | —                                         | —              | 300000      | 20000          | —                                          |
| D. J. Balaji Rao  | —       | —                                         | —              | 300000      | 60000          | —                                          |
| N. Venkataramani  | —       | —                                         | —              | 2500000     | 160000         | 4200                                       |
| J. D. Curravala   | —       | —                                         | —              | 400000      | 100000         | 4750                                       |
| M. B. Gadgil      | 3400833 | 1123494                                   | 3252420        | 7000000     | —              | 2000                                       |

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

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

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

Severance Fees                      Three months salary in lieu of notice

Stock Option                        No stock option has been given.

## V. Shareholders Committee

The Shareholders/Investors 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. P. K. Khaitan and Mr. M. B. Gadgil as its members.

Consequent upon Mr. Bhaskar Mitter's vacation of office as Director after the conclusion of the 37th AGM held on 3rd August, 2012 and accordingly of this Committee, Mr. P. K. Khaitan was appointed as a member of the Committee in the Board Meeting held on 9th November, 2012.

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

During the year, 47 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       |
|------|-----------|--------------------------------------------------------------------------------------------------|------------|------------|
| 37th | 2011-2012 | Kala Kunj Auditorium<br>(Sangit Kala Mandir Trust)<br>48, Shakespeare Sarani,<br>Kolkata 700 017 | 03.08.2012 | 10.00 a.m. |
| 36th | 2010-2011 | Kala Kunj Auditorium<br>(Sangit Kala Mandir Trust)<br>48, Shakespeare Sarani,<br>Kolkata 700 017 | 25.07.2011 | 10.00 a.m. |
| 35th | 2009-2010 | Kala Kunj Auditorium<br>(Sangit Kala Mandir Trust)<br>48, Shakespeare Sarani,<br>Kolkata 700 017 | 29.07.2010 | 10.00 a.m. |

### ii. Special Resolution passed in previous 3 AGMs

| AGM  | Whether Special Resolution passed | Details of Special Resolution                                                                               |
|------|-----------------------------------|-------------------------------------------------------------------------------------------------------------|
| 37th | Yes                               | Payment of remuneration by way of commission to non-executive directors, u/s 309 of the Companies Act, 1956 |
| 36th | None                              | —                                                                                                           |
| 35th | 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. 48 to the Financial Statements for the year ended 31st March, 2013 may be referred.

- B. In terms of Clause 49 (IV) (F) (i) of the Listing Agreement, the senior management have disclosed to the Board that they have no personal interest in material, financial and commercial transactions of the Company that may have a potential conflict with the interest of the Company at large.
- C. During the last three years, there were no strictures or penalties imposed by SEBI, Stock Exchanges or any statutory authorities for non-compliance of any matter related to the capital markets.
- D. (i) The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement.

(ii) Non-Mandatory requirements

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

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

## **VIII. Means of Communication**

In compliance with the requirements of Clause 41 of the Listing Agreement, the Company regularly intimates unaudited quarterly results as well as audited financial results to the stock exchanges immediately after the same are approved by the Board. Further, coverage is given for the benefit of the shareholders and investors by publication of the financial results in the Business Standard and Aajkal.

The Company's results are displayed on the Website [www.graphiteindia.com](http://www.graphiteindia.com)

The Company's quarterly results and shareholding pattern, have also been posted on the website [www.corpfiling.co.in](http://www.corpfiling.co.in).

The Company has a separate e-mail ID [investorgrievance@graphiteindia.com](mailto: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

5th August, 2013 at 11.00 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

22nd July, 2013 to 5th August, 2013 (both days inclusive)

##### Dividend Payment Date

By 16th August, 2013

##### 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, 2013 to March, 2014 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

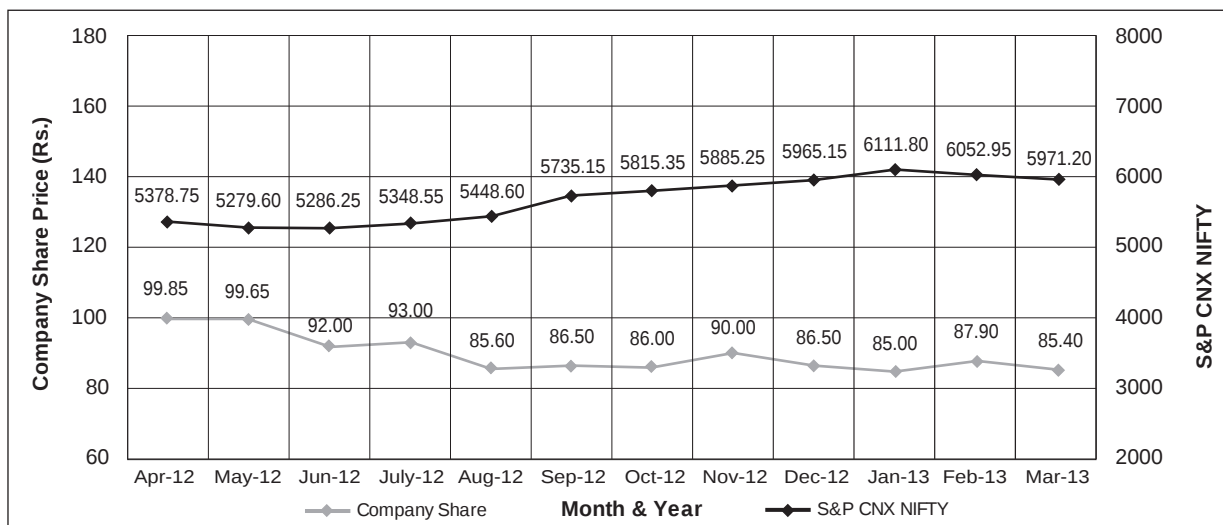
**High, Low of market price of the Company's shares traded on National Stock Exchange of India Limited is furnished below:**

| Period          | High  | Low   | Period         | High  | Low   |
|-----------------|-------|-------|----------------|-------|-------|
|                 | Rs.   | Rs.   |                | Rs.   | Rs.   |
| April, 2012     | 99.85 | 82.70 | October, 2012  | 86.00 | 81.00 |
| May, 2012       | 99.65 | 85.95 | November, 2012 | 90.00 | 81.75 |
| June, 2012      | 92.00 | 86.30 | December, 2012 | 86.50 | 78.90 |
| July, 2012      | 93.00 | 81.00 | January, 2013  | 85.00 | 78.00 |
| August, 2012    | 85.60 | 77.00 | February, 2013 | 87.90 | 79.95 |
| September, 2012 | 86.50 | 77.00 | March, 2013    | 85.40 | 75.50 |

#### S&P CNX NIFTY

| Period    |      | High    | Period   |      | High    |
|-----------|------|---------|----------|------|---------|
| April     | 2012 | 5378.75 | October  | 2012 | 5815.35 |
| May       | 2012 | 5279.60 | November | 2012 | 5885.25 |
| June      | 2012 | 5286.25 | December | 2012 | 5965.15 |
| July      | 2012 | 5348.55 | January  | 2013 | 6111.80 |
| August    | 2012 | 5448.60 | February | 2013 | 6052.95 |
| September | 2012 | 5735.15 | March    | 2013 | 5971.20 |

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



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

Link Intime India Pvt. Ltd.,  
C-13 Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (W), Mumbai 400 078  
Phone : 022-25946970, Fax : 022- 25946969  
E-mail : [rnt.helpdesk@linktime.co.in](mailto: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](mailto: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, 2013

| Slab                                 | No. of Shareholders |               | No. of Equity Shares |               |
|--------------------------------------|---------------------|---------------|----------------------|---------------|
|                                      | Total               | %             | Total                | %             |
| 1 – 500                              | 102499              | 94.66         | 5040777              | 2.58          |
| 501 – 1000                           | 2940                | 2.72          | 2337164              | 1.20          |
| 1001 – 2000                          | 1432                | 1.32          | 2141229              | 1.10          |
| 2001 – 3000                          | 491                 | 0.45          | 1233946              | 0.63          |
| 3001 – 4000                          | 220                 | 0.20          | 793992               | 0.41          |
| 4001 – 5000                          | 191                 | 0.18          | 905298               | 0.46          |
| 5001 – 10000                         | 230                 | 0.21          | 1703074              | 0.87          |
| 10001 – 30000                        | 158                 | 0.15          | 2641171              | 1.35          |
| 30001 – 50000                        | 28                  | 0.03          | 1074208              | 0.55          |
| 50001 – 100000                       | 27                  | 0.02          | 1868802              | 0.96          |
| 100001 and above                     | 69                  | 0.06          | 175635933            | 89.90         |
| <b>Total</b>                         | <b>108285</b>       | <b>100.00</b> | <b>195375594</b>     | <b>100.00</b> |
| No. of shareholders in Physical mode | 68611               | 63.36         | 3462785              | 1.77          |
| Electronic Mode                      | 39674               | 36.64         | 191912809            | 98.23         |
| <b>Total</b>                         | <b>108285</b>       | <b>100.00</b> | <b>195375594</b>     | <b>100.00</b> |

**Shareholding Pattern as on 31st March, 2013**

| Category                                                                                                               | No. of Shares    | %             |
|------------------------------------------------------------------------------------------------------------------------|------------------|---------------|
| <b>Promoters' Holding</b>                                                                                              |                  |               |
| Promoters                                                                                                              |                  |               |
| Indian Promoters                                                                                                       | 113019939        | 57.85         |
| Foreign Promoters                                                                                                      | 9601711          | 4.91          |
| Persons acting in concert                                                                                              | —                | —             |
| <b>Sub-Total</b>                                                                                                       | <b>122621650</b> | <b>62.76</b>  |
| <b>Non-Promoters' Holding</b>                                                                                          |                  |               |
| <b>Institutional Investors</b>                                                                                         |                  |               |
| Mutual Fund and UTI                                                                                                    | 1682684          | 0.86          |
| Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions) | 7968552          | 4.08          |
| FII's                                                                                                                  | 31108230         | 15.92         |
| <b>Sub-Total</b>                                                                                                       | <b>40759466</b>  | <b>20.86</b>  |
| <b>Others</b>                                                                                                          |                  |               |
| Private Corporate Bodies                                                                                               | 11618571         | 5.95          |
| Indian Public                                                                                                          | 17946209         | 9.19          |
| NRI / OCBs                                                                                                             | 2429698          | 1.24          |
| Any Other                                                                                                              | —                | —             |
| <b>Sub-Total</b>                                                                                                       | <b>31994478</b>  | <b>16.38</b>  |
| <b>Grand Total</b>                                                                                                     | <b>195375594</b> | <b>100.00</b> |
| <b>Total Foreign Shareholding</b>                                                                                      |                  |               |
| Foreign Promoters                                                                                                      | 9601711          | 4.91          |
| FII's                                                                                                                  | 31108230         | 15.92         |
| NRIs / OCBs                                                                                                            | 2429698          | 1.24          |
| Total                                                                                                                  | 43139639         | 22.07         |

**Dematerialisation of shares and liquidity**

As on 31st March 2013, 191912809 shares of the Company representing 98.23% 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<br>Phone : (0343) 2556641 – 45<br>88 MIDC Industrial Area, Satpur, Nashik 422 007, Phone : (0253) 2203300<br>Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048<br>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<br>Phone : (02553) 225038 / 225039                                                                                                                                                                                                                                               |
| Powmex Steels                 | AT - Turla, PO - Jagua, PS - Titilagarh, District Bolangir, Orissa 767033<br>Phone : (06655) 220504 / 220505                                                                                                                                                                                                                                       |
| Power                         | Chunchanakatte, K R Nagar Taluk, Mysore 571 617<br>Phone : (0821) 323182/ 681116<br>Link Canal Mini Hydel Plant, Peehalli, Srirangapatna Taluk<br>Mandya Dist 571415<br>Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048<br>Phone : (080) 28524061 – 71<br>88 MIDC Industrial Area, Satpur, Nashik 422 007, Phone : (0253) 2203300 |
| R & D Centre                  | Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048<br>Phone : (080) 43473300                                                                                                                                                                                                                                                         |
| Sales Office                  | 407 Ashoka Estate, 24, Barakhamba Road, New Delhi 110 001<br>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

On behalf of the Board

Kolkata  
May 10, 2013

**K. K. Bangur**  
Chairman

#### Declaration

All the Board Members and the Senior management Personnel have as on 31.03.13 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 10, 2013

**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, 2013, 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: 10th May, 2013

## INDEPENDENT AUDITORS' REPORT

### To the Members of Graphite India Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Graphite India Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Profit and Loss Statement and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

#### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

6. In our opinion, and to the best of our information

and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Statement, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Statement, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement dealt with by this Report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
  - (e) 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 March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Kolkata  
May 10, 2013

## Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Graphite India Limited on the financial statements as of and for the year ended March 31, 2013

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory excluding stocks with third parties has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has granted unsecured loan to a director of the Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan is Rs. 10.80 Lakhs and Rs. 6.00 Lakhs respectively. The Company has not granted any other secured / unsecured loans to companies, firms or other parties covered in the register maintained Section 301 of the Act.
- (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. Therefore, the provisions of Clause 4(iii)(f) and (g) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records

have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

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

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

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, customs duty and excise duty as at March 31, 2013 which have not been deposited on account of a dispute, are as follows:

| Name of the statute            | Nature of dues                    | Amount (Rs. in Lakhs) | Period to which the amount relates              | Forum where the dispute is pending                                                                                                                                                                                                                  |
|--------------------------------|-----------------------------------|-----------------------|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Central Excise Act, 1944       | Excise Duty, Interest and Penalty | 14.58                 | 1996-97, 2008-09 to 2011-12                     | Assistant / Deputy Commissioner of Central Excise<br>Additional Commissioner of Central Excise<br>Commissioner, Central Excise<br>Commissioner (Appeals), Central Excise<br>Customs, Excise & Service Tax Appellate Tribunal<br>Calcutta High Court |
|                                |                                   | 7.94                  | 2008-09                                         |                                                                                                                                                                                                                                                     |
|                                |                                   | 116.32                | 2007-08 to 2011-12                              |                                                                                                                                                                                                                                                     |
|                                |                                   | 0.36                  | 2006-07, 2010-11 and 2011-12                    |                                                                                                                                                                                                                                                     |
|                                |                                   | 429.40                | 1999-2000 to 2011-12                            |                                                                                                                                                                                                                                                     |
|                                |                                   | 19.28                 | 2000-01                                         |                                                                                                                                                                                                                                                     |
| Central & State Sales Tax Acts | Sales Tax, Interest and Penalty   | 0.77                  | 2003-04                                         | Sales Tax Officer<br><br>Deputy Commissioner of Commercial Taxes<br>Additional Commissioner of Commercial Taxes<br>Joint Commissioner of Commercial Taxes<br>Sales Tax Tribunal                                                                     |
|                                |                                   | 44.21                 | 2009-10                                         |                                                                                                                                                                                                                                                     |
|                                |                                   | 25.13                 | 2005-06 to 2007-08                              |                                                                                                                                                                                                                                                     |
|                                |                                   | 69.93                 | 1998-99, 2002-03 and 2003-04                    |                                                                                                                                                                                                                                                     |
|                                |                                   | 201.32                | 1996-97, 2001-02 to 2003-04, 2005-06 to 2008-09 |                                                                                                                                                                                                                                                     |
| Customs Act, 1962              | Custom Duty, Interest and Penalty | 877.75                | 1991-92, 2005-06 to 2007-08                     | Commissioner of Customs<br><br>Customs, Excise & Service Tax Appellate Tribunal                                                                                                                                                                     |
|                                |                                   | 112.97                | 1996-97 to 2000-01                              |                                                                                                                                                                                                                                                     |
| Finance Act, 1994              | Service Tax, Interest and Penalty | 7.98                  | 2006-07 and 2007-08                             | Assistant / Deputy Commissioner, Central Excise<br>Additional Commissioner, Service Tax Commissionerate<br>The Commissioner (Appeals)<br>Customs, Excise & Service Tax Appellate Tribunal                                                           |
|                                |                                   | 5.18                  | 2004-05 to 2007-08                              |                                                                                                                                                                                                                                                     |
|                                |                                   | 47.73                 | 2005-06 to 2012-13                              |                                                                                                                                                                                                                                                     |
|                                |                                   | 356.69                | 2005-06 to 2010-11                              |                                                                                                                                                                                                                                                     |
| Income-tax Act, 1961           | Income Tax                        | 410.79                | 2006-07, 2008-09 and 2009-10                    | Commissioner of Income Tax (Appeals)                                                                                                                                                                                                                |

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.</p> <p>xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders, as applicable, as at the balance sheet date.</p> <p>xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.</p> <p>xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.</p> <p>xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.</p> <p>xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.</p> <p>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.</p> | <p>xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.</p> <p>xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.</p> <p>xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.</p> <p>xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.</p> <p>xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.</p> |
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For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants  
Pinaki Chowdhury  
Partner  
Membership Number 57572

Kolkata  
May 10, 2013

|                                     |      | (Rs. in Lakhs)            |                           |
|-------------------------------------|------|---------------------------|---------------------------|
|                                     | Note | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b>EQUITY AND LIABILITIES</b>       |      |                           |                           |
| Shareholders' Funds                 |      |                           |                           |
| Share Capital                       | 2    | 3,907.68                  | 3,907.68                  |
| Reserves and Surplus                | 3    | 1,60,591.89               | 1,52,283.73               |
|                                     |      | <u>1,64,499.57</u>        | <u>1,56,191.41</u>        |
| Non-current Liabilities             |      |                           |                           |
| Long-term Borrowings                | 4    | 12,674.67                 | 15,327.00                 |
| Deferred Tax Liabilities (Net)      | 5    | 9,503.73                  | 7,082.30                  |
| Other Long-term Liabilities         | 6    | 174.13                    | 146.12                    |
|                                     |      | <u>22,352.53</u>          | <u>22,555.42</u>          |
| Current Liabilities                 |      |                           |                           |
| Short-term Borrowings               | 7    | 44,087.27                 | 30,844.98                 |
| Trade Payables                      | 8    | 16,760.83                 | 16,383.90                 |
| Other Current Liabilities           | 9    | 10,403.60                 | 6,757.73                  |
| Short-term Provisions               | 10   | 12,432.51                 | 12,628.29                 |
|                                     |      | <u>83,684.21</u>          | <u>66,614.90</u>          |
| <b>TOTAL</b>                        |      | <u><b>2,70,536.31</b></u> | <u><b>2,45,361.73</b></u> |
| <b>ASSETS</b>                       |      |                           |                           |
| Non-current Assets                  |      |                           |                           |
| Fixed Assets                        |      |                           |                           |
| Tangible Assets                     | 11   | 65,893.33                 | 54,270.17                 |
| Intangible Assets                   | 11   | 96.74                     | 60.22                     |
| Capital Work-in-Progress            |      | 252.86                    | 12,665.95                 |
| Intangible Assets under Development |      | 14.40                     | —                         |
|                                     |      | <u>66,257.33</u>          | <u>66,996.34</u>          |
| Non-current Investments             | 12   | 10,932.77                 | 20,506.77                 |
| Long-term Loans and Advances        | 13   | 770.76                    | 899.88                    |
| Other Non-current Assets            | 14   | 4.00                      | 7.32                      |
|                                     |      | <u>77,964.86</u>          | <u>88,410.31</u>          |
| Current Assets                      |      |                           |                           |
| Current Investments                 | 15   | 23,640.96                 | 12,841.28                 |
| Inventories                         | 16   | 97,770.46                 | 85,491.10                 |
| Trade Receivables                   | 17   | 50,960.07                 | 37,528.69                 |
| Cash and Bank Balances              | 18   | 602.10                    | 1,112.18                  |
| Short-term Loans and Advances       | 19   | 17,577.92                 | 16,382.68                 |
| Other Current Assets                | 20   | 2,019.94                  | 3,595.49                  |
|                                     |      | <u>1,92,571.45</u>        | <u>1,56,951.42</u>        |
| <b>TOTAL</b>                        |      | <u><b>2,70,536.31</b></u> | <u><b>2,45,361.73</b></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 - 10th May, 2013

**K. C. Parakh**  
Sr. Vice President-Finance

**B. Shiva**  
Company Secretary

**M. B. Gadgil**  
Executive Director

**K. K. Bangur**  
Chairman

|                                                                                                                                                                                                                          |             | <b>(Rs. in Lakhs)</b>                  |                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------|----------------------------------------|
|                                                                                                                                                                                                                          | <b>Note</b> | <b>Year ended 31st<br/>March, 2013</b> | <b>Year ended 31st<br/>March, 2012</b> |
| Revenue from Operations (Gross)                                                                                                                                                                                          | 21          | <b>1,83,618.07</b>                     | 1,74,203.02                            |
| Less: Excise Duty                                                                                                                                                                                                        |             | <b>7,132.37</b>                        | 7,118.80                               |
| Revenue from Operations (Net)                                                                                                                                                                                            |             | <b>1,76,485.70</b>                     | 1,67,084.22                            |
| Other Income                                                                                                                                                                                                             | 22          | <b>2,634.71</b>                        | 3,461.89                               |
| <b>Total Revenue</b>                                                                                                                                                                                                     |             | <b>1,79,120.41</b>                     | 1,70,546.11                            |
| <b>Expenses</b>                                                                                                                                                                                                          |             |                                        |                                        |
| Cost of Materials Consumed                                                                                                                                                                                               | 23          | <b>78,883.15</b>                       | 68,761.77                              |
| Purchases of Stock-in-trade                                                                                                                                                                                              | 24          | <b>1,345.27</b>                        | —                                      |
| Changes in Inventories of Finished Goods and Work-in-Progress                                                                                                                                                            | 25          | <b>(7,737.86)</b>                      | 2,772.06                               |
| Employee Benefits Expense                                                                                                                                                                                                | 26          | <b>11,997.26</b>                       | 9,704.37                               |
| Finance Costs                                                                                                                                                                                                            | 27          | <b>2,213.67</b>                        | 1,439.47                               |
| Depreciation and Amortisation Expense                                                                                                                                                                                    | 28          | <b>5,004.01</b>                        | 4,043.58                               |
| Other Expenses                                                                                                                                                                                                           | 29          | <b>64,106.46</b>                       | 54,720.49                              |
| <b>Total Expenses</b>                                                                                                                                                                                                    |             | <b>1,55,811.96</b>                     | 1,41,441.74                            |
| <b>Profit before Exceptional Item and Tax</b>                                                                                                                                                                            |             | <b>23,308.45</b>                       | 29,104.37                              |
| Exceptional Item (Gain) (Refer Note 42)                                                                                                                                                                                  |             | —                                      | (2,961.63)                             |
| <b>Profit before Tax</b>                                                                                                                                                                                                 |             | <b>23,308.45</b>                       | 32,066.00                              |
| Tax Expense for the Current Year                                                                                                                                                                                         |             |                                        |                                        |
| Current Tax                                                                                                                                                                                                              |             | <b>5,578.57</b>                        | 8,220.17                               |
| Deferred Tax                                                                                                                                                                                                             |             | <b>2,421.43</b>                        | 779.83                                 |
| Tax Expense - Write Back relating to Earlier Years (Net)                                                                                                                                                                 |             | <b>(1,000.00)</b>                      | (723.04)                               |
| <b>Profit for the Year</b>                                                                                                                                                                                               |             | <b>16,308.45</b>                       | 23,789.04                              |
| Earnings per Equity Share [Nominal Value per Share Rs. 2/-<br>(Previous Year - Rs. 2/-)]                                                                                                                                 | 30          |                                        |                                        |
| Basic (Rs.)                                                                                                                                                                                                              |             | <b>8.35</b>                            | 12.18                                  |
| Basic before Exceptional Item (Rs.)                                                                                                                                                                                      |             | <b>8.35</b>                            | 10.68                                  |
| Diluted (Rs.)                                                                                                                                                                                                            |             | <b>8.35</b>                            | 12.18                                  |
| Diluted before Exceptional Item (Rs.)                                                                                                                                                                                    |             | <b>8.35</b>                            | 10.68                                  |
| 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<br>Firm Registration Number - 301112E<br>Chartered Accountants<br>(Pinaki Chowdhury)<br>Partner<br>Membership No. 57572<br>Kolkata - 10th May, 2013                                                 |             |                                        |                                        |
| <div> <b>K. C. Parakh</b><br/>Sr. Vice President-Finance </div> <div> <b>B. Shiva</b><br/>Company Secretary </div> <div> <b>M. B. Gadgil</b><br/>Executive Director </div> <div> <b>K. K. Bangur</b><br/>Chairman </div> |             |                                        |                                        |

|                                                               | (Rs. in Lakhs)    |                    |
|---------------------------------------------------------------|-------------------|--------------------|
|                                                               | 2012-13           | 2011-12            |
| <b>A. Cash Flows from Operating Activities :</b>              |                   |                    |
| Profit before Tax                                             | 23,308.45         | 32,066.00          |
| Adjustments for:                                              |                   |                    |
| Depreciation and Amortisation Expense                         | 5,004.01          | 4,043.58           |
| Loss on Disposal of Tangible Fixed Assets (Net)               | 46.91             | 62.55              |
| Bad Debts/Advances Written Off                                | 115.93            | 35.88              |
| Provision for Doubtful Debts                                  | 75.72             | 73.87              |
| Provision for Mark-to-market Losses on Derivatives            | 68.76             | —                  |
| Profit on Disposal of Long-term Investments in a Subsidiary   | —                 | (2,961.63)         |
| Net Gain on Disposal of Other Long-term Investments           | (605.95)          | —                  |
| Net Gain on Disposal of Current Investments                   | (594.18)          | (2,287.90)         |
| Interest Income                                               | (399.38)          | (330.64)           |
| Interest Expense                                              | 2,125.82          | 1,345.93           |
| Provision for Doubtful Debts Written Back                     | (127.03)          | (15.12)            |
| Liabilities no Longer Required Written Back                   | (356.68)          | (435.06)           |
| Foreign Exchange (Gain)/Loss (Net)                            | 1,048.57          | (142.93)           |
| Operating Profit Before Working Capital Changes               | 29,710.95         | 31,454.53          |
| Changes in Working Capital:                                   |                   |                    |
| Increase in Trade Payables                                    | 576.83            | 2,188.29           |
| Increase in Provisions                                        | 292.24            | 342.26             |
| Increase in Other Current Liabilities                         | 1,425.72          | 151.31             |
| Increase in Other Long-term Liabilities                       | 28.01             | 96.30              |
| Increase in Trade Receivables                                 | (13,701.64)       | (8,572.48)         |
| Increase in Inventories                                       | (12,279.36)       | (9,509.48)         |
| Increase in Loans and Advances                                | (1,411.71)        | (4,496.49)         |
| Decrease/(Increase) in Other Current Assets                   | 1,581.85          | (1,214.02)         |
| Decrease in Other Non-current Assets                          | 2.57              | 2.98               |
| Cash Generated from Operations                                | 6,225.46          | 10,443.20          |
| Taxes Paid (Net of Refunds)                                   | (5,188.17)        | (7,581.05)         |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                     | <b>1,037.29</b>   | <b>2,862.15</b>    |
| <b>B. Cash Flows from Investing Activities :</b>              |                   |                    |
| Purchase of Tangible/Intangible Assets                        | (4,094.94)        | (13,230.46)        |
| Proceeds on Disposal of Tangible Fixed Assets                 | 10.98             | 23.24              |
| Purchase of Long-term Investments                             | —                 | (7,553.30)         |
| Investments in a Subsidiary                                   | —                 | (2,967.53)         |
| Purchase of Current Investments                               | (12,720.30)       | (14,944.43)        |
| Sale/Redemption of Current Investments                        | 8,678.48          | 22,484.07          |
| Sale/Redemption of Long-term Investments                      | 4,016.28          | —                  |
| Proceeds on Disposal of Long-term Investments in a Subsidiary | —                 | 3,018.09           |
| Interest Received                                             | 410.89            | 331.79             |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                  | <b>(3,698.61)</b> | <b>(12,838.53)</b> |

(Rs. in Lakhs)

|                                                                                 | 2012-13         | 2011-12           |
|---------------------------------------------------------------------------------|-----------------|-------------------|
| <b>C. Cash Flows from Financing Activities :</b>                                |                 |                   |
| Dividends Paid                                                                  | (6,794.58)      | (6,796.16)        |
| Dividend Distribution Tax Paid                                                  | (1,109.32)      | (1,109.32)        |
| Interest Paid                                                                   | (2,336.82)      | (1,567.02)        |
| Proceeds from Long-term Borrowings                                              | —               | 6,753.00          |
| Short-term Borrowings - Receipts/(Payments)                                     | 12,409.02       | 10,764.51         |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                                       | <b>2,168.30</b> | <b>8,045.01</b>   |
| <b>D. Exchange Differences on Translation of Foreign Currency</b>               |                 |                   |
| Cash and Cash Equivalents                                                       | —               | 5.61              |
| Net Cash Outflow                                                                | (493.02)        | (1,925.76)        |
| <b>Cash and Cash Equivalents - Opening</b>                                      | <b>1,085.64</b> | <b>3,011.40</b>   |
| <b>Cash and Cash Equivalents - Closing</b>                                      | <b>592.62</b>   | <b>1,085.64</b>   |
|                                                                                 | <b>(493.02)</b> | <b>(1,925.76)</b> |
| <u>Cash and Cash Equivalents comprise:</u>                                      |                 |                   |
| Cash on hand                                                                    | 22.91           | 21.16             |
| Cheques, Drafts on hand                                                         | 10.69           | —                 |
| Balances with Banks*                                                            | 559.02          | 1,058.87          |
| Effect of Exchange Differences on Balances with Banks in Foreign Currency       | —               | 5.61              |
| <b>Total</b>                                                                    | <b>592.62</b>   | <b>1,085.64</b>   |
| *Includes the following balances which are not available for use by the Company |                 |                   |
| Unpaid Dividend Accounts                                                        | 269.78          | 226.21            |

## 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. Investment in Shares amounting to Rs. Nil (Previous Year - Rs. 857.28 Lakhs ) 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.
3. Previous year's figures have been regrouped / rearranged, wherever necessary to conform to current year's classification.

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

For PRICE WATERHOUSE  
Firm Registration Number - 301112E  
Chartered Accountants

(Pinaki Chowdhury)  
Partner

Membership No. 57572  
Kolkata : 10th May, 2013

**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. Use of Estimates**

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

**C. Fixed Assets**

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

Cost comprises cost of acquisition including non refundable taxes/duties, freight and other incidental expenses related to acquisition and installation.

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

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

**D. Depreciation and Amortisation**

Depreciation on tangible fixed assets 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.

**E. Impairment Loss**

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

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

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

**F. Investments**

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

**G. Inventories**

Inventories are valued at lower of cost and net realisable value. The costs are ascertained under weighted average

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

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

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

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

Premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract.

**I. Derivative Contracts**

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

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

**J. Revenue**

Revenue is recognised on completion of sale of goods and rendering of services. Sales are inclusive of excise duty less discounts as applicable. Income from services rendered is recognised as the service is performed and is booked based on agreements / arrangements with the concerned parties.

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

**K. Construction Contracts**

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

**L. Borrowing Costs**

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

**M. Research & Development Expenditure (R & D)**

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

**N. Employee Benefits**

a) Short-term Employee Benefits :

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

b) Post Employment Benefit Plans :

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the year.

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

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

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

**O. Provisions and Contingent Liabilities**

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

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

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.

**P. Taxation**

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

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

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

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

**Q. Leases**

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

**R. Segment Reporting**

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

|                                                                                            | (Rs. in Lakhs)            |                           |
|--------------------------------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                                            | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b>2. Share Capital</b>                                                                    |                           |                           |
| <b>Authorised</b>                                                                          |                           |                           |
| 20,00,00,000 (Previous Year - 20,00,00,000) Equity Shares of Rs. 2/- each                  | <u>4,000.00</u>           | <u>4,000.00</u>           |
| <b>Issued, Subscribed and Paid-up</b>                                                      |                           |                           |
| 19,53,75,594 (Previous Year - 19,53,75,594) Equity Shares of<br>Rs. 2/- each Fully Paid-up | <u>3,907.51</u>           | <u>3,907.51</u>           |
| Add : Forfeited Shares                                                                     | <u>0.17</u>               | <u>0.17</u>               |
|                                                                                            | <u>3,907.68</u>           | <u>3,907.68</u>           |

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

**2.2** Details of Equity Shares Held by Shareholders Holding More than 5% of the Aggregate Shares in the Company:

| Name of Shareholder         | Number of Shares               | Number of Shares        |
|-----------------------------|--------------------------------|-------------------------|
| Likhami Leasing Limited     | <b>5,58,70,000</b><br>(28.60%) | 5,58,70,000<br>(28.60%) |
| The Emerald Company Limited | <b>2,05,84,781</b><br>(10.54%) | 2,05,84,781<br>(10.54%) |
| The Bond Company Limited    | <b>1,63,82,195</b><br>(8.38%)  | 1,58,88,250<br>(8.13%)  |
| H.L. Investment Co. Ltd.    | <b>1,18,92,608</b><br>(6.09%)  | 1,14,55,999<br>(5.86%)  |

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

|                    |             |
|--------------------|-------------|
| <b>1,98,88,336</b> | 1,98,88,336 |
|--------------------|-------------|

|                                                                                                 | (Rs. in Lakhs)            |                           |
|-------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                                                 | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b>3. Reserves and Surplus</b>                                                                  |                           |                           |
| Capital Reserve : As per Last Accounts                                                          | 45.86                     | 45.86                     |
|                                                                                                 | <u>45.86</u>              | <u>45.86</u>              |
| Capital Redemption Reserve : As per Last Accounts                                               | 575.00                    | 575.00                    |
|                                                                                                 | <u>575.00</u>             | <u>575.00</u>             |
| Securities Premium Account : As per Last Accounts                                               | 20,097.65                 | 20,097.65                 |
|                                                                                                 | <u>20,097.65</u>          | <u>20,097.65</u>          |
| General Reserve (Note 3.1 below)                                                                |                           |                           |
| Balance as at the Beginning of the Year                                                         | 109,076.20                | 99,076.20                 |
| Add: Transferred from Surplus in Profit and Loss Statement during the Year                      | 10,000.00                 | 10,000.00                 |
| Balance as at the End of the Year                                                               | <u>1,19,076.20</u>        | <u>1,09,076.20</u>        |
| Surplus in Profit and Loss Statement                                                            |                           |                           |
| Balance as at the Beginning of the Year                                                         | 22,489.02                 | 16,647.45                 |
| Add: Profit for the Year                                                                        | 16,308.45                 | 23,789.04                 |
| Amount Available for Appropriation                                                              | 38,797.47                 | 40,436.49                 |
| Less : Appropriations                                                                           |                           |                           |
| Transferred to General Reserve                                                                  | 10,000.00                 | 10,000.00                 |
| Proposed Dividend on Equity Shares<br>[Rs. 3.50 per Share (Previous Year - Rs. 3.50 per Share)] | 6,838.15                  | 6,838.15                  |
| Dividend Distribution Tax on Proposed Dividend                                                  | 1,162.14                  | 1,109.32                  |
| Balance as at the End of the Year                                                               | <u>20,797.18</u>          | <u>22,489.02</u>          |
|                                                                                                 | <u>1,60,591.89</u>        | <u>1,52,283.73</u>        |

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

#### 4. Long-term Borrowings

|                                                                                                               |                  |                  |
|---------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Secured                                                                                                       |                  |                  |
| Foreign Currency Term Loans from a Bank                                                                       | 12,674.67        | 15,327.00        |
| (Secured by way of first charge on certain moveable fixed assets,<br>both present and future, of the Company) |                  |                  |
|                                                                                                               | <u>12,674.67</u> | <u>15,327.00</u> |

##### Terms of Repayment -

- (a) Total loan amount of Rs. 10,864.00 Lakhs (USD 20 Million) [Previous Year - Rs. 10,218.00 Lakhs (USD 20 Million)] is repayable in 3 equal annual installments commencing from February, 2014. Interest is payable on quarterly basis (Previous Year - half-yearly basis) at Libor plus 1.85% p.a. Current Maturity of the loan amounting to Rs. 3,621.33 Lakhs (Previous Year - Rs. Nil) has been disclosed in Note 9.
- (b) Total loan amount of Rs. 5,432.00 Lakhs (USD 10 Million) [Previous Year - Rs. 5,109.00 Lakhs (USD 10 Million)] is repayable in 3 equal annual installments commencing from August, 2015. Interest is payable on quarterly basis (Previous Year - half-yearly basis) at Libor plus 2.10% p.a.

|                                                                                                                                                                                                                                                                                                         | (Rs. in Lakhs)            |                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                                                                                                                                                                                                                                                         | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b>5. Deferred Tax Liabilities (Net)</b>                                                                                                                                                                                                                                                                |                           |                           |
| Deferred Tax Liabilities                                                                                                                                                                                                                                                                                |                           |                           |
| Depreciation                                                                                                                                                                                                                                                                                            | 10,044.26                 | 7,643.91                  |
| Deferred Tax Assets                                                                                                                                                                                                                                                                                     |                           |                           |
| Expenses Allowable for Tax Purpose on Payment                                                                                                                                                                                                                                                           | 319.97                    | 249.07                    |
| Provision for Doubtful Debts                                                                                                                                                                                                                                                                            | 47.47                     | 61.91                     |
| Unamortised Expenditure Allowable for Tax Purpose in Subsequent Years                                                                                                                                                                                                                                   | 173.09                    | 250.63                    |
|                                                                                                                                                                                                                                                                                                         | <u>540.53</u>             | <u>561.61</u>             |
|                                                                                                                                                                                                                                                                                                         | <u>9,503.73</u>           | <u>7,082.30</u>           |
| <b>6. Other Long-term Liabilities</b>                                                                                                                                                                                                                                                                   |                           |                           |
| Trade Payables                                                                                                                                                                                                                                                                                          | 173.43                    | 145.42                    |
| Security Deposits                                                                                                                                                                                                                                                                                       | 0.70                      | 0.70                      |
|                                                                                                                                                                                                                                                                                                         | <u>174.13</u>             | <u>146.12</u>             |
| <b>7. Short-term Borrowings</b>                                                                                                                                                                                                                                                                         |                           |                           |
| Secured                                                                                                                                                                                                                                                                                                 |                           |                           |
| Loans Repayable on Demand from Banks                                                                                                                                                                                                                                                                    | 19,729.14                 | 18,299.92                 |
| (Secured by first charge by way of hypothecation of certain stocks and book debts, both present and future, and secured by creation of second charge by way of mortgage/charge on certain other movable and immovable assets of the Company, both ranking pari-passu amongst the related chargeholders) |                           |                           |
| Unsecured                                                                                                                                                                                                                                                                                               |                           |                           |
| Loans Repayable on Demand from Banks                                                                                                                                                                                                                                                                    | 24,358.13                 | 12,545.06                 |
|                                                                                                                                                                                                                                                                                                         | <u>44,087.27</u>          | <u>30,844.98</u>          |
| <b>7.1</b> Balance outstanding as at 31st March, 2013 in respect of Commercial Paper was Rs. Nil (Previous Year - Rs. Nil). Maximum amount outstanding at any time during the year was Rs. 3,000.00 Lakhs (Previous Year - Rs. Nil).                                                                    |                           |                           |
| <b>8. Trade Payables</b>                                                                                                                                                                                                                                                                                |                           |                           |
| Trade Payables                                                                                                                                                                                                                                                                                          |                           |                           |
| Acceptances                                                                                                                                                                                                                                                                                             | 3,469.08                  | 3,771.32                  |
| Others (Refer Note 41)                                                                                                                                                                                                                                                                                  | 13,291.75                 | 12,612.58                 |
|                                                                                                                                                                                                                                                                                                         | <u>16,760.83</u>          | <u>16,383.90</u>          |
| <b>9. Other Current Liabilities</b>                                                                                                                                                                                                                                                                     |                           |                           |
| Current Maturities of Long-term Debt (Refer Note 4)                                                                                                                                                                                                                                                     | 3,621.33                  | —                         |
| Interest Accrued but not Due on Borrowings                                                                                                                                                                                                                                                              | 101.75                    | 181.83                    |
| Unpaid Dividends*                                                                                                                                                                                                                                                                                       | 269.78                    | 226.21                    |
| Other Payables                                                                                                                                                                                                                                                                                          |                           |                           |
| Dues Payable to Government Authorities                                                                                                                                                                                                                                                                  | 2,153.23                  | 2,380.18                  |
| Capital Liabilities                                                                                                                                                                                                                                                                                     | 406.34                    | 1,620.29                  |
| Advances from Customers                                                                                                                                                                                                                                                                                 | 1,091.86                  | 360.19                    |
| Deposits                                                                                                                                                                                                                                                                                                | 31.76                     | 41.76                     |
| Claims / Charges Payable                                                                                                                                                                                                                                                                                | 713.36                    | 169.61                    |
| Employee Benefits Payable                                                                                                                                                                                                                                                                               | 1,780.91                  | 1,476.37                  |
| Fractional Entitlement Due for Refund to Shareholders                                                                                                                                                                                                                                                   | 9.28                      | 9.29                      |
| Remuneration Payable to Non-executive Directors                                                                                                                                                                                                                                                         | 224.00                    | 292.00                    |
|                                                                                                                                                                                                                                                                                                         | <u>10,403.60</u>          | <u>6,757.73</u>           |

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

|                                                | (Rs. in Lakhs)         |                        |
|------------------------------------------------|------------------------|------------------------|
|                                                | As at 31st March, 2013 | As at 31st March, 2012 |
| <b>10. Short-term Provisions</b>               |                        |                        |
| Provisions for Employee Benefits               | 1,275.80               | 982.53                 |
| Other Provisions                               |                        |                        |
| Mark-to-market Losses on Derivatives           | 68.76                  | —                      |
| Current Tax (Net of Advance Tax)               | 3,080.59               | 3,690.19               |
| Wealth Tax (Net of Advance Tax)                | 7.07                   | 8.10                   |
| Proposed Dividend on Equity Shares             | 6,838.15               | 6,838.15               |
| Dividend Distribution Tax on Proposed Dividend | 1,162.14               | 1,109.32               |
|                                                | <b>12,432.51</b>       | <b>12,628.29</b>       |

**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, 2012 | Additions during the Year | Adjustments during the Year<br>Borrowing Cost | Exchange Differences<br>[Refer Note 11.4 below] | Disposals during the Year | As at 31st March, 2013 | Up to 31st March, 2012      | For the Year    | On Disposals  | Up to 31st March, 2013 | As at 31st March, 2013 | As at 31st March, 2012 |
| <b>Tangible Assets</b>       |                        |                           |                                               |                                                 |                           |                        |                             |                 |               |                        |                        |                        |
| Freehold Land                | 2,239.70               | —                         | —                                             | —                                               | —                         | 2,239.70               | —                           | —               | —             | —                      | 2,239.70               | 2,239.70               |
| Leasehold Land               | 109.19                 | 10.12                     | —                                             | —                                               | —                         | 119.31                 | 32.49                       | 5.87            | —             | 38.36                  | 80.95                  | 76.70                  |
| Buildings                    | 20,109.97              | 4,101.90                  | 108.00                                        | 511.92                                          | 1.60                      | 24,830.19              | 5,712.31                    | 701.27          | 1.24          | 6,412.34               | 18,417.85              | 14,397.66              |
| Plant and Equipment          | 80,302.31              | 10,235.20                 | 359.66                                        | 1,218.25                                        | 133.80                    | 91,981.62              | 43,566.62                   | 4,150.37        | 95.60         | 47,621.39              | 44,360.23              | 36,735.69              |
|                              |                        |                           |                                               |                                                 |                           | (Note 11.2 below)      |                             |                 |               |                        | (Note 11.2 below)      |                        |
| Furniture and Fixtures       | 651.83                 | 14.28                     | —                                             | —                                               | 12.49                     | 653.62                 | 485.11                      | 19.63           | 10.46         | 494.28                 | 159.34                 | 166.72                 |
| Vehicles                     | 803.82                 | 55.44                     | —                                             | —                                               | 40.55                     | 818.71                 | 347.57                      | 66.73           | 32.51         | 381.79                 | 436.92                 | 456.25                 |
| Office Equipment             | 731.25                 | 46.59                     | —                                             | —                                               | 79.85                     | 697.99                 | 534.34                      | 36.44           | 70.59         | 500.19                 | 197.80                 | 196.91                 |
| Machinery Spares             | 68.19                  | —                         | —                                             | —                                               | —                         | 68.19                  | 67.65                       | —               | —             | 67.65                  | 0.54                   | 0.54                   |
| <b>Total</b>                 | <b>1,05,016.26</b>     | <b>14,463.53</b>          | <b>467.66</b>                                 | <b>1,730.17</b>                                 | <b>268.29</b>             | <b>1,21,409.33</b>     | <b>50,746.09</b>            | <b>4,980.31</b> | <b>210.40</b> | <b>55,516.00</b>       | <b>65,893.33</b>       | <b>54,270.17</b>       |
| Previous Year                | 91,011.74              | 13,138.87                 | 313.56                                        | 904.80                                          | 352.71                    | 1,05,016.26            | 46,992.04                   | 4,020.97        | 266.92        | 50,746.09              | 54,270.17              |                        |
| <b>Intangible Assets</b>     |                        |                           |                                               |                                                 |                           |                        |                             |                 |               |                        |                        |                        |
| Computer Software - Acquired | 308.09                 | 60.22                     | —                                             | —                                               | —                         | 368.31                 | 247.87                      | 23.70           | —             | 271.57                 | 96.74                  | 60.22                  |
| <b>Total</b>                 | <b>308.09</b>          | <b>60.22</b>              | <b>—</b>                                      | <b>—</b>                                        | <b>—</b>                  | <b>368.31</b>          | <b>247.87</b>               | <b>23.70</b>    | <b>—</b>      | <b>271.57</b>          | <b>96.74</b>           | <b>60.22</b>           |
| Previous Year                | 305.26                 | 2.83                      | —                                             | —                                               | —                         | 308.09                 | 225.26                      | 22.61           | —             | 247.87                 | 60.22                  |                        |
| <b>Grand Total</b>           | <b>1,05,324.35</b>     | <b>14,523.75</b>          | <b>467.66</b>                                 | <b>1,730.17</b>                                 | <b>268.29</b>             | <b>1,21,777.64</b>     | <b>50,993.96</b>            | <b>5,004.01</b> | <b>210.40</b> | <b>55,787.57</b>       | <b>65,990.07</b>       | <b>54,330.39</b>       |
|                              |                        |                           |                                               |                                                 |                           | (Note 11.3 below)      |                             |                 |               |                        |                        |                        |
| Previous Year                | 91,317.00              | 13,141.70                 | 313.56                                        | 904.80                                          | 352.71                    | 1,05,324.35            | 47,217.30                   | 4,043.58        | 266.92        | 50,993.96              | 54,330.39              |                        |

**11.2** Gross Block as at 31st March, 2013 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, 2013 is Rs. 172.67 Lakhs (Previous Year - Rs. 226.65 Lakhs).

**11.3** Includes Rs. 336.75 Lakhs (Previous Year - Rs. 132.02 Lakhs) transferred from Opening Capital Work-in-progress.

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

**12. Non-current Investments****(Rs. in Lakhs)**

|                                                                          | Unit<br>Face Value | Number      | As at 31st<br>March, 2013 | Number      | As at 31st<br>March, 2012 |
|--------------------------------------------------------------------------|--------------------|-------------|---------------------------|-------------|---------------------------|
| <b>Long - term</b>                                                       |                    |             |                           |             |                           |
| <b>Trade Investments (Valued at Cost)</b>                                |                    |             |                           |             |                           |
| <b>Unquoted</b>                                                          |                    |             |                           |             |                           |
| <b>Investments in Equity Instruments</b>                                 |                    |             |                           |             |                           |
| <b>In Subsidiary Company</b>                                             |                    |             |                           |             |                           |
| Fully Paid-up Shares                                                     |                    |             |                           |             |                           |
| Graphite International B.V. (Note 12.1 below)                            | Euro 1             | 1,23,00,000 | <b>7,368.95</b>           | 1,23,00,000 | 7,368.95                  |
| <b>In Other Body Corporate</b>                                           |                    |             |                           |             |                           |
| Fully Paid-up Equity Shares                                              |                    |             |                           |             |                           |
| Wardha Power Company Limited                                             |                    |             |                           |             |                           |
| [Refer Note 38]                                                          |                    |             |                           |             |                           |
| Class A Equity Shares                                                    | Rs.10              | 24,76,558   | <b>247.66</b>             | 24,76,558   | 247.66                    |
| <b>Investments in Preference Shares</b>                                  |                    |             |                           |             |                           |
| <b>In Other Body Corporate</b>                                           |                    |             |                           |             |                           |
| Fully Paid-up Preference Shares                                          |                    |             |                           |             |                           |
| Wardha Power Company Limited                                             |                    |             |                           |             |                           |
| [Refer Note 38]                                                          |                    |             |                           |             |                           |
| 0.01% Class A Redeemable Preference Shares                               | Rs.10              | 31,23,442   | <b>312.34</b>             | 31,23,442   | 312.34                    |
| <b>Other than Trade Investments (Valued at Cost)</b>                     |                    |             |                           |             |                           |
| <b>Quoted</b>                                                            |                    |             |                           |             |                           |
| <b>In Bonds (Sold during the year)</b>                                   |                    |             |                           |             |                           |
| 0% NABARD 2019 Bonds                                                     | Rs. 20,000         | —           | —                         | 20,000      | 2,020.70                  |
| (Issue Price Rs. 8,450/- per Bond)                                       |                    |             |                           |             |                           |
| 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          | —           | —                         | 1,00,000    | 1,000.00                  |
| <b>Unquoted</b>                                                          |                    |             |                           |             |                           |
| <b>Investments in Equity Instruments</b>                                 |                    |             |                           |             |                           |
| <b>In Subsidiary Company</b>                                             |                    |             |                           |             |                           |
| Fully Paid-up Equity Shares                                              |                    |             |                           |             |                           |
| Carbon Finance Limited                                                   | Rs.10              | 53,00,000   | <b>3,003.76</b>           | 53,00,000   | 3,003.76                  |
| <b>In Government Securities</b>                                          |                    |             |                           |             |                           |
| 6 Year National Savings Certificate                                      |                    |             | <b>0.06</b>               |             | 0.06                      |
| (Deposited with Sales Tax Authority)                                     |                    |             |                           |             |                           |
| <b>Investments in Mutual Funds</b>                                       |                    |             |                           |             |                           |
| IDFC Fixed Maturity Plan - Eighteen Months Series 9 - Growth             | Rs. 10             | —           | —                         | 45,00,000   | 450.00                    |
| HDFC FMP 24M November 2011 (1) - Growth - Series XIX                     | Rs. 10             | —           | —                         | 50,34,282   | 503.43                    |
| DSP BlackRock FTP - Series 3 - 24M - Growth                              | Rs. 10             | —           | —                         | 50,00,000   | 500.00                    |
| HDFC- Fixed Maturity Plan 400D - February 2012 (1) - Growth              | Rs. 10             | —           | —                         | 1,10,20,200 | 1,102.02                  |
| HDFC- Fixed Maturity Plan 400D - March 2012 (1) - Growth                 | Rs. 10             | —           | —                         | 83,66,128   | 836.61                    |
| Reliance Fixed Horizon Fund - XXI Series 18 - Growth                     | Rs. 10             | —           | —                         | 67,16,070   | 671.61                    |
| DSP BlackRock FMP - Series 43 - 12M - Growth                             | Rs. 10             | —           | —                         | 70,00,000   | 700.00                    |
| Reliance Fixed Horizon Fund - XXI Series 11 - Growth                     | Rs. 10             | —           | —                         | 70,00,000   | 700.00                    |
| HDFC- Fixed Maturity Plan 391D - March 2012 (1) - Growth                 | Rs. 10             | —           | —                         | 70,00,000   | 700.00                    |
|                                                                          |                    |             | <b>10,932.77</b>          |             | 20,506.77                 |
| <b>Aggregate Amount of Quoted Investments</b>                            |                    |             | —                         |             | 3,410.33                  |
| <b>Market Value of Quoted Investments</b>                                |                    |             | —                         |             | 3,757.04                  |
| <b>Aggregate Amount of Unquoted Investments</b>                          |                    |             | <b>10,932.77</b>          |             | 17,096.44                 |
| <b>Net Asset Value of Units of Mutual Funds</b>                          |                    |             | —                         |             | 6,239.33                  |

**12.1** Includes Nil (Previous Year - 1,300,000) shares acquired on conversion of loan.

**12.2** For classification of investments in accordance with Accounting Standard (AS) 13 - Accounting for Investments, refer Note 47.

|                                                     | (Rs. in Lakhs)            |                           |
|-----------------------------------------------------|---------------------------|---------------------------|
|                                                     | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b>13. Long-term Loans and Advances</b>             |                           |                           |
| Unsecured, Considered Good :                        |                           |                           |
| Capital Advances                                    | 37.29                     | 379.28                    |
| Security Deposits                                   | 573.26                    | 391.51                    |
| Loan to a Related Party                             |                           |                           |
| Housing Loan to Executive Director                  | 1.20                      | 6.00                      |
| Other Loans and Advances                            |                           |                           |
| Loans to Employees*                                 | 142.83                    | 109.32                    |
| Prepaid Expenses                                    | 16.18                     | 13.77                     |
|                                                     | <b>770.76</b>             | <b>899.88</b>             |
| *Includes amount due from an Officer of the Company | 7.67                      | —                         |

|                                                                                                                     |             |             |
|---------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| <b>14. Other Non-current Assets</b>                                                                                 |             |             |
| Unsecured, Considered Good :                                                                                        |             |             |
| Fixed Deposits with Banks (with Maturity of More than Twelve Months)<br>(Lodged with Government Authority / Others) | 4.00        | 6.57        |
| Accrued Interest on Fixed Deposits                                                                                  | —           | 0.75        |
|                                                                                                                     | <b>4.00</b> | <b>7.32</b> |

|                                                                        |                    | (Rs. in Lakhs)            |                           |                  |          |
|------------------------------------------------------------------------|--------------------|---------------------------|---------------------------|------------------|----------|
|                                                                        |                    | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |                  |          |
| Unquoted [(Refer Note 1(F))]                                           | Unit<br>Face Value | Number                    | Number                    |                  |          |
| <b>Investments in Mutual Funds</b>                                     |                    |                           |                           |                  |          |
| HDFC Monthly Income Plan-Long Term-Growth                              | Rs. 10             | 44,10,963.190             | 1,043.42                  | 66,07,162.123    | 1,543.41 |
| HSBC Monthly Income Plan-Savings Plan-Growth                           | Rs. 10             | 36,24,015.807             | 730.00                    | 52,38,654.228    | 1,030.00 |
| Reliance Monthly Income Plan-Growth Plan Growth Option                 | Rs. 10             | 23,00,045.541             | 500.00                    | 47,36,649.108    | 1,000.00 |
| ICICI Prudential MIP-25-Regular Plan-Growth                            | Rs. 10             | 34,07,072.108             | 700.00                    | 34,07,072.108    | 700.00   |
| HDFC Short Term Plan-Growth                                            | Rs. 10             | 14,84,656.079             | 300.00                    | 14,84,656.079    | 300.00   |
| Templeton India Short Term Income Retail-Growth                        | Rs. 1,000          | 21,253.168                | 500.00                    | —                | —        |
| Reliance Short Term Fund-Growth Plan-Growth Option                     | Rs. 10             | 52,85,329.454             | 1,150.46                  | —                | —        |
| Reliance Regular Savings Fund-Debt Plan-Inst Growth Plan               | Rs. 10             | 21,06,755.111             | 300.73                    | 21,06,755.111    | 300.73   |
| Templeton India Income Opportunities Fund-Growth                       | Rs. 10             | 2,36,81,425.604           | 2,817.20                  | 2,36,81,425.604  | 2,817.20 |
| Templeton India Corporate Bond Opportunities Fund-Growth               | Rs. 10             | 49,11,494.863             | 500.00                    | 49,11,494.863    | 500.00   |
| Reliance Fixed Horizon Fund-XXI Series 16-Growth                       | Rs. 10             | —                         | —                         | 50,00,000.000    | 500.00   |
| ICICI Prudential FMP Series 59-1 Year Plan F Cumulative                | Rs. 10             | —                         | —                         | 50,00,000.000    | 500.00   |
| DSP BlackRock FTP-Series 32-12M-Growth                                 | Rs. 10             | —                         | —                         | 1,09,87,900.000  | 1,098.79 |
| Kotak-Fixed Maturity Plan -Series-75-Growth                            | Rs. 10             | —                         | —                         | 50,00,000.000    | 500.00   |
| Kotak-Fixed Maturity Plan -Series-79-Growth                            | Rs. 10             | —                         | —                         | 55,11,464.000    | 551.15   |
| IDFC Fixed Maturity Plan Yearly Series.65-Growth                       | Rs. 10             | 1,00,00,000.000           | 1,000.00                  | 1,00,00,000.000  | 1,000.00 |
| Canara Robeco FMP Series-7 Plan A-Growth                               | Rs. 10             | —                         | —                         | 50,00,000.000    | 500.00   |
| Reliance Dynamic Bond Fund-Growth Plan - Growth Option                 | Rs. 10             | 70,11,092.014             | 1,048.94                  | —                | —        |
| ICICI Prudential Income Opportunities Fund-Regular Plan-Growth         | Rs. 10             | 34,90,145.248             | 549.30                    | —                | —        |
| Reliance Income Fund-Growth Plan - Bonus Option                        | Rs. 10             | 34,30,570.961             | 375.00                    | —                | —        |
| DSP BlackRock FMP-Series 84-12M-Regular-Growth                         | Rs. 10             | 60,00,000.000             | 600.00                    | —                | —        |
| IDFC Yearly Series Interval Fund Regular Plan - Series III-Growth      | Rs. 10             | 60,00,000.000             | 600.00                    | —                | —        |
| DSP BlackRock FMP-Series 86-12M-Regular-Growth                         | Rs. 10             | 61,08,860.376             | 610.89                    | —                | —        |
| UTI - Fixed Term Income Fund Series XIV-II-(366 Days)-Growth           | Rs. 10             | 1,00,00,000.000           | 1,000.00                  | —                | —        |
| ICICI Prudential FMP Series 66-366 Days Plan F Regular Plan Cumulative | Rs. 10             | 1,00,00,000.000           | 1,000.00                  | —                | —        |
| Reliance Yearly Interval Fund-Series 3-Growth Plan                     | Rs. 10             | 1,00,00,000.000           | 1,000.00                  | —                | —        |
| Kotak-Fixed Maturity Plan-Series-96-Growth                             | Rs. 10             | 55,13,520.000             | 551.35                    | —                | —        |
| UTI Fixed Term Income Fund Series XIV-VI (366 Days)-Growth             | Rs. 10             | 60,00,000.000             | 600.00                    | —                | —        |
| <b>Current Portion of Long-term Investments</b>                        |                    |                           |                           |                  |          |
| DSP BlackRock FTP-Series 3-24M-Growth                                  | Rs. 10             | 50,00,000.000             | 500.00                    | —                | —        |
| HDFC FMP 24M November 2011 (1)-Growth-Series XIX                       | Rs. 10             | 50,34,282.000             | 503.43                    | —                | —        |
| IDFC Fixed Maturity Plan - Eighteen Months Series 9-Growth             | Rs. 10             | 45,00,000.000             | 450.00                    | —                | —        |
| HDFC - Fixed Maturity Plan 400D-February 2012 (1)-Growth               | Rs. 10             | 1,10,20,200.000           | 1,102.02                  | —                | —        |
| HDFC - Fixed Maturity Plan 400D-March 2012 (1)-Growth                  | Rs. 10             | 83,66,128.000             | 836.61                    | —                | —        |
| Reliance Fixed Horizon Fund-XXI Series 18-Growth                       | Rs. 10             | 67,16,069.467             | 671.61                    | —                | —        |
| DSP BlackRock FMP-Series 43-12M-Growth                                 | Rs. 10             | 70,00,000.000             | 700.00                    | —                | —        |
| Reliance Fixed Horizon Fund-XXI Series 11-Growth                       | Rs. 10             | 70,00,000.000             | 700.00                    | —                | —        |
| HDFC - Fixed Maturity Plan 391D-March 2012 (1)-Growth                  | Rs. 10             | 70,00,000.000             | 700.00                    | —                | —        |
|                                                                        |                    | <b>23,640.96</b>          |                           | <b>12,841.28</b> |          |
| <b>Aggregate Amount of Unquoted Investments</b>                        |                    | <b>23,640.96</b>          |                           | <b>12,841.28</b> |          |
| <b>Net Asset Value of Units of Mutual Funds</b>                        |                    | <b>25,394.20</b>          |                           | <b>13,123.32</b> |          |

**15.1** For classification of investments in accordance with Accounting Standard (AS) 13 - Accounting for Investments, refer Note 47.

|                                                                                                                                                | (Rs. in Lakhs)            |                           |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                                                                                                | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b>16. Inventories</b>                                                                                                                         |                           |                           |
| - At Lower of Cost and Net Realisable Value                                                                                                    |                           |                           |
| Raw Materials [Includes in transit - Rs. 1,938.54 Lakhs<br>(Previous Year - Rs. 3,776.17 Lakhs)]                                               | 48,733.87                 | 43,933.30                 |
| Work-in-Progress [Includes in transit - Rs. 516.91 Lakhs<br>(Previous Year - Rs. 329.34 Lakhs)]                                                | 38,446.07                 | 33,081.58                 |
| Finished Goods [Includes in transit - Rs. 28.20 Lakhs<br>(Previous Year - Rs. 441.31 Lakhs)]                                                   | 8,993.69                  | 6,620.32                  |
| Stores and Spares [Includes in transit - Rs. 40.66 Lakhs<br>(Previous Year - Rs. 147.41 Lakhs)]                                                | 1,529.40                  | 1,787.54                  |
| Loose Tools                                                                                                                                    | 67.43                     | 68.36                     |
|                                                                                                                                                | <u>97,770.46</u>          | <u>85,491.10</u>          |
| <b>17. Trade Receivables</b>                                                                                                                   |                           |                           |
| Unsecured :                                                                                                                                    |                           |                           |
| Debts Outstanding for a Period Exceeding Six Months<br>from the Date they are Due for Payment -                                                |                           |                           |
| Considered Good                                                                                                                                | 592.91                    | 1,138.89                  |
| Considered Doubtful                                                                                                                            | 139.66                    | 190.97                    |
|                                                                                                                                                | <u>732.57</u>             | <u>1,329.86</u>           |
| Less: Provision for Doubtful Debts                                                                                                             | (139.66)                  | (190.97)                  |
|                                                                                                                                                | <u>592.91</u>             | <u>1,138.89</u>           |
| Other Debts -                                                                                                                                  |                           |                           |
| Considered Good                                                                                                                                | 50,367.16                 | 36,389.80                 |
|                                                                                                                                                | <u>50,960.07</u>          | <u>37,528.69</u>          |
| <b>18. Cash and Bank Balances</b>                                                                                                              |                           |                           |
| Cash and Cash Equivalents                                                                                                                      |                           |                           |
| Balances with Banks                                                                                                                            |                           |                           |
| In Current Accounts                                                                                                                            | 289.24                    | 838.27                    |
| Unpaid Dividend Accounts @                                                                                                                     | 269.78                    | 226.21                    |
| Cheques, Drafts on Hand                                                                                                                        | 10.69                     | —                         |
| Cash on Hand                                                                                                                                   | 22.91                     | 21.16                     |
|                                                                                                                                                | <u>592.62</u>             | <u>1,085.64</u>           |
| Other Bank Balances                                                                                                                            |                           |                           |
| Fixed Deposit Accounts (with Maturity of More than Three Months<br>but Less than Twelve Months)<br>(Lodged with Government Authority / Others) | 9.48                      | 26.54                     |
|                                                                                                                                                | <u>602.10</u>             | <u>1,112.18</u>           |
| @ Earmarked for payment of Unclaimed Dividend                                                                                                  |                           |                           |
| <b>18.1 Fixed Deposits with Banks with Maturity of More than<br/>Twelve Months included in Note 14</b>                                         | <u>4.00</u>               | <u>6.57</u>               |

|                                                     | (Rs. in Lakhs)            |                           |
|-----------------------------------------------------|---------------------------|---------------------------|
|                                                     | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b>19. Short-term Loans and Advances</b>            |                           |                           |
| Unsecured, Considered Good :                        |                           |                           |
| Loans and Advances to Related Parties               |                           |                           |
| Subsidiary                                          | 239.77                    | 271.96                    |
| Housing Loan to Executive Director                  | 4.80                      | 4.80                      |
| Others                                              |                           |                           |
| Advance / Deposits with Government Authorities      | 16,083.80                 | 14,814.06                 |
| Advance to Suppliers / Service Providers            | 603.04                    | 868.54                    |
| Prepaid / Advance for Expenses                      | 295.19                    | 245.90                    |
| Loans to Employees*                                 | 100.86                    | 92.88                     |
| Claims Receivable / Charges Recoverable             | 149.20                    | 39.98                     |
| Security Deposits                                   | 101.26                    | 44.56                     |
|                                                     | <u>17,577.92</u>          | <u>16,382.68</u>          |
| *Includes amount due from an Officer of the Company | 3.54                      | —                         |

**20. Other Current Assets**

|                                          |                 |                 |
|------------------------------------------|-----------------|-----------------|
| Unsecured, Considered Good :             |                 |                 |
| Accrued Interest on Deposits             |                 |                 |
| with Banks                               | 2.56            | 0.54            |
| with Others                              | 3.44            | 4.47            |
| Accrued Interest on Investments          | —               | 11.75           |
| Export Entitlement Receivable            | 2,013.94        | 3,574.28        |
| Unamortised Premium on Forward Contracts | —               | 4.45            |
|                                          | <u>2,019.94</u> | <u>3,595.49</u> |

**21. Revenue from Operations (Gross)**

|                                                                                                                                                      | (Rs. in Lakhs)                 |                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                                                                                                                      | Year ended 31st<br>March, 2013 | Year ended 31st<br>March, 2012 |
| Sale of Products                                                                                                                                     |                                |                                |
| Graphite Electrodes and Miscellaneous Graphite Products<br>[Includes Sale of Traded Goods amounting to Rs. 1,410.29 Lakhs (Previous Year - Rs. Nil)] | 1,48,610.94                    | 1,33,413.22                    |
| Carbon Paste                                                                                                                                         | 2,249.23                       | 2,619.02                       |
| Calcined Petroleum Coke                                                                                                                              | 3,313.94                       | 5,711.92                       |
| Electricity                                                                                                                                          | 90.72                          | 181.99                         |
| Impervious Graphite Equipment and Spares                                                                                                             | 10,113.11                      | 6,466.26                       |
| GRP / FRP Pipes and Tanks                                                                                                                            | 3,824.20                       | 8,816.16                       |
| High Speed Steel                                                                                                                                     | 8,061.21                       | 9,157.32                       |
| Alloy Steel                                                                                                                                          | 647.22                         | 681.01                         |
| Others                                                                                                                                               | 1,034.72                       | 675.49                         |
|                                                                                                                                                      | <u>1,77,945.29</u>             | <u>1,67,722.39</u>             |
| Sale of Services                                                                                                                                     |                                |                                |
| Processing / Service Charges                                                                                                                         | 138.78                         | 106.13                         |
| Installation Charges                                                                                                                                 | 937.10                         | 1,808.19                       |
|                                                                                                                                                      | <u>1,075.88</u>                | <u>1,914.32</u>                |
| Other Operating Revenues                                                                                                                             |                                |                                |
| Export Entitlement                                                                                                                                   | 4,205.07                       | 4,084.27                       |
| Royalty                                                                                                                                              | 391.83                         | 482.04                         |
|                                                                                                                                                      | <u>4,596.90</u>                | <u>4,566.31</u>                |
|                                                                                                                                                      | <u>1,83,618.07</u>             | <u>1,74,203.02</u>             |

|                                                           | (Rs. in Lakhs)                 |                                |
|-----------------------------------------------------------|--------------------------------|--------------------------------|
|                                                           | Year ended 31st<br>March, 2013 | Year ended 31st<br>March, 2012 |
| <b>22. Other Income</b>                                   |                                |                                |
| Interest Income                                           |                                |                                |
| On Loans and Deposits                                     | 31.76                          | 61.59                          |
| On Long-term Investments                                  | 20.36                          | 25.09                          |
| From Customers                                            | 220.28                         | 205.31                         |
| From Income-tax Authority                                 | 126.98                         | 38.65                          |
| Net Gain on Disposal of Long-term Investments             | 605.95                         | —                              |
| Net Gain on Disposal of Current Investments               | 594.18                         | 2,287.90                       |
| Guarantee Fee                                             | 52.16                          | 51.17                          |
| Liabilities No Longer Required Written Back               | 356.68                         | 435.06                         |
| Provision for Doubtful Debts Written Back                 | 127.03                         | 15.12                          |
| Net Gain on Foreign Currency Transactions and Translation | 72.70                          | —                              |
| Other Non-operating Income                                | 426.63                         | 342.00                         |
|                                                           | <u>2,634.71</u>                | <u>3,461.89</u>                |
| <b>23. Cost of Materials Consumed</b>                     |                                |                                |
| Opening Inventory                                         | 43,933.30                      | 31,888.50                      |
| Add : Purchases                                           | 83,683.72                      | 81,040.84                      |
|                                                           | <u>1,27,617.02</u>             | <u>1,12,929.34</u>             |
| Less : Capitalised                                        | —                              | 234.27                         |
| Less : Closing Inventory                                  | 48,733.87                      | 43,933.30                      |
| Cost of Materials Consumed                                | <u>78,883.15</u>               | <u>68,761.77</u>               |
| <b>23.1 Details of Materials Consumed</b>                 |                                |                                |
| Raw Petroleum Coke                                        | 5,245.27                       | 5,849.85                       |
| Calcined Petroleum Coke                                   | 52,587.32                      | 41,426.07                      |
| Pitch                                                     | 12,801.96                      | 10,441.85                      |
| Extrusion Oil                                             | 295.96                         | 318.43                         |
| Fibreglass                                                | 623.63                         | 1,680.76                       |
| Resin Chemicals                                           | 1,562.51                       | 3,131.77                       |
| Melting Scrap                                             | 2,857.00                       | 2,673.47                       |
| Ferro Alloys, Fluxes and Other Materials                  | 2,175.69                       | 2,729.33                       |
| Stearic Acid                                              | 133.33                         | 116.91                         |
| Iron & Ferric Oxide                                       | 238.58                         | 202.17                         |
| Steel                                                     | 57.51                          | 74.83                          |
| Sand                                                      | 68.98                          | 172.39                         |
| Others                                                    | 235.41                         | 178.21                         |
|                                                           | <u>78,883.15</u>               | <u>68,996.04</u>               |
| Less : Capitalised                                        |                                |                                |
| Calcined Petroleum Coke                                   | —                              | 228.74                         |
| Pitch                                                     | —                              | 5.53                           |
|                                                           | <u>—</u>                       | <u>234.27</u>                  |
|                                                           | <u>78,883.15</u>               | <u>68,761.77</u>               |

|                                          | (Rs. in Lakhs)            |                           |
|------------------------------------------|---------------------------|---------------------------|
|                                          | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b>23.2 Details of Inventory</b>         |                           |                           |
| Raw Petroleum Coke                       | 59.13                     | 321.72                    |
| Calcined Petroleum Coke                  | 45,050.82                 | 40,131.31                 |
| Pitch                                    | 850.00                    | 969.00                    |
| Extrusion Oil                            | 38.40                     | 39.25                     |
| Fibreglass                               | 272.93                    | 224.10                    |
| Resin Chemicals                          | 64.73                     | 81.89                     |
| Melting Scrap                            | 1,185.17                  | 1,444.80                  |
| Ferro Alloys, Fluxes and Other Materials | 723.51                    | 297.30                    |
| Stearic Acid                             | 19.61                     | 18.02                     |
| Iron & Ferric Oxide                      | 25.13                     | 22.08                     |
| Steel                                    | 19.69                     | 27.51                     |
| Sand                                     | 22.19                     | 28.00                     |
| Others                                   | 402.56                    | 328.32                    |
|                                          | <u>48,733.87</u>          | <u>43,933.30</u>          |

|                                                         | (Rs. in Lakhs)                 |                                |
|---------------------------------------------------------|--------------------------------|--------------------------------|
|                                                         | Year ended 31st<br>March, 2013 | Year ended 31st<br>March, 2012 |
| <b>24. Purchases of Stock-in-trade</b>                  |                                |                                |
| Graphite Electrodes and Miscellaneous Graphite Products | 1,345.27                       | —                              |
|                                                         | <u>1,345.27</u>                | <u>—</u>                       |

|                                                                          |                   |                 |
|--------------------------------------------------------------------------|-------------------|-----------------|
| <b>25. Changes in Inventories of Finished Goods and Work-in-Progress</b> |                   |                 |
| Finished Goods                                                           |                   |                 |
| Closing Stock                                                            | 8,993.69          | 6,620.32        |
| Deduct: Opening Stock                                                    | 6,620.32          | 10,333.99       |
|                                                                          | <u>(2,373.37)</u> | <u>3,713.67</u> |
| Work-in-Progress                                                         |                   |                 |
| Closing Stock                                                            | 38,446.07         | 33,081.58       |
| Deduct: Opening Stock                                                    | 33,081.58         | 32,139.97       |
|                                                                          | <u>(5,364.49)</u> | <u>(941.61)</u> |
|                                                                          | <u>(7,737.86)</u> | <u>2,772.06</u> |

|                                                         |  |  | (Rs. in Lakhs)            |                           |
|---------------------------------------------------------|--|--|---------------------------|---------------------------|
|                                                         |  |  | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b>25.1 Details of Inventory</b>                        |  |  |                           |                           |
| Finished Goods                                          |  |  |                           |                           |
| Graphite Electrodes and Miscellaneous Graphite Products |  |  | 7,842.10                  | 5,584.34                  |
| Carbon Paste                                            |  |  | 428.20                    | 326.17                    |
| Electricity                                             |  |  | 47.33                     | 50.20                     |
| Impervious Graphite Equipment and Spares                |  |  | 142.49                    | 135.45                    |
| GRP/FRP Pipes and Tanks                                 |  |  | 380.64                    | 341.52                    |
| High Speed Steel                                        |  |  | 149.62                    | 169.99                    |
| Alloy Steel                                             |  |  | 3.31                      | 12.65                     |
|                                                         |  |  | <u>8,993.69</u>           | <u>6,620.32</u>           |
| Work-in-Progress                                        |  |  |                           |                           |
| Graphite Electrodes and Miscellaneous Graphite Products |  |  | 32,357.09                 | 26,676.69                 |
| Calcined Petroleum Coke                                 |  |  | 1,098.40                  | 829.59                    |
| Impervious Graphite Equipment and Spares                |  |  | 2,622.84                  | 2,830.59                  |
| GRP/FRP Pipes and Tanks                                 |  |  | 129.62                    | 705.18                    |
| High Speed Steel                                        |  |  | 1,793.82                  | 1,758.66                  |
| Alloy Steel                                             |  |  | 73.31                     | 165.28                    |
| Others                                                  |  |  | 370.99                    | 115.59                    |
|                                                         |  |  | <u>38,446.07</u>          | <u>33,081.58</u>          |

|                                                      |  |  | (Rs. in Lakhs)                 |                                |
|------------------------------------------------------|--|--|--------------------------------|--------------------------------|
|                                                      |  |  | Year ended 31st<br>March, 2013 | Year ended 31st<br>March, 2012 |
| <b>26. Employee Benefits Expense</b>                 |  |  |                                |                                |
| Salaries and Wages                                   |  |  | 10,282.73                      | 8,209.65                       |
| Contribution to Provident and Other Funds            |  |  | 1,026.11                       | 886.48                         |
| Staff Welfare Expenses                               |  |  | 688.42                         | 608.24                         |
|                                                      |  |  | <u>11,997.26</u>               | <u>9,704.37</u>                |
| <b>27. Finance Costs</b>                             |  |  |                                |                                |
| Interest Expense on                                  |  |  |                                |                                |
| Borrowings from Banks                                |  |  | 1,846.15                       | 1,493.66                       |
| Others                                               |  |  | 410.58                         | 216.73                         |
| Other Borrowing Costs                                |  |  | 87.85                          | 124.31                         |
|                                                      |  |  | <u>2,344.58</u>                | <u>1,834.70</u>                |
| Less: Interest and Other Borrowing Costs Capitalised |  |  | 130.91                         | 395.23                         |
|                                                      |  |  | <u>2,213.67</u>                | <u>1,439.47</u>                |
| <b>28. Depreciation and Amortisation Expense</b>     |  |  |                                |                                |
| Depreciation on Tangible Assets                      |  |  | 4,974.44                       | 4,019.39                       |
| Amortisation of Leasehold Land                       |  |  | 5.87                           | 1.58                           |
| Amortisation of Intangible Assets                    |  |  | 23.70                          | 22.61                          |
|                                                      |  |  | <u>5,004.01</u>                | <u>4,043.58</u>                |

|                                                                                                                                                | (Rs. in Lakhs)                 |                                |
|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                                                                                                                | Year ended 31st<br>March, 2013 | Year ended 31st<br>March, 2012 |
| <b>29. Other Expenses</b>                                                                                                                      |                                |                                |
| Consumption of Stores and Spare Parts                                                                                                          | 14,114.85                      | 11,502.27                      |
| Power and Fuel                                                                                                                                 | 30,393.66                      | 25,402.12                      |
| Rent                                                                                                                                           | 223.78                         | 207.91                         |
| Repairs to Buildings                                                                                                                           | 361.12                         | 347.71                         |
| Repairs to Machinery                                                                                                                           | 1,668.53                       | 1,274.48                       |
| Repairs to Others                                                                                                                              | 257.66                         | 267.15                         |
| Insurance                                                                                                                                      | 559.03                         | 455.97                         |
| Rates and Taxes                                                                                                                                | 227.02                         | 289.25                         |
| Freight and Transport                                                                                                                          | 5,613.73                       | 4,881.26                       |
| Commission to Selling Agents                                                                                                                   | 2,909.45                       | 1,878.91                       |
| Travelling and Conveyance                                                                                                                      | 579.61                         | 533.47                         |
| Payment to Auditors (Refer Note 40)                                                                                                            | 61.16                          | 41.67                          |
| Directors' Remuneration (Other than Executive Director)                                                                                        | 234.40                         | 302.80                         |
| Excise Duty on Stocks etc. (Refer Note 29.2)                                                                                                   | 188.41                         | 19.96                          |
| Bad Debts/Advances Written Off                                                                                                                 | 115.93                         | 35.88                          |
| Provision for Doubtful Debts                                                                                                                   | 75.72                          | 73.87                          |
| Processing Charges                                                                                                                             | 276.73                         | 388.03                         |
| Contractors' Labour Charges                                                                                                                    | 2,646.49                       | 3,543.12                       |
| Loss on Disposal of Tangible Fixed Assets [Net of Profit on Disposal of Tangible Fixed Assets Rs. 3.26 Lakhs (Previous Year - Rs. 2.78 Lakhs)] | 46.91                          | 62.55                          |
| Net Loss on Foreign Currency Transactions and Translation                                                                                      | —                              | 681.28                         |
| Miscellaneous Expenditure                                                                                                                      | 3,552.27                       | 2,530.83                       |
|                                                                                                                                                | <b>64,106.46</b>               | <b>54,720.49</b>               |
| <b>29.1 Consumption of Stores and Spare Parts includes:</b>                                                                                    |                                |                                |
| Packing Materials                                                                                                                              | 1,318.78                       | 1,301.00                       |
| Loose Tools                                                                                                                                    | 217.58                         | 227.28                         |

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

|                                                                                                            | (Rs. in Lakhs)                 |                                |
|------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                                                                            | Year ended 31st<br>March, 2013 | Year ended 31st<br>March, 2012 |
| <b>30. Earnings Per Equity Share</b>                                                                       |                                |                                |
| (A) Basic                                                                                                  |                                |                                |
| (i) Number of Equity Shares at the Beginning of the Year                                                   | 19,53,75,594                   | 19,53,75,594                   |
| (ii) Number of Equity Shares at the End of the Year                                                        | 19,53,75,594                   | 19,53,75,594                   |
| (iii) Weighted Average Number of Equity Shares Outstanding during the Year                                 | 19,53,75,594                   | 19,53,75,594                   |
| (iv) Face Value of Each Equity Share (Rs.)                                                                 | 2.00                           | 2.00                           |
| (v) Profit after Tax Available for Equity Shareholders                                                     | 16,308.45                      | 23,789.04                      |
| (vi) Basic Earnings per Equity Share (Rs.)[(v)/(iii)]                                                      | 8.35                           | 12.18                          |
| (vii) Profit after Tax Available for Equity Shareholders (Before Exceptional Item) (Refer Note 30.1 below) | 16,308.45                      | 20,868.73                      |
| (viii) Basic Earnings per Equity Share Before Exceptional Item (Rs.) [(vii)/(iii)]                         | 8.35                           | 10.68                          |
| (B) Diluted                                                                                                |                                |                                |
| (i) Dilutive Potential Equity Shares                                                                       | —                              | —                              |
| (ii) Diluted Earnings per Equity Share (Rs.) [Same as (A)(vi) above]                                       | 8.35                           | 12.18                          |
| (iii) Diluted Earnings per Equity Share Before Exceptional Item (Rs.) [Same as (A)(viii) above]            | 8.35                           | 10.68                          |
| <b>30.1 Profit after Tax Available for Equity Shareholders (Before Exceptional Item) :</b>                 |                                |                                |
| Profit after Tax                                                                                           | 16,308.45                      | 23,789.04                      |
| Less : Gain on Disposal of Investment (Net of Tax )                                                        | —                              | (2,920.31)                     |
|                                                                                                            | <u>16,308.45</u>               | <u>20,868.73</u>               |

|                                                          | (Rs. in Lakhs)                 |                                |
|----------------------------------------------------------|--------------------------------|--------------------------------|
|                                                          | Year ended 31st<br>March, 2013 | Year ended 31st<br>March, 2012 |
| <b>31. C.I.F. Value of Imports</b>                       |                                |                                |
| Raw Materials                                            | 51,432.46                      | 44,107.58                      |
| Components and Spare Parts                               | 747.77                         | 783.23                         |
| Capital Goods                                            | 117.26                         | 3,341.25                       |
| Traded Goods                                             | 1,345.27                       | —                              |
| <b>32. Expenditure in Foreign Currency on Account of</b> |                                |                                |
| Travelling                                               | 140.36                         | 95.93                          |
| Commission                                               | 1,538.62                       | 1,591.35                       |
| Export Sales Expenses                                    | 1,150.47                       | 51.57                          |
| Interest                                                 | 569.21                         | 399.69                         |
| Professional Fees                                        | 287.35                         | 200.87                         |
| Bank Charges                                             | 38.99                          | 37.87                          |
| Others                                                   | 43.48                          | 36.22                          |

|                                                                                                                                                                                                               |                  | (Rs. in Lakhs)         |                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------------|------------------------|
|                                                                                                                                                                                                               |                  | 2012-13                | 2011-12                |
|                                                                                                                                                                                                               |                  | %                      | %                      |
| <b>33. Consumption of</b>                                                                                                                                                                                     |                  |                        |                        |
| Raw Materials                                                                                                                                                                                                 |                  |                        |                        |
| Imported                                                                                                                                                                                                      | 50,039.00        | 63.43                  | 35,461.47              |
| Indigenous                                                                                                                                                                                                    | 28,844.15        | 36.57                  | 33,534.57              |
|                                                                                                                                                                                                               | <u>78,883.15</u> | <u>100.00</u>          | <u>68,996.04</u>       |
| Stores and Spare Parts                                                                                                                                                                                        |                  |                        |                        |
| Imported                                                                                                                                                                                                      | 788.48           | 5.59                   | 849.65                 |
| Indigenous                                                                                                                                                                                                    | 13,326.57        | 94.41                  | 10,652.62              |
|                                                                                                                                                                                                               | <u>14,115.05</u> | <u>100.00</u>          | <u>11,502.27</u>       |
| <b>34. Amount Remitted in Foreign Currency</b>                                                                                                                                                                |                  |                        |                        |
| On Account of Dividend excluding Payments to Mandatees in India (Rs. in Lakhs)                                                                                                                                | 334.74           |                        | 334.74                 |
| 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                                                                                                      | 95,63,950        |                        | 95,63,950              |
| The Year to which such Dividends relate                                                                                                                                                                       | 2011-12          |                        | 2010-11                |
| <b>35. Earnings in Foreign Currency</b>                                                                                                                                                                       |                  |                        |                        |
| Export of Goods on F.O.B. Basis                                                                                                                                                                               | 72,914.27        |                        | 87,350.25              |
| Royalty                                                                                                                                                                                                       | 391.83           |                        | 482.04                 |
| Guarantee Fee                                                                                                                                                                                                 | 52.16            |                        | 51.17                  |
| Interest                                                                                                                                                                                                      | —                |                        | 36.00                  |
| Service Charges                                                                                                                                                                                               | 20.32            |                        | 22.36                  |
| Sale of Carbon Credit                                                                                                                                                                                         | 42.28            |                        | 29.96                  |
| Profit on Disposal of Long-term Investments                                                                                                                                                                   | —                |                        | 2,961.63               |
| <b>36. Commitments -</b>                                                                                                                                                                                      |                  |                        |                        |
|                                                                                                                                                                                                               |                  | As at 31st March, 2013 | As at 31st March, 2012 |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) [includes Rs. 9.60 Lakhs (Previous Year - Rs. Nil) for acquisition of intangible assets] |                  | 268.33                 | 1,291.49               |
| (ii) Export obligations under EPCG Licenses                                                                                                                                                                   |                  | 261.27                 | 2,561.97               |
| (iii) Export obligations against Advance Licenses                                                                                                                                                             |                  | —                      | 167.29                 |
| <b>37. Contingent Liabilities -</b>                                                                                                                                                                           |                  |                        |                        |
| (i) Claims against the Company not acknowledged as debts:                                                                                                                                                     |                  |                        |                        |
| (a) Disputed Excise Duty                                                                                                                                                                                      |                  | 523.95                 | 567.54                 |
| (b) Disputed Customs Duty                                                                                                                                                                                     |                  | 999.62                 | 1,004.47               |
| (c) Disputed Service Tax                                                                                                                                                                                      |                  | 324.92                 | 256.35                 |
| (d) Disputed Sales Tax                                                                                                                                                                                        |                  | 528.46                 | 524.34                 |
| (e) Disputed Entry Tax                                                                                                                                                                                        |                  | 246.04                 | 267.28                 |
| (f) Disputed Income Tax                                                                                                                                                                                       |                  | 1.89                   | —                      |
| (g) Labour Related and Other Matters                                                                                                                                                                          |                  | 373.65                 | 355.70                 |

|                                                                                                                                                                                                                                                                                                                    | (Rs. in Lakhs)            |                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                                                                                                                                                                                                                                                                    | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| (ii) Guarantee                                                                                                                                                                                                                                                                                                     |                           |                           |
| Corporate Guarantees given to banks to secure the financial assistance/<br>accommodation extended to Subsidiary Companies                                                                                                                                                                                          | 5,209.50                  | 5,117.25                  |
| (iii) In respect of Contingent Liabilities mentioned in Note 37(i) above, it is not practicable for the Company to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above Contingent Liabilities. |                           |                           |

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

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

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

39. Fixed Assets including Capital Work-in-Progress includes Pre-operative expenses : Salaries and Wages Rs. 41.22 Lakhs (Previous Year – Rs. 101.89 Lakhs), Contribution to Provident and Other Funds Rs. 5.23 Lakhs (Previous Year – Rs. 10.70 Lakhs), Consumption of Stores and Spare Parts Rs. 0.20 Lakhs (Previous Year – Rs. Nil), Rates and Taxes Rs. 0.12 Lakhs (Previous Year – Rs. Nil), Insurance Rs. 5.04 Lakhs (Previous Year – Rs. 1.20 Lakhs), Travelling and Conveyance Rs. 1.03 Lakhs (Previous Year – Rs. 6.80 Lakhs), Miscellaneous Expenses Rs. 17.89 Lakhs (Previous Year – Rs. 63.21 Lakhs) and Interest and Other Borrowing Cost Rs. 130.91 Lakhs (net of Interest Income of Rs. Nil) [(Previous Year – Rs. 376.52 Lakhs) (net of Interest Income of Rs. 18.71 Lakhs)].

|                                                               | (Rs. in Lakhs) |         |
|---------------------------------------------------------------|----------------|---------|
| 40. Payment to Auditors (Note 29) include –                   | 2012-13        | 2011-12 |
| (i) Payment to Statutory Auditors as Auditor                  |                |         |
| As Audit Fee                                                  | 24.00          | 24.00   |
| For Certificate and Other Matters                             | 28.35          | 16.20   |
| Out of Pocket Expenses                                        | 0.86           | 1.17    |
| Service Tax and Education Cess                                | 6.58           | 4.76    |
|                                                               | 59.79          | 46.13   |
| Less: Cenvat Credit of Service Tax and Education Cess Availed | 6.58           | 4.76    |
|                                                               | 53.21          | 41.37   |
| (ii) Cost Auditors                                            |                |         |
| As Fee                                                        | 6.50           | 0.30    |
| For Certificate and Other Matters                             | 0.96           | —       |
| Out of Pocket Expenses                                        | 0.49           | —       |
| Service Tax and Education Cess                                | 0.77           | 0.03    |
|                                                               | 8.72           | 0.33    |
| Less: Cenvat Credit of Service Tax and Education Cess Availed | 0.77           | 0.03    |
|                                                               | 7.95           | 0.30    |
| Total                                                         | 61.16          | 41.67   |

|                                                                                                                                                                                                                                                                                          | (Rs. in Lakhs)            |                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| 41. Information relating to Micro and Small Enterprises (MSEs)-                                                                                                                                                                                                                          | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| (i) The Principal amount and Interest due thereon remaining unpaid to any supplier                                                                                                                                                                                                       |                           |                           |
| Principal                                                                                                                                                                                                                                                                                | 141.11                    | 239.06                    |
| 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                                                                                                                                                                                                                                                                                | 10.71                     | 10.98                     |
| Interest                                                                                                                                                                                                                                                                                 | 0.08                      | 0.02                      |
| (iii) The amount of interest accrued and remaining unpaid at the end of the accounting year                                                                                                                                                                                              | 0.09                      | —                         |
| (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.                                                                                                              |                           |                           |

42. Exceptional item Rs. Nil (Previous Year - Rs. 2,961.63 Lakhs) represents profit on disposal of long-term investments in a wholly owned subsidiary.

| 43. Particulars relating to Construction Contracts –                                | (Rs. in Lakhs) |          |
|-------------------------------------------------------------------------------------|----------------|----------|
|                                                                                     | 2012-13        | 2011-12  |
| (a) Contract revenues recognised as revenue                                         | 1,657.05       | 4,273.07 |
| (b) Other information relating to Contract Work-in-Progress                         |                |          |
| (i) Aggregate amount of cost incurred and recognised profits less recognised losses | 5,598.34       | 5,653.78 |
| (ii) The amount of customer advances                                                | —              | 99.57    |
| (iii) The amount of retentions due from customers                                   | 9.66           | 28.07    |
| (iv) Gross amount due from customers for contract work as an asset                  | 87.99          | 666.10   |
| (v) Gross amount due to customers for contract work as a liability                  | —              | 2.39     |

#### 44. Employee Benefits:

##### (I) Post Employment Defined Benefit Plans:

##### (A) Gratuity (Funded)

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

The following table sets forth the particulars in respect of the Gratuity Plan (Funded) of the Company for the year ended 31st March, 2013:

|                                                                                                              | (Rs. in Lakhs)         |                 |
|--------------------------------------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                                                              | <u>2012-13</u>         | <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                                                     | <b>1,621.75</b>        | 1,344.64        |
| Current Service Cost                                                                                         | <b>122.44</b>          | 100.37          |
| Interest Cost                                                                                                | <b>125.21</b>          | 108.91          |
| Actuarial Losses                                                                                             | <b>207.59</b>          | 194.52          |
| Benefits Paid                                                                                                | <b>(113.35)</b>        | (126.69)        |
| Present Value of Obligation at the end of the year                                                           | <b><u>1,963.64</u></b> | <u>1,621.75</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                                                       | <b>1,429.51</b>        | 1,334.98        |
| Expected Return on Plan Assets                                                                               | <b>114.36</b>          | 106.80          |
| Actuarial Gains                                                                                              | <b>28.61</b>           | 17.39           |
| Contributions                                                                                                | <b>200.08</b>          | 97.03           |
| Benefits Paid                                                                                                | <b>(113.35)</b>        | (126.69)        |
| Fair Value of Plan Assets at the end of the year                                                             | <b><u>1,659.21</u></b> | <u>1,429.51</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                                                           | <b>1,963.64</b>        | 1,621.75        |
| Fair Value of Plan Assets at the end of the year                                                             | <b>1,659.21</b>        | 1,429.51        |
| (Liabilities) recognised in the Balance Sheet                                                                | <b><u>(304.43)</u></b> | <u>(192.24)</u> |
| (d) Expense recognised in the Profit and Loss Statement:                                                     |                        |                 |
| Current Service Cost                                                                                         | <b>122.44</b>          | 100.37          |
| Interest Cost                                                                                                | <b>125.21</b>          | 108.91          |
| Expected Return on Plan Assets                                                                               | <b>(114.36)</b>        | (106.80)        |
| Actuarial Losses                                                                                             | <b>178.98</b>          | 177.13          |
| Total Expense recognised @                                                                                   | <b><u>312.27</u></b>   | <u>279.61</u>   |
| @ Recognised under 'Contribution to Provident and Other Funds' in Note 26.                                   |                        |                 |
| (e) Category of Plan Assets:                                                                                 |                        |                 |
| Fund with LIC                                                                                                | <b>1,656.62</b>        | 1,426.81        |
| Others (including bank balances)                                                                             | <b>2.59</b>            | 2.70            |
| Total                                                                                                        | <b><u>1,659.21</u></b> | <u>1,429.51</u> |
| (f) Actual Return on Plan Assets                                                                             | <b>142.97</b>          | 124.19          |
| (g) Principal Actuarial Assumptions:                                                                         |                        |                 |
| Discount Rate                                                                                                | <b>8.00%</b>           | 8.50%           |
| Salary Escalation                                                                                            | <b>6.00%</b>           | 6.00%           |
| Expected Return on Assets                                                                                    | <b>8.00%</b>           | 8.00%           |

|                                                     | (Rs. in Lakhs)  |                |                |                |                |
|-----------------------------------------------------|-----------------|----------------|----------------|----------------|----------------|
| (h) Other Disclosures:                              | <u>2012-13</u>  | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> |
| Present Value of Obligation at the end of the year  | <b>1,963.64</b> | 1,621.75       | 1,344.64       | 1,565.39       | 1,686.02       |
| Fair Value of Plan Assets at the end of the year    | <b>1,659.21</b> | 1,429.51       | 1,334.98       | 1,533.09       | 1,613.39       |
| Surplus/(Deficit) at the end of the year            | <b>(304.43)</b> | (192.24)       | (9.66)         | (32.30)        | (72.63)        |
| Experience Adjustments on Plan Assets [Gain/(Loss)] | <b>20.55</b>    | 1.56           | (0.36)         | 15.33          | 17.96          |
| Experience Adjustments on Obligation [(Gain)/Loss]  | <b>236.64</b>   | 203.06         | 184.41         | 0.93           | (55.06)        |

## Notes :

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

**(B) Provident Fund**

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

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

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the balance sheet date. Further during the year, the Company's contribution of Rs. 35.89 Lakhs (Previous Year - Rs. 35.16 Lakhs) to the Provident Fund Trusts has been expensed under the 'Contribution to Provident and Other Funds' in Note 26. Disclosures given hereunder are restricted to the information available as per the Actuary's report -

|                                        | <u>2012-13</u>      | <u>2011-12</u> |
|----------------------------------------|---------------------|----------------|
| <b>Principal Actuarial Assumptions</b> |                     |                |
| Discount Rate                          | <b>8.50%</b>        | 8.50%          |
| Expected Return on Exempted Fund       | <b>8.05 / 8.64%</b> | 8.17 / 8.75%   |
| Expected EPFO Return                   | <b>8.50%</b>        | 8.25%          |

**(II) Post Employment Defined Contribution Plans**

During the year, an amount of Rs. 683.18 Lakhs (Previous Year - Rs. 571.71 Lakhs) has been recognised as expenditure towards defined contribution plans of the Company.

**45. 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, 2013                           | Rs. Nil<br>(Rs. Nil)          |
| Rate of interest on above                                         | Euribor plus 250 basis point  |
| Maximum amount outstanding during the year ended 31st March, 2013 | Rs. Nil<br>(Rs. 892.45 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, 2013 is Rs. 249.69 Lakhs (Previous Year - Rs. 213.00 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.

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

- i) Considering the present operating environment and risks and returns from its businesses, the Company has revised during the year the composition of business segments for its segment reporting. Accordingly, Captive power generating units and Impervious Graphite Equipment (IGE) division which were included under 'Power Segment' and 'Others Segment' respectively in the previous year have now been included under 'Graphite and Carbon Segment'. Further, power generating unit used for external sales which was included under 'Power Segment' in the previous year has been included under 'Others Segment' as the same accounts for less than the threshold limits specified in AS 17 on 'Segment Reporting' in the current as well as in the previous year. The previous year figures have also been regrouped / rearranged to make the same comparable with the current year figures.

The revised composition of business segments is as under:

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

**ii) Composition of Geographical Segments**

The geographical segments considered for disclosure are as follows:

- Sales within India includes sales to customers located within India
- Sales outside India includes sales to customers located outside India

## iii) Segment Revenues, Results and Other Information as at / for the year ended 31st March, 2013

(Rs. in Lakhs)

|                                                            | Graphite and Carbon |             | Steel     |           | Others   |           | Total of Reportable Segments |             |
|------------------------------------------------------------|---------------------|-------------|-----------|-----------|----------|-----------|------------------------------|-------------|
|                                                            | 2012-13             | 2011-12     | 2012-13   | 2011-12   | 2012-13  | 2011-12   | 2012-13                      | 2011-12     |
| Revenue from Operations (Gross)                            |                     |             |           |           |          |           |                              |             |
| External Sales                                             | 1,65,460.25         | 1,48,989.22 | 8,708.43  | 9,838.33  | 4,852.49 | 10,809.16 | 1,79,021.17                  | 1,69,636.71 |
| Inter Segment Sales                                        | 35.24               | 55.85       | —         | —         | 5.04     | 6.79      | 40.28                        | 62.64       |
| Other Operating Revenues                                   | 4,587.29            | 4,566.31    | 9.61      | —         | —        | —         | 4,596.90                     | 4,566.31    |
| Segment Revenues                                           | 1,70,082.78         | 1,53,611.38 | 8,718.04  | 9,838.33  | 4,857.53 | 10,815.95 | 1,83,658.35                  | 1,74,265.66 |
| Segment Results                                            | 27,866.14           | 29,927.64   | 887.64    | 1,198.77  | (399.03) | 1,089.91  | 28,354.75                    | 32,216.32   |
| Segment Assets                                             | 2,17,800.09         | 1,92,201.81 | 20,925.66 | 20,281.84 | 6,799.07 | 7,872.29  | 2,45,524.82                  | 2,20,355.94 |
| Segment Liabilities                                        | 20,507.14           | 19,352.90   | 1,503.79  | 1,714.85  | 1,943.77 | 2,177.40  | 23,954.70                    | 23,245.15   |
| Capital Expenditure                                        | 3,720.60            | 15,991.71   | 28.49     | 13.08     | 40.10    | 45.99     | 3,789.19                     | 16,050.78   |
| Depreciation and Amortisation                              | 4,167.33            | 3,210.63    | 574.09    | 567.82    | 178.74   | 172.47    | 4,920.16                     | 3,950.92    |
| Non-cash Expenses other than Depreciation and Amortisation | 225.19              | 136.78      | 2.07      | 20.14     | 9.18     | 15.14     | 236.44                       | 172.06      |

## Reconciliation of Reportable Segments with the Financial Statements

|                                        | Revenues    |             | Results / Net Profit |            | Assets      |             | Liabilities * |           |
|----------------------------------------|-------------|-------------|----------------------|------------|-------------|-------------|---------------|-----------|
|                                        | 2012-13     | 2011-12     | 2012-13              | 2011-12    | 2012-13     | 2011-12     | 2012-13       | 2011-12   |
| Total of Reportable Segments           | 1,83,658.35 | 1,74,265.66 | 28,354.75            | 32,216.32  | 2,45,524.82 | 2,20,355.94 | 23,954.70     | 23,245.15 |
| Corporate - Unallocated / Others (Net) | —           | —           | (2,832.63)           | 1,289.15   | 25,011.49   | 25,005.79   | 82,082.04     | 65,925.17 |
| Inter Segment Sales                    | (40.28)     | (62.64)     | —                    | —          | —           | —           | —             | —         |
| Finance Costs                          | —           | —           | (2,213.67)           | (1,439.47) | —           | —           | —             | —         |
| Tax Expense                            | —           | —           | (7,000.00)           | (8,276.96) | —           | —           | —             | —         |
|                                        | 1,83,618.07 | 1,74,203.02 | 16,308.45            | 23,789.04  | 2,70,536.31 | 2,45,361.73 | 1,06,036.74   | 89,170.32 |

\* Excluding Shareholders' Funds

## iv) Had the Company followed earlier classification for composition of its business segments, Segment Revenues, Segment Results, Segment Assets and Segment Liabilities of the concerned segments would have been as under :-

|                     | Graphite and Carbon |             | Power    |          | Others    |           |
|---------------------|---------------------|-------------|----------|----------|-----------|-----------|
|                     | 2012-13             | 2011-12     | 2012-13  | 2011-12  | 2012-13   | 2011-12   |
| Segment Revenues    | 1,61,661.56         | 1,48,623.44 | 1,851.43 | 3,403.14 | 15,128.07 | 17,259.00 |
| Segment Results     | 23,352.32           | 25,336.65   | 969.83   | 2,493.09 | 3,144.97  | 3,187.81  |
| Segment Assets      | 2,05,020.42         | 1,80,682.61 | 5,079.96 | 5,650.36 | 14,498.78 | 13,741.13 |
| Segment Liabilities | 18,451.97           | 17,867.28   | 1,064.48 | 1,056.69 | 2,934.46  | 2,606.33  |

## B. Secondary Segment (Geographical)

|                          | India       |             | Outside India |           | Total       |             |
|--------------------------|-------------|-------------|---------------|-----------|-------------|-------------|
|                          | 2012-13     | 2011-12     | 2012-13       | 2011-12   | 2012-13     | 2011-12     |
| Segment Revenues (Gross) | 67,255.22   | 78,777.68   | 1,16,362.85   | 95,425.34 | 1,83,618.07 | 1,74,203.02 |
| Segment Assets           | 2,45,524.82 | 2,20,355.94 | —             | —         | 2,45,524.82 | 2,20,355.94 |
| Capital Expenditure      | 3,789.19    | 16,050.78   | —             | —         | 3,789.19    | 16,050.78   |

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

|                                                                             | Unit Face Value | Number          | As at 31st March, 2013 | Number          | As at 31st March, 2012 |
|-----------------------------------------------------------------------------|-----------------|-----------------|------------------------|-----------------|------------------------|
| <b>Current Investments</b>                                                  |                 |                 |                        |                 |                        |
| <b>Investments in Mutual Funds</b>                                          |                 |                 |                        |                 |                        |
| HDFC Monthly Income Plan-Long Term-Growth                                   | Rs. 10          | 44,10,963.190   | 1,043.42               | 66,07,162.123   | 1,543.41               |
| HSBC Monthly Income Plan-Savings Plan-Growth                                | Rs. 10          | 36,24,015.807   | 730.00                 | 52,38,654.228   | 1,030.00               |
| Reliance Monthly Income Plan - Growth Plan Growth Option                    | Rs. 10          | 23,00,045.541   | 500.00                 | 47,36,649.108   | 1,000.00               |
| ICICI Prudential MIP-25-Regular Plan-Growth                                 | Rs. 10          | 34,07,072.108   | 700.00                 | 34,07,072.108   | 700.00                 |
| HDFC Short Term Plan-Growth                                                 | Rs. 10          | 14,84,656.079   | 300.00                 | 14,84,656.079   | 300.00                 |
| Templeton India Short Term Income Retail-Growth                             | Rs. 1,000       | 21,253.168      | 500.00                 | —               | —                      |
| Reliance Short Term Fund-Growth Plan-Growth Option                          | Rs. 10          | 52,85,329.454   | 1,150.46               | —               | —                      |
| Reliance Regular Savings Fund-Debt Plan-Inst Growth Plan                    | Rs. 10          | 21,06,755.111   | 300.73                 | 21,06,755.111   | 300.73                 |
| Templeton India Income Opportunities Fund-Growth                            | Rs. 10          | 2,36,81,425.604 | 2,817.20               | 2,36,81,425.604 | 2,817.20               |
| Templeton India Corporate Bond Opportunities Fund - Growth                  | Rs. 10          | 49,11,494.863   | 500.00                 | 49,11,494.863   | 500.00                 |
| Reliance Fixed Horizon Fund - XXI Series 16 - Growth                        | Rs. 10          | —               | —                      | 50,00,000.000   | 500.00                 |
| ICICI Prudential FMP Series 59 - 1 Year Plan F Cumulative                   | Rs. 10          | —               | —                      | 50,00,000.000   | 500.00                 |
| DSP BlackRock FTP - Series 32 - 12M - Growth                                | Rs. 10          | —               | —                      | 1,09,87,900.000 | 1,098.79               |
| Kotak - Fixed Maturity Plan -Series - 75 - Growth                           | Rs. 10          | —               | —                      | 50,00,000.000   | 500.00                 |
| Kotak - Fixed Maturity Plan -Series - 79 - Growth                           | Rs. 10          | —               | —                      | 55,11,464.000   | 551.15                 |
| IDFC Fixed Maturity Plan Yearly Series.65-Growth                            | Rs. 10          | 1,00,00,000.000 | 1,000.00               | 1,00,00,000.000 | 1,000.00               |
| Canara Robeco FMP Series - 7 Plan A - Growth                                | Rs. 10          | —               | —                      | 50,00,000.000   | 500.00                 |
| Reliance Dynamic Bond Fund - Growth Plan - Growth Option                    | Rs. 10          | 70,11,092.014   | 1,048.94               | —               | —                      |
| ICICI Prudential Income Opportunities Fund-Regular Plan-Growth              | Rs. 10          | 34,90,145.248   | 549.30                 | —               | —                      |
| Reliance Income Fund - Growth Plan - Bonus Option                           | Rs. 10          | 34,30,570.961   | 375.00                 | —               | —                      |
| DSP BlackRock FMP - Series 84 - 12M - Regular - Growth                      | Rs. 10          | 60,00,000.000   | 600.00                 | —               | —                      |
| IDFC Yearly Series Interval Fund Regular Plan - Series III - Growth         | Rs. 10          | 60,00,000.000   | 600.00                 | —               | —                      |
| DSP BlackRock FMP - Series 86 - 12M - Regular - Growth                      | Rs. 10          | 61,08,860.376   | 610.89                 | —               | —                      |
| UTI-Fixed Term Income Fund Series XIV-II-(366 Days)-Growth                  | Rs. 10          | 1,00,00,000.000 | 1,000.00               | —               | —                      |
| ICICI Prudential FMP Series 66 - 366 Days Plan F Regular Plan Cumulative    | Rs. 10          | 1,00,00,000.000 | 1,000.00               | —               | —                      |
| Reliance Yearly Interval Fund - Series 3 - Growth Plan                      | Rs. 10          | 1,00,00,000.000 | 1,000.00               | —               | —                      |
| Kotak - Fixed Maturity Plan -Series - 96 - Growth                           | Rs. 10          | 55,13,520.000   | 551.35                 | —               | —                      |
| UTI Fixed Term Income Fund Series XIV - VI (366 Days) - Growth              | Rs. 10          | 60,00,000.000   | 600.00                 | —               | —                      |
| <b>Total Current Investments</b>                                            |                 |                 | <b>17,477.29</b>       |                 | <b>12,841.28</b>       |
| <b>Long - term Investments</b>                                              |                 |                 |                        |                 |                        |
| <b>Investments in Equity Instruments</b>                                    |                 |                 |                        |                 |                        |
| <b>Fully Paid-up Shares</b>                                                 |                 |                 |                        |                 |                        |
| Graphite International B.V.                                                 | Euro 1          | 1,23,00,000     | 7,368.95               | 1,23,00,000     | 7,368.95               |
| <b>Fully Paid-up Equity Shares</b>                                          |                 |                 |                        |                 |                        |
| Wardha Power Company Limited<br>[Refer Note 38]                             |                 |                 |                        |                 |                        |
| Class A Equity Shares                                                       | Rs.10           | 24,76,558       | 247.66                 | 24,76,558       | 247.66                 |
| <b>Fully Paid-up Equity Shares</b>                                          |                 |                 |                        |                 |                        |
| Carbon Finance Limited                                                      | Rs.10           | 53,00,000       | 3,003.76               | 53,00,000       | 3,003.76               |
| <b>Investments in Preference Shares</b>                                     |                 |                 |                        |                 |                        |
| <b>Fully Paid-up Preference Shares</b>                                      |                 |                 |                        |                 |                        |
| Wardha Power Company Limited<br>[Refer Note 38]                             |                 |                 |                        |                 |                        |
| 0.01% Class A Redeemable Preference Shares                                  | Rs.10           | 31,23,442       | 312.34                 | 31,23,442       | 312.34                 |
| <b>In Bonds</b>                                                             |                 |                 |                        |                 |                        |
| 0% NABARD 2019 Bonds<br>(Issue Price Rs. 8,450/- per Bond)                  | Rs. 20,000      | —               | —                      | 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       | —               | —                      | 1,00,000        | 1,000.00               |
| <b>In Government Securities</b>                                             |                 |                 |                        |                 |                        |
| 6 Year National Savings Certificate<br>(Deposited with Sales Tax Authority) |                 |                 | 0.06                   |                 | 0.06                   |
| <b>Investments in Mutual Funds</b>                                          |                 |                 |                        |                 |                        |
| IDFC Fixed Maturity Plan - Eighteen Months Series 9 - Growth                | Rs.10           | 45,00,000.000   | 450.00                 | 45,00,000.000   | 450.00                 |
| HDFC FMP 24M November 2011 (1) - Growth - Series XIX                        | Rs.10           | 50,34,282.000   | 503.43                 | 50,34,282.000   | 503.43                 |
| DSP BlackRock FTP - Series 3 - 24M - Growth                                 | Rs.10           | 50,00,000.000   | 500.00                 | 50,00,000.000   | 500.00                 |
| HDFC- Fixed Maturity Plan 400D - February 2012 (1) - Growth                 | Rs.10           | 1,10,20,200.000 | 1,102.02               | 1,10,20,200.000 | 1,102.02               |
| HDFC- Fixed Maturity Plan 400D - March 2012 (1) - Growth                    | Rs.10           | 83,66,128.000   | 836.61                 | 83,66,128.000   | 836.61                 |
| Reliance Fixed Horizon Fund - XXI Series 18 - Growth                        | Rs.10           | 67,16,069.467   | 671.61                 | 67,16,069.467   | 671.61                 |
| DSP BlackRock FMP - Series 43 - 12M - Growth                                | Rs. 10          | 70,00,000.000   | 700.00                 | 70,00,000.000   | 700.00                 |
| Reliance Fixed Horizon Fund - XXI Series 11 - Growth                        | Rs. 10          | 70,00,000.000   | 700.00                 | 70,00,000.000   | 700.00                 |
| HDFC- Fixed Maturity Plan 391D - March 2012 (1) - Growth                    | Rs. 10          | 70,00,000.000   | 700.00                 | 70,00,000.000   | 700.00                 |
| <b>Total Long-term Investments</b>                                          |                 |                 | <b>17,096.44</b>       |                 | <b>20,506.77</b>       |
| <b>Total Investments (Current and Long-term)</b>                            |                 |                 | <b>34,573.73</b>       |                 | <b>33,348.05</b>       |
| <b>Disclosed Under:</b>                                                     |                 |                 |                        |                 |                        |
| Non-current Investments (Refer Note 12)                                     |                 |                 | 10,932.77              |                 | 20,506.77              |
| Current Investments (Refer Note 15)                                         |                 |                 | 23,640.96              |                 | 12,841.28              |
| <b>Total</b>                                                                |                 |                 | <b>34,573.73</b>       |                 | <b>33,348.05</b>       |

**48. 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, 2013 –

|                                                                              | <u>2012-13</u>   | <u>2011-12</u> |
|------------------------------------------------------------------------------|------------------|----------------|
| (A) Key Management Personnel                                                 |                  |                |
| Mr. M. B. Gadgil                                                             |                  |                |
| (a) Remuneration                                                             | <b>147.77</b>    | 128.62         |
| (b) Loan given                                                               | —                | 12.00          |
| (c) Dividend paid                                                            | <b>0.07</b>      | 0.07           |
| (B) Subsidiary Companies                                                     |                  |                |
| (a) Sale of Goods                                                            |                  |                |
| Graphite Cova GmbH                                                           | <b>14,639.99</b> | 15,334.02      |
| (b) Purchase of Goods                                                        |                  |                |
| Graphite Cova GmbH                                                           | <b>1,714.99</b>  | 405.35         |
| (c) Royalty Income                                                           |                  |                |
| Graphite Cova GmbH                                                           | <b>391.83</b>    | 482.04         |
| (d) Interest Income                                                          |                  |                |
| Graphite International B.V.                                                  | —                | 36.00          |
| (e) Guarantee Income                                                         |                  |                |
| Graphite Cova GmbH                                                           | <b>52.16</b>     | 51.17          |
| (f) Rent Paid                                                                |                  |                |
| Carbon Finance Limited                                                       | <b>91.84</b>     | 87.00          |
| (g) Recoveries / (Reimbursement) of Expenses (Net)                           |                  |                |
| Graphite Cova GmbH                                                           | <b>(118.23)</b>  | (20.99)        |
| (h) Investments in Shares                                                    |                  |                |
| Graphite International B.V.                                                  | —                | 3,824.81       |
| [Including Rs. Nil (Previous Year - Rs. 857.28 Lakhs) on conversion of loan] |                  |                |
| (C) A Shareholder holding 28.60% Equity Shares of the Company –              |                  |                |
| Dividend paid                                                                |                  |                |
| Likhami Leasing Limited                                                      | <b>1,955.45</b>  | 1,955.45       |

|                                                                                                                                                                      | <b>As at 31st<br/>March, 2013</b> | <b>(Rs. in Lakhs)<br/>As at 31st<br/>March, 2012</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------|
| (iii) Balance outstanding at the year end –                                                                                                                          |                                   |                                                      |
| (a) Trade Receivable                                                                                                                                                 |                                   |                                                      |
| Graphite Cova GmbH                                                                                                                                                   | <b>8,480.12</b>                   | 4,269.11                                             |
| (b) Investment in Shares                                                                                                                                             |                                   |                                                      |
| Graphite International B.V.                                                                                                                                          | <b>7,368.95</b>                   | 7,368.95                                             |
| Carbon Finance Limited                                                                                                                                               | <b>3,003.76</b>                   | 3,003.76                                             |
| (c) Loans and Advances (including Charges Recoverable)                                                                                                               |                                   |                                                      |
| Mr. M. B. Gadgil                                                                                                                                                     | <b>6.00</b>                       | 10.80                                                |
| Graphite Cova GmbH                                                                                                                                                   | <b>239.77</b>                     | 271.96                                               |
| (d) Trade Payables / Other Current Liabilities                                                                                                                       |                                   |                                                      |
| Mr. M. B. Gadgil                                                                                                                                                     | <b>78.95</b>                      | 72.18                                                |
| Graphite Cova GmbH                                                                                                                                                   | <b>192.23</b>                     | 80.83                                                |
| (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 | <b>5,209.50</b>                   | 5,117.25                                             |

49. The Company has cancellable operating lease arrangements for certain accommodation with tenures ranging from one to 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. 108.64 Lakhs (Previous Year - Rs. 100.51 Lakhs).

50. 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).

#### 51. Derivative instruments and unhedged foreign currency exposure

| (a) Derivatives outstanding as at the reporting date                            |      |                                   | <b>(in Million)</b>               |
|---------------------------------------------------------------------------------|------|-----------------------------------|-----------------------------------|
| Particulars                                                                     |      | <b>As at 31st<br/>March, 2013</b> | <b>As at 31st<br/>March, 2012</b> |
| Interest Rate Swap                                                              | USD  | <b>20.00</b>                      | —                                 |
| (b) Particulars of unhedged foreign currency exposures as at the reporting date |      |                                   |                                   |
| Receivables                                                                     | USD  | <b>15.39</b>                      | 22.99                             |
|                                                                                 | Euro | <b>18.49</b>                      | 12.04                             |
|                                                                                 | CAD  | <b>1.68</b>                       | 1.71                              |
| Payables                                                                        | USD  | <b>7.88</b>                       | 8.88                              |
|                                                                                 | Euro | <b>0.61</b>                       | 0.34                              |
|                                                                                 | CAD  | <b>0.10</b>                       | 0.07                              |
| Loans                                                                           | USD  | <b>68.85</b>                      | 51.81                             |
|                                                                                 | Euro | <b>8.53</b>                       | 8.82                              |
| (c) Mark-to-market losses                                                       |      |                                   | <b>(Rs. in Lakhs)</b>             |
| Particulars                                                                     |      | <b>As at 31st<br/>March, 2013</b> | <b>As at 31st<br/>March, 2012</b> |
| Mark-to-market losses provided for                                              |      | <b>68.76</b>                      | —                                 |

52. Research and Development Expenditure of revenue nature of Rs. 21.41 Lakhs (Previous Year - Rs. 24.87 Lakhs).

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

For PRICE WATERHOUSE  
Firm Registration Number - 301112E  
Chartered Accountants

(Pinaki Chowdhury)

Partner

Membership No. 57572  
Kolkata : 10th May, 2013

**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)  |                 |                 |
|--------------------------------------------------------------------------|-----------------|-----------------|-----------------|
|                                                                          | 2012-13         | 2011-12         | 2010-11         |
| Revenue from Operations (Net)                                            | 1,76,486        | 1,67,084        | 1,22,594        |
| Other Income                                                             | 2,635           | 3,462           | 3,043           |
| Profit before Interest, Depreciation and Tax (PBIDT)                     | 30,526          | 34,587          | 31,343          |
| Depreciation                                                             | 5,004           | 4,044           | 3,933           |
| Profit before Interest and Tax (PBIT)                                    | 25,522          | 30,543          | 27,410          |
| Finance Cost                                                             | 2,214           | 1,439           | 555             |
| Profit before Exceptional Item and Tax                                   | 23,308          | 29,104          | 26,855          |
| Exceptional Item (Gain) / Loss                                           | —               | (2,962)         | 1,273           |
| Profit before Tax (PBT)                                                  | 23,308          | 32,066          | 25,582          |
| Provision for Taxation                                                   | 7,000           | 8,277           | 8,350           |
| Profit after Tax (PAT)                                                   | 16,308          | 23,789          | 17,232          |
| EPS - Basic (Rs.)                                                        | 8.35            | 12.18           | 9.19            |
| Equity Dividend per Share (Rs.)                                          | 3.50            | 3.50            | 3.50            |
| Non-current Assets                                                       |                 |                 |                 |
| Fixed Assets                                                             | 66,257          | 66,997          | 53,603          |
| Non-current Investments                                                  | 10,933          | 20,507          | 9,185           |
| Other Non-current Assets                                                 | 775             | 907             | 2,130           |
| Current Assets                                                           |                 |                 |                 |
| Current Investments                                                      | 23,641          | 12,841          | 18,093          |
| Other Current Assets                                                     | 1,68,930        | 1,44,110        | 1,22,809        |
| <b>Total Assets</b>                                                      | <b>2,70,536</b> | <b>2,45,362</b> | <b>2,05,820</b> |
| Shareholders' Fund                                                       | 1,64,500        | 1,56,192        | 1,40,350        |
| Non-current Liabilities                                                  |                 |                 |                 |
| Long-term Borrowings                                                     | 12,674          | 15,327          | 6,697           |
| Deferred Tax Liability                                                   | 9,504           | 7,082           | 6,302           |
| Other Non-current Liabilities                                            | 174             | 146             | 50              |
| Current Liabilities                                                      |                 |                 |                 |
| Short-term Borrowings                                                    | 44,087          | 30,845          | 19,819          |
| Other Current Liabilities                                                | 39,597          | 35,770          | 32,602          |
| <b>Equity and Liabilities</b>                                            | <b>2,70,536</b> | <b>2,45,362</b> | <b>2,05,820</b> |
| <b>Capital Employed (Including Current Maturities of Long-term Debt)</b> | <b>2,24,883</b> | <b>2,02,364</b> | <b>1,66,866</b> |

**Financial / Performance Ratios**

|                                                                |              |              |              |
|----------------------------------------------------------------|--------------|--------------|--------------|
| PBIDT / Total Revenue - Percent                                | 17.04        | 20.28        | 24.95        |
| Net Profit (PAT) / Total Revenue - Percent                     | 9.10         | 13.95        | 13.72        |
| Finance Cost Cover - Times                                     | 13.79        | 24.03        | 56.51        |
| Return on Capital Employed (PBIT / Capital Employed) - Percent | 11.35        | 15.09        | 16.43        |
| Return on Net Worth (PAT / Net Worth) - Percent                | 9.91         | 15.23        | 12.28        |
| Debt Equity Ratio (Long-term Borrowings)                       | 0.10:1       | 0.10:1       | 0.05:1       |
| Debt Equity Ratio (Total Borrowings)                           | 0.37:1       | 0.30:1       | 0.19:1       |
| Current Ratio                                                  | 2.30         | 2.36         | 2.69         |
| Book Value per Share (Rs.)                                     | 84.20        | 79.94        | 71.84        |
| <b>Number of Employees</b>                                     | <b>2,393</b> | <b>2,528</b> | <b>2,259</b> |

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

**Financial / Performance Ratios**

|                                                                         |        |        |        |        |        |        |        |        |        |
|-------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| PBITD / Total Income - Percent                                          | 35.23  | 22.61  | 24.33  | 22.94  | 20.40  | 17.94  | 18.47  | 20.05  | 23.34  |
| Net Profit / Total Income - Percent                                     | 19.98  | 16.76  | 11.77  | 10.99  | 9.97   | 9.13   | 9.60   | 8.43   | 9.48   |
| Interest Cover - Times                                                  | 39.02  | 10.07  | 7.74   | 6.34   | 6.43   | 8.87   | 7.69   | 3.43   | 2.97   |
| Return on Capital Employed<br>(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  |

|                            |              |              |              |              |              |              |              |              |              |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Number of Employees</b> | <b>2,334</b> | <b>2,614</b> | <b>2,961</b> | <b>2,653</b> | <b>2,651</b> | <b>2,240</b> | <b>2,306</b> | <b>2,257</b> | <b>2,294</b> |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

## INDEPENDENT AUDITORS' REPORT

### To the Board of Directors of Graphite India Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Graphite India Limited ("the Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note 30 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Profit and Loss Statement and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

#### Management's Responsibility for the Consolidated Financial Statements

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

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements notified under Section 211(3C) of the Companies Act, 1956.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 8 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
  - (b) in the case of the consolidated Profit and Loss Statement, of the profit for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

#### Other Matter

8. We did not audit the financial statements of two subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 43,601.05 Lakhs and net assets of Rs. 25,548.81 Lakhs as at March 31, 2013, total revenue of Rs. 34,770.81 Lakhs, net profit of Rs. 11,450.50 Lakhs and net cash flows amounting to Rs. 289.00 Lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

For Price Waterhouse  
Firm Registration Number : 301112E  
Chartered Accountants

Kolkata  
May 10, 2013

Pinaki Chowdhury  
Partner  
Membership No. 57572

**CONSOLIDATED BALANCE SHEET of  
Graphite India Limited and its subsidiaries as at 31st March, 2013**

|                                                                                |                            |                           | (Rs. in Lakhs)            |
|--------------------------------------------------------------------------------|----------------------------|---------------------------|---------------------------|
|                                                                                | Note                       | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b><u>EQUITY AND LIABILITIES</u></b>                                           |                            |                           |                           |
| Shareholders' Funds                                                            |                            |                           |                           |
| Share Capital                                                                  | 2                          | 3,907.68                  | 3,907.68                  |
| Reserves and Surplus                                                           | 3                          | 1,67,278.34               | 1,61,664.01               |
|                                                                                |                            | <u>1,71,186.02</u>        | <u>1,65,571.69</u>        |
| Non-current Liabilities                                                        |                            |                           |                           |
| Long-term Borrowings                                                           | 4                          | 12,691.09                 | 15,763.00                 |
| Deferred Tax Liabilities (Net)                                                 | 5                          | 9,503.73                  | 7,082.30                  |
| Other Long-term Liabilities                                                    | 6                          | 174.13                    | 146.12                    |
| Long-term Provisions                                                           | 7                          | 238.56                    | 182.62                    |
|                                                                                |                            | <u>22,607.51</u>          | <u>23,174.04</u>          |
| Current Liabilities                                                            |                            |                           |                           |
| Short-term Borrowings                                                          | 8                          | 57,589.19                 | 43,574.18                 |
| Trade Payables                                                                 | 9                          | 18,226.24                 | 18,688.83                 |
| Other Current Liabilities                                                      | 10                         | 11,851.12                 | 8,040.24                  |
| Short-term Provisions                                                          | 11                         | 13,720.49                 | 12,643.74                 |
|                                                                                |                            | <u>1,01,387.04</u>        | <u>82,946.99</u>          |
| Total                                                                          |                            | <u>2,95,180.57</u>        | <u>2,71,692.72</u>        |
| <b><u>ASSETS</u></b>                                                           |                            |                           |                           |
| Non-current Assets                                                             |                            |                           |                           |
| Fixed Assets                                                                   |                            |                           |                           |
| Tangible Assets                                                                | 12                         | 71,034.19                 | 60,111.29                 |
| Intangible Assets                                                              | 12                         | 234.52                    | 195.69                    |
| Capital Work-in-Progress                                                       |                            | 252.86                    | 12,665.95                 |
| Intangible Assets under Development                                            |                            | 14.40                     | —                         |
|                                                                                |                            | <u>71,535.97</u>          | <u>72,972.93</u>          |
| Non-current Investments                                                        | 13                         | 2,840.06                  | 12,118.89                 |
| Deferred Tax Assets                                                            | 14                         | —                         | 122.66                    |
| Long-term Loans and Advances                                                   | 15                         | 1,792.66                  | 1,350.83                  |
| Other Non-current Assets                                                       | 16                         | 4.00                      | 7.32                      |
|                                                                                |                            | <u>76,172.69</u>          | <u>86,572.63</u>          |
| Current Assets                                                                 |                            |                           |                           |
| Current Investments                                                            | 17                         | 23,640.96                 | 12,841.28                 |
| Inventories                                                                    | 18                         | 1,22,071.28               | 1,03,745.08               |
| Trade Receivables                                                              | 19                         | 51,562.98                 | 45,739.09                 |
| Cash and Bank Balances                                                         | 20                         | 1,674.91                  | 1,896.00                  |
| Short-term Loans and Advances                                                  | 21                         | 18,037.00                 | 17,302.14                 |
| Other Current Assets                                                           | 22                         | 2,020.75                  | 3,596.50                  |
|                                                                                |                            | <u>2,19,007.88</u>        | <u>1,85,120.09</u>        |
| Total                                                                          |                            | <u>2,95,180.57</u>        | <u>2,71,692.72</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                                                           | <b>K. C. Parakh</b>        | <b>B. Shiva</b>           | <b>M. B. Gadgil</b>       |
| Kolkata - 10th May, 2013                                                       | Sr. Vice President-Finance | Company Secretary         | Executive Director        |
|                                                                                |                            |                           | <b>K. K. Bangur</b>       |
|                                                                                |                            |                           | Chairman                  |

**CONSOLIDATED PROFIT AND LOSS STATEMENT of  
Graphite India Limited and its subsidiaries for the year ended 31st March, 2013**

|                                                                                                                                                                          |             | <b>(Rs. in Lakhs)</b>                  |                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------|----------------------------------------|
|                                                                                                                                                                          | <b>Note</b> | <b>Year ended 31st<br/>March, 2013</b> | <b>Year ended 31st<br/>March, 2012</b> |
| Revenue From Operations (Gross)                                                                                                                                          |             | <b>2,02,013.64</b>                     | 1,98,363.50                            |
| Less: Excise duty                                                                                                                                                        |             | <b>7,132.37</b>                        | 7,118.80                               |
| Revenue From Operations (Net)                                                                                                                                            |             | <b>1,94,881.27</b>                     | 1,91,244.70                            |
| Other Income                                                                                                                                                             | 23          | <b>3,896.67</b>                        | 3,813.42                               |
| <b>Total Revenue</b>                                                                                                                                                     |             | <b>1,98,777.94</b>                     | 1,95,058.12                            |
| Expenses                                                                                                                                                                 |             |                                        |                                        |
| Cost of Materials Consumed                                                                                                                                               |             | <b>84,903.41</b>                       | 75,059.84                              |
| Changes in Inventories of Finished Goods, Work-in-Progress and Trading Items                                                                                             | 24          | <b>(11,249.33)</b>                     | 2,477.44                               |
| Employee Benefits Expense                                                                                                                                                | 25          | <b>18,604.83</b>                       | 15,597.82                              |
| Finance Costs                                                                                                                                                            | 26          | <b>3,068.59</b>                        | 1,863.03                               |
| Depreciation and Amortisation Expense                                                                                                                                    | 27          | <b>6,201.41</b>                        | 4,874.38                               |
| Other Expenses                                                                                                                                                           | 28          | <b>75,532.62</b>                       | 65,808.17                              |
| <b>Total Expenses</b>                                                                                                                                                    |             | <b>1,77,061.53</b>                     | 1,65,680.68                            |
| <b>Profit before Exceptional Item and Tax</b>                                                                                                                            |             | <b>21,716.41</b>                       | 29,377.44                              |
| Exceptional Item – (Gain) (Refer Note 34)                                                                                                                                |             | <b>—</b>                               | (340.72)                               |
| <b>Profit before Tax</b>                                                                                                                                                 |             | <b>21,716.41</b>                       | 29,718.16                              |
| Tax Expense for the Current Year                                                                                                                                         |             |                                        |                                        |
| Current Tax                                                                                                                                                              |             | <b>5,796.79</b>                        | 8,377.12                               |
| MAT Credit                                                                                                                                                               |             | <b>(34.50)</b>                         | —                                      |
| Deferred Tax                                                                                                                                                             |             | <b>2,547.09</b>                        | 814.24                                 |
| Tax Expense - Write Back relating to Earlier Years (Net)                                                                                                                 |             | <b>(34.00)</b>                         | (721.38)                               |
| <b>Profit for the Year</b>                                                                                                                                               |             | <b>13,441.03</b>                       | 21,248.18                              |
| Earnings per Equity Share [Nominal Value per Share Rs. 2/- (Previous Year - Rs. 2/-)]                                                                                    | 29          |                                        |                                        |
| Basic (Rs.)                                                                                                                                                              |             | <b>6.88</b>                            | 10.88                                  |
| Basic before Exceptional Item (Rs.)                                                                                                                                      |             | <b>6.88</b>                            | 10.72                                  |
| Diluted (Rs.)                                                                                                                                                            |             | <b>6.88</b>                            | 10.88                                  |
| Diluted before Exceptional Item (Rs.)                                                                                                                                    |             | <b>6.88</b>                            | 10.72                                  |
| 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<br>Firm Registration Number - 301112E<br>Chartered Accountants<br>(Pinaki Chowdhury)<br>Partner<br>Membership No. 57572<br>Kolkata - 10th May, 2013 |             |                                        |                                        |
| <b>K. C. Parakh</b><br>Sr. Vice President-Finance                                                                                                                        |             |                                        |                                        |
| <b>B. Shiva</b><br>Company Secretary                                                                                                                                     |             |                                        |                                        |
| <b>M. B. Gadgil</b><br>Executive Director                                                                                                                                |             |                                        |                                        |
| <b>K. K. Bangur</b><br>Chairman                                                                                                                                          |             |                                        |                                        |

**CONSOLIDATED CASH FLOW STATEMENT of Graphite India Limited  
and its subsidiaries for the year ended 31st March, 2013**

|                                                     | (Rs. in Lakhs)    |                    |
|-----------------------------------------------------|-------------------|--------------------|
|                                                     | 2012-13           | 2011-12            |
| <b>A. Cash Flows from Operating Activities:</b>     |                   |                    |
| Profit before Tax                                   | 21,716.41         | 29,718.16          |
| Adjustments for:                                    |                   |                    |
| Depreciation and Amortisation Expense               | 6,201.41          | 4,874.38           |
| Loss on Disposal of Tangible Fixed Assets (Net)     | 136.54            | 57.93              |
| Bad Debts/Advances Written Off                      | 122.40            | 75.13              |
| Provision for Doubtful Debts                        | 75.72             | 73.87              |
| Provision for Mark-to-market losses on Derivatives  | 68.76             | —                  |
| Net Gain on Disposal of Long-term Investments       | (889.62)          | (35.97)            |
| Net Gain on Disposal of Current Investments         | (594.18)          | (2,287.90)         |
| Interest Income                                     | (406.11)          | (308.10)           |
| Goodwill Written Off                                | —                 | 4.61               |
| Interest Expense                                    | 2,882.93          | 1,706.98           |
| Provision for Doubtful Debts Written Back           | (127.03)          | (15.12)            |
| Liabilities no Longer Required Written Back         | (389.20)          | (456.91)           |
| Foreign Exchange (Gain)/Loss (Net)                  | 1,038.87          | (145.73)           |
| Effect of changes in Foreign Currency Translation   | —                 | 363.29             |
| Operating Profit Before Working Capital Changes     | 29,836.90         | 33,624.62          |
| Changes in Working Capital:                         |                   |                    |
| Increase/(Decrease) in Trade Payables               | (366.10)          | 1,716.64           |
| Increase in Provisions                              | 356.60            | 378.78             |
| Increase in Other Current Liabilities               | 1,593.70          | 152.58             |
| Increase in Other Long-term Liabilities             | 28.01             | 96.30              |
| Increase in Trade Receivables                       | (5,843.58)        | (11,475.93)        |
| Increase in Inventories                             | (18,165.43)       | (13,170.03)        |
| Increase in Loans and Advances                      | (1,109.81)        | (4,916.20)         |
| Decrease/(Increase) in Other Current Assets         | 1,581.85          | (1,214.02)         |
| Decrease in Other Non-current Assets                | 2.57              | 2.98               |
| Cash Generated from Operations                      | 7,914.71          | 5,195.72           |
| Taxes paid (Net of Refunds)                         | (4,883.87)        | (7,920.37)         |
| <b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b> | <b>3,030.84</b>   | <b>(2,724.65)</b>  |
| <b>B. Cash Flows from Investing Activities:</b>     |                   |                    |
| Purchase of Tangible/Intangible Assets              | (5,206.23)        | (13,486.53)        |
| Proceeds on Disposal of Tangible Fixed Assets       | 43.34             | 27.84              |
| Purchase of Long-term Investments                   | (2,984.42)        | (8,677.31)         |
| Sale/Redemption of Long-term Investments            | 6,989.20          | 1,022.50           |
| Purchase of Current Investments                     | (12,720.30)       | (14,944.43)        |
| Sale/Redemption of Current Investments              | 8,678.48          | 22,484.07          |
| Interest Received                                   | 417.84            | 308.24             |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>        | <b>(4,782.09)</b> | <b>(13,265.62)</b> |

**CONSOLIDATED CASH FLOW STATEMENT of Graphite India Limited  
and its subsidiaries for the year ended 31st March, 2013**

|                                                                                                                                                                            | <b>(Rs. in Lakhs)</b>                             |                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|--------------------------------------|
|                                                                                                                                                                            | <b>2012-13</b>                                    | <b>2011-12</b>                       |
| <b>C. Cash Flows from Financing Activities:</b>                                                                                                                            |                                                   |                                      |
| Dividends Paid                                                                                                                                                             | <b>(6,794.58)</b>                                 | (6,796.16)                           |
| Dividend Distribution Tax Paid                                                                                                                                             | <b>(1,109.32)</b>                                 | (1,109.32)                           |
| Interest Paid                                                                                                                                                              | <b>(3,086.79)</b>                                 | (1,919.75)                           |
| Proceeds from Long-term Borrowings                                                                                                                                         | —                                                 | 6,788.68                             |
| Repayment of Long-term Borrowings                                                                                                                                          | <b>(429.94)</b>                                   | (396.22)                             |
| Short-term Borrowings-Receipts/(Payments)                                                                                                                                  | <b>12,955.72</b>                                  | 16,350.91                            |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                                                                                                                                  | <b>1,535.09</b>                                   | 12,918.14                            |
| <b>D. Exchange Differences on Translation of Foreign Currency</b>                                                                                                          |                                                   |                                      |
| Cash and Cash Equivalents                                                                                                                                                  | <b>12.13</b>                                      | 137.14                               |
| Net Cash Outflow                                                                                                                                                           | <b>(204.03)</b>                                   | (2,934.99)                           |
| <b>Cash and Cash Equivalents - Opening</b>                                                                                                                                 | <b>1,869.46</b>                                   | 4,804.45                             |
| <b>Cash and Cash Equivalents - Closing</b>                                                                                                                                 | <b>1,665.43</b>                                   | 1,869.46                             |
|                                                                                                                                                                            | <b>(204.03)</b>                                   | (2,934.99)                           |
| <u>Cash and Cash Equivalents comprise:</u>                                                                                                                                 |                                                   |                                      |
| Cash on hand                                                                                                                                                               | <b>29.28</b>                                      | 25.04                                |
| Cheques, Drafts on hand                                                                                                                                                    | <b>10.69</b>                                      | —                                    |
| Balances with Banks*                                                                                                                                                       | <b>1,613.33</b>                                   | 1,707.28                             |
| Effect of Exchange Differences on Balances with Banks in Foreign Currency                                                                                                  | <b>12.13</b>                                      | 137.14                               |
| <b>Total</b>                                                                                                                                                               | <b>1,665.43</b>                                   | 1,869.46                             |
| * Includes the following balances which are not available for use by the Group                                                                                             |                                                   |                                      |
| Unpaid Dividend Accounts                                                                                                                                                   | <b>269.78</b>                                     | 226.21                               |
| Notes:                                                                                                                                                                     |                                                   |                                      |
| 1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements prescribed under the Act. |                                                   |                                      |
| 2. Previous year's figures have been regrouped/rearranged, wherever necessary to conform to current year's classification.                                                 |                                                   |                                      |
| This is the Consolidated Cash Flow Statement referred to in our report of even date.                                                                                       |                                                   |                                      |
| For PRICE WATERHOUSE<br>Firm Registration Number - 301112E<br>Chartered Accountants<br>(Pinaki Chowdhury)<br>Partner<br>Membership No. 57572<br>Kolkata : 10th May, 2013   | <b>K. C. Parakh</b><br>Sr. Vice President-Finance | <b>B. Shiva</b><br>Company Secretary |
|                                                                                                                                                                            | <b>M. B. Gadgil</b><br>Executive Director         | <b>K. K. Bangur</b><br>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. Use of Estimates

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

### C. Fixed Assets

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

Cost comprises cost of acquisition including non refundable taxes/duties, freight and other incidental expenses related to acquisition and installation.

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

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

### D. Depreciation and Amortisation

Depreciation on tangible fixed assets 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. Patent and Trade Marks amortised on a straight-line basis over a period of five years. Other assets are depreciated according to the local fiscal regulation.

### E. Impairment Loss

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

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

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

### F. Investments

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

### G. Inventories

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

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

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

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

Premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract.

**I. Derivative Contracts**

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

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

**J. Revenue**

Revenue is recognised on completion of sale of goods and rendering of services. Sales are inclusive of excise duty less discounts as applicable. Income from services rendered is recognised as the service is performed and is booked based on agreements / arrangements with the concerned parties.

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

**K. Construction Contracts**

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

**L. Borrowing Costs**

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

**M. Research & Development Expenditure (R & D)**

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

**N. Employee Benefits**

**(a) Short-term Employee Benefits**

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

**(b) Post Employment Benefit Plans**

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the year.

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

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

The cost of providing other long-term Employee Benefits is determined using Projected Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past

service cost are recognised immediately in the Profit and Loss Statement for the period in which they occur. Other long-term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

**O. Provisions and Contingent Liabilities**

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

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

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.

**P. Taxation**

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

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

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

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

**Q. Leases**

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

**R. Segment Reporting**

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

**S. Consolidation**

Consolidated financial statements relate to Graphite India Limited, the Parent Company and its subsidiaries (the 'Group'). The consolidated financial statements are in conformity with the Accounting Standard – 21 on 'Consolidated Financial Statements' prescribed under the 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, 2013**

|                                                                                                                                                                                         | <b>(Rs. in Lakhs)</b>                    |                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
|                                                                                                                                                                                         | <b><u>As at 31st<br/>March, 2013</u></b> | <b><u>As at 31st<br/>March, 2012</u></b> |
| <b>2. Share Capital</b>                                                                                                                                                                 |                                          |                                          |
| <b>Authorised</b>                                                                                                                                                                       |                                          |                                          |
| 20,00,00,000 (Previous Year - 20,00,00,000) Equity Shares of Rs. 2/- each                                                                                                               | <b><u>4,000.00</u></b>                   | <u>4,000.00</u>                          |
| <b>Issued, Subscribed and Paid-up</b>                                                                                                                                                   |                                          |                                          |
| 19,53,75,594 (Previous Year - 19,53,75,594) Equity Shares of<br>Rs. 2/- each Fully Paid-up                                                                                              | <b>3,907.51</b>                          | 3,907.51                                 |
| Add : Forfeited Shares                                                                                                                                                                  | <b><u>0.17</u></b>                       | <u>0.17</u>                              |
|                                                                                                                                                                                         | <b><u>3,907.68</u></b>                   | <u>3,907.68</u>                          |
| <br><b>2.1</b> Aggregate Number of Equity Shares allotted in 2009-10 as Fully Paid-up<br>pursuant to a Scheme of Arrangement / Amalgamation without payments<br>being received in cash. | <br><b>1,98,88,336</b>                   | <br>1,98,88,336                          |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2013

|                                                                                                 | (Rs. in Lakhs)            |                           |
|-------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                                                 | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b>3. Reserves and Surplus</b>                                                                  |                           |                           |
| Capital Reserve : As per Last Accounts                                                          | 45.86                     | 45.86                     |
|                                                                                                 | <u>45.86</u>              | <u>45.86</u>              |
| Capital Redemption Reserve : As per Last Accounts                                               | 575.00                    | 575.00                    |
|                                                                                                 | <u>575.00</u>             | <u>575.00</u>             |
| Securities Premium Account : As per Last Accounts                                               | 20,097.65                 | 20,097.65                 |
|                                                                                                 | <u>20,097.65</u>          | <u>20,097.65</u>          |
| Reserve Fund (Note 3.1 below)                                                                   |                           |                           |
| Balance as at the Beginning of the Year                                                         | 228.38                    | 216.30                    |
| Add: Transferred from Surplus in Consolidated Profit and Loss Statement during the Year         | 78.41                     | 12.08                     |
| Balance as at the End of the Year                                                               | <u>306.79</u>             | <u>228.38</u>             |
| General Reserve (Note 3.2 below)                                                                |                           |                           |
| Balance as at the Beginning of the Year                                                         | 1,09,076.20               | 99,076.20                 |
| Add: Transferred from Surplus in Consolidated Profit and Loss Statement during the Year         | 10,000.00                 | 10,000.00                 |
| Balance as at the End of the Year                                                               | <u>1,19,076.20</u>        | <u>1,09,076.20</u>        |
| Foreign Currency Translation Adjustment Account [Refer Note 1(S) (iv)]                          |                           |                           |
| Balance as at the Beginning of the Year                                                         | (15.32)                   | (98.63)                   |
| Add: Adjustment for the Year                                                                    | 173.59                    | 424.03                    |
| Less: Transferred to Consolidated Profit and Loss Statement during the Year                     | —                         | 340.72                    |
| Balance as at the End of the Year                                                               | <u>158.27</u>             | <u>(15.32)</u>            |
| Surplus in Consolidated Profit and Loss Statement                                               |                           |                           |
| Balance as at the Beginning of the Year                                                         | 31,656.24                 | 28,367.61                 |
| Add: Profit for the Year                                                                        | 13,441.03                 | 21,248.18                 |
| Amount Available for Appropriation                                                              | 45,097.27                 | 49,615.79                 |
| Less: Appropriations                                                                            |                           |                           |
| Transfer to General Reserve                                                                     | 10,000.00                 | 10,000.00                 |
| Transfer to Reserve Fund                                                                        | 78.41                     | 12.08                     |
| Proposed Dividend on Equity Shares<br>[Rs. 3.50 per Share (Previous Year - Rs. 3.50 per Share)] | 6,838.15                  | 6,838.15                  |
| Dividend Distribution Tax on Proposed Dividend                                                  | 1,162.14                  | 1,109.32                  |
| Balance as at the End of the Year                                                               | <u>27,018.57</u>          | <u>31,656.24</u>          |
|                                                                                                 | <u>1,67,278.34</u>        | <u>1,61,664.01</u>        |

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

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

**Notes to Consolidated Financial Statements for the year ended 31st March, 2013**

|                                                                       | <b>(Rs. in Lakhs)</b>             |                                   |
|-----------------------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                                       | <b>As at 31st<br/>March, 2013</b> | <b>As at 31st<br/>March, 2012</b> |
| <b>4. Long-term Borrowings</b>                                        |                                   |                                   |
| Secured                                                               |                                   |                                   |
| Term Loans                                                            |                                   |                                   |
| From Banks                                                            | <b>12,674.67</b>                  | 15,736.38                         |
| From Others                                                           | <b>16.42</b>                      | 26.62                             |
|                                                                       | <b><u>12,691.09</u></b>           | <u>15,763.00</u>                  |
| <b>5. Deferred Tax Liabilities (Net)</b>                              |                                   |                                   |
| Deferred Tax Liabilities                                              |                                   |                                   |
| Depreciation                                                          | <b>10,044.26</b>                  | 7,643.91                          |
| Deferred Tax Assets                                                   |                                   |                                   |
| Expenses Allowable for Tax Purpose on Payment                         | <b>319.97</b>                     | 249.07                            |
| Provision for Doubtful Debts                                          | <b>47.47</b>                      | 61.91                             |
| Unamortised Expenditure Allowable for Tax Purpose in Subsequent Years | <b>173.09</b>                     | 250.63                            |
|                                                                       | <b><u>540.53</u></b>              | <u>561.61</u>                     |
|                                                                       | <b><u>9,503.73</u></b>            | <u>7,082.30</u>                   |
| <b>6. Other Long-term Liabilities</b>                                 |                                   |                                   |
| Trade Payables                                                        | <b>173.43</b>                     | 145.42                            |
| Security Deposits                                                     | <b>0.70</b>                       | 0.70                              |
|                                                                       | <b><u>174.13</u></b>              | <u>146.12</u>                     |
| <b>7. Long-term Provisions</b>                                        |                                   |                                   |
| Provisions for Employee Benefits                                      | <b>238.56</b>                     | 182.62                            |
|                                                                       | <b><u>238.56</u></b>              | <u>182.62</u>                     |
| <b>8. Short-term Borrowings</b>                                       |                                   |                                   |
| Secured                                                               |                                   |                                   |
| Loans Repayable on Demand from Banks                                  | <b>33,231.06</b>                  | 31,029.12                         |
| Unsecured                                                             |                                   |                                   |
| Loans Repayable on Demand from Banks                                  | <b>24,358.13</b>                  | 12,545.06                         |
|                                                                       | <b><u>57,589.19</u></b>           | <u>43,574.18</u>                  |

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

|                                                       | (Rs. in Lakhs)            |                           |
|-------------------------------------------------------|---------------------------|---------------------------|
|                                                       | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b>9. Trade Payables</b>                              |                           |                           |
| Trade Payables                                        |                           |                           |
| Acceptances                                           | 3,469.08                  | 3,771.32                  |
| Others                                                | 14,757.16                 | 14,917.51                 |
|                                                       | <u>18,226.24</u>          | <u>18,688.83</u>          |
| <b>10. Other Current Liabilities</b>                  |                           |                           |
| Current Maturities of Long-term Debt                  | 4,048.77                  | 419.66                    |
| Interest Accrued but not Due on Borrowings            | 153.30                    | 226.26                    |
| Unpaid Dividends                                      | 269.78                    | 226.21                    |
| Other Payables                                        |                           |                           |
| Dues Payable to Government Authorities                | 2,270.19                  | 2,478.30                  |
| Capital Liabilities                                   | 406.34                    | 1,620.29                  |
| Advances from Customers                               | 1,169.77                  | 438.25                    |
| Deposits                                              | 44.21                     | 54.43                     |
| Claims / Charges Payable                              | 1,171.32                  | 455.92                    |
| Employee Benefits Payable                             | 2,084.16                  | 1,819.63                  |
| Fractional Entitlement Due for Refund to Shareholders | 9.28                      | 9.29                      |
| Remuneration Payable to Non-executive Directors       | 224.00                    | 292.00                    |
|                                                       | <u>11,851.12</u>          | <u>8,040.24</u>           |
| <b>11. Short-term Provisions</b>                      |                           |                           |
| Provisions for Employee Benefits                      | 1,279.20                  | 974.75                    |
| Other Provisions                                      |                           |                           |
| Mark-to-market Losses on Derivatives                  | 68.76                     | —                         |
| Current Tax (Net of Advance Tax)                      | 4,365.09                  | 3,713.33                  |
| Wealth Tax (Net of Advance Tax)                       | 7.15                      | 8.19                      |
| Proposed Dividend on Equity Shares                    | 6,838.15                  | 6,838.15                  |
| Dividend Distribution Tax on Proposed Dividend        | 1,162.14                  | 1,109.32                  |
|                                                       | <u>13,720.49</u>          | <u>12,643.74</u>          |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2013

### 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, 2012 | Additions during the year | Adjustments during the year<br>Borrowing Cost | Exchange Differences | Disposals during the year | As at 31st March, 2013 | Up to 31st March, 2012      | For the year    | On Disposals/ Adjustments | Up to 31st March, 2013 | As at 31st March, 2013 | As at 31st March, 2012 |
| <b>Tangible Assets</b>              |                        |                           |                                               |                      |                           |                        |                             |                 |                           |                        |                        |                        |
| Freehold Land                       | 2,703.49               | 5.26                      | —                                             | 6.93                 | —                         | 2,715.68               | —                           | —               | —                         | —                      | 2,715.68               | 2,703.49               |
| Leasehold Land                      | 109.19                 | 10.12                     | —                                             | —                    | —                         | 119.31                 | 32.49                       | 5.87            | —                         | 38.36                  | 80.95                  | 76.70                  |
| Buildings                           | 22,220.58              | 4,161.17                  | 108.00                                        | 519.74               | 1.60                      | 27,007.89              | 5,973.21                    | 748.83          | (1.42)                    | 6,723.46               | 20,284.43              | 16,247.37              |
| Plant and Equipment                 | 89,508.13              | 10,653.01                 | 359.66                                        | 1,386.08             | 265.07                    | 1,01,641.81            | 49,437.84                   | 5,232.25        | 4.89                      | 54,665.20              | 46,976.61              | 40,070.29              |
|                                     |                        |                           |                                               |                      | (Note 12.2 below)         |                        |                             |                 |                           |                        | (Note 12.2 below)      |                        |
| Furniture and Fixtures              | 651.83                 | 14.28                     | —                                             | —                    | 12.49                     | 653.62                 | 485.11                      | 19.63           | 10.46                     | 494.28                 | 159.34                 | 166.72                 |
| Vehicles                            | 906.87                 | 66.60                     | —                                             | 1.79                 | 40.55                     | 934.71                 | 382.13                      | 80.72           | 31.97                     | 430.88                 | 503.83                 | 524.74                 |
| Office Equipment                    | 1,439.34               | 82.34                     | —                                             | 12.57                | 84.41                     | 1,449.84               | 1,117.90                    | 83.95           | 64.82                     | 1,137.03               | 312.81                 | 321.44                 |
| Machinery Spares                    | 68.19                  | —                         | —                                             | —                    | —                         | 68.19                  | 67.65                       | —               | —                         | 67.65                  | 0.54                   | 0.54                   |
| <b>Total</b>                        | <b>1,17,607.62</b>     | <b>14,992.78</b>          | <b>467.66</b>                                 | <b>1,927.11</b>      | <b>404.12</b>             | <b>1,34,591.05</b>     | <b>57,496.33</b>            | <b>6,171.25</b> | <b>110.72</b>             | <b>63,556.86</b>       | <b>71,034.19</b>       | <b>60,111.29</b>       |
| Previous Year                       | 1,02,626.95            | 13,330.04                 | 313.56                                        | 1,695.02             | 357.95                    | 1,17,607.62            | 52,469.09                   | 4,848.45        | (178.79)                  | 57,496.33              | 60,111.29              |                        |
| <b>Intangible Assets</b>            |                        |                           |                                               |                      |                           |                        |                             |                 |                           |                        |                        |                        |
| Goodwill (arising on consolidation) | 63.14                  | —                         | —                                             | —                    | —                         | 63.14                  | —                           | —               | —                         | —                      | 63.14                  | 63.14                  |
| Patent (Note 12.5 below)            | 6.82                   | —                         | —                                             | 0.12                 | —                         | 6.94                   | 6.82                        | —               | (0.12)                    | 6.94                   | —                      | —                      |
| Trademark (Note 12.5 below)         | 34.13                  | —                         | —                                             | 0.61                 | —                         | 34.74                  | 34.13                       | —               | (0.61)                    | 34.74                  | —                      | —                      |
| Computer Software (Note 12.5 below) | 427.15                 | 67.69                     | —                                             | 2.10                 | —                         | 496.94                 | 294.60                      | 30.16           | (0.80)                    | 325.56                 | 171.38                 | 132.55                 |
| <b>Total</b>                        | <b>531.24</b>          | <b>67.69</b>              | <b>—</b>                                      | <b>2.83</b>          | <b>—</b>                  | <b>601.76</b>          | <b>335.55</b>               | <b>30.16</b>    | <b>(1.53)</b>             | <b>367.24</b>          | <b>234.52</b>          | <b>195.69</b>          |
| Previous Year                       | 459.19                 | 67.72                     | —                                             | 8.94                 | 4.61                      | 531.24                 | 303.41                      | 25.93           | (6.21)                    | 335.55                 | 195.69                 |                        |
| <b>GRAND TOTAL</b>                  | <b>1,18,138.86</b>     | <b>15,060.47</b>          | <b>467.66</b>                                 | <b>1,929.94</b>      | <b>404.12</b>             | <b>1,35,192.81</b>     | <b>57,831.88</b>            | <b>6,201.41</b> | <b>109.19</b>             | <b>63,924.10</b>       | <b>71,268.71</b>       | <b>60,306.98</b>       |
|                                     |                        |                           | (Note 12.6 below)                             | (Note 12.3 below)    |                           |                        |                             |                 | (Note 12.4 below)         |                        |                        |                        |
| Previous Year                       | 1,03,086.14            | 13,397.76                 | 313.56                                        | 1,703.96             | 362.56                    | 1,18,138.86            | 52,772.50                   | 4,874.38        | (185.00)                  | 57,831.88              | 60,306.98              |                        |

**12.2** Gross Block as at 31st March, 2013 includes Rs. 720.35 Lakhs (Previous Year - Rs. 720.35 Lakhs) being expenditure in respect of Outdoor Transmission Lines not owned by the Group. Written down value of said assets as on 31st March, 2013 is Rs. 172.67 Lakhs (Previous Year - Rs. 226.65 Lakhs).

#### 12.3 Includes -

- Exchange differences arising on long-term foreign currency loans obtained for the purpose of acquisition of depreciable capital assets amounting to Rs. 1,730.17 Lakhs (Previous Year - Rs. 904.80 Lakhs).
- Foreign exchange adjustment on consolidation of foreign subsidiaries amounting to Rs. 196.94 Lakhs (Previous Year - Rs. 790.22 Lakhs) in respect of Tangible Assets and Rs. 2.83 Lakhs (Previous Year - Rs. 8.94 Lakhs) in respect of Intangible Assets.

**12.4** Net of Rs. 113.51 Lakhs (Previous Year - Rs. 450.98 Lakhs) in respect of Tangible Assets and Rs. 1.54 Lakhs (Previous Year - Rs. 6.19 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. 336.75 Lakhs (Previous Year - Rs. 132.02 Lakhs) transferred from Opening Capital Work-in-Progress.

**Notes to Consolidated Financial Statements for the year ended 31st March, 2013**

|                                                                                                                                                    | <b>(Rs. in Lakhs)</b>             |                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                                                                                                                    | <b>As at 31st<br/>March, 2013</b> | <b>As at 31st<br/>March, 2012</b> |
| <b>13. Non-current Investments</b>                                                                                                                 |                                   |                                   |
| Long-term (Valued at Cost)                                                                                                                         |                                   |                                   |
| Unquoted                                                                                                                                           |                                   |                                   |
| Fully Paid-up Equity Shares in a company<br>(Refer Note 33)                                                                                        | <b>247.66</b>                     | 247.66                            |
| Fully Paid-up Redeemable Preference Shares in a company<br>(Refer Note 33)                                                                         | <b>312.34</b>                     | 312.34                            |
| In Government Securities<br>-6 Year National Savings Certificate<br>(Deposited with Sales Tax Authority)                                           | <b>0.06</b>                       | 0.06                              |
| In Units of Mutual Funds                                                                                                                           | <b>2,280.00</b>                   | 8,148.50                          |
| Quoted                                                                                                                                             |                                   |                                   |
| In Bonds                                                                                                                                           | <b>—</b>                          | 3,410.33                          |
|                                                                                                                                                    | <b>2,840.06</b>                   | 12,118.89                         |
| Aggregate Amount Of Quoted Investments                                                                                                             | <b>—</b>                          | 3,410.33                          |
| Market Value Of Quoted Investments                                                                                                                 | <b>—</b>                          | 3,757.04                          |
| Aggregate Amount Of Unquoted Investments                                                                                                           | <b>2,840.06</b>                   | 8,708.56                          |
| Net Asset Value of Units of Mutual Funds                                                                                                           | <b>2,298.06</b>                   | 8,391.03                          |
| <b>13.1</b> For classification of investment in accordance with<br>Accounting Standard (AS) 13 - Accounting for Investments, refer Note 37         |                                   |                                   |
| <b>14. Deferred Tax Assets</b>                                                                                                                     |                                   |                                   |
| Pertaining to foreign subsidiaries on account of carried forward tax benefit                                                                       | <b>—</b>                          | 122.66                            |
|                                                                                                                                                    | <b>—</b>                          | 122.66                            |
| <b>14.1</b> Deferred Tax Assets include Rs. 3.00 Lakhs (Previous Year - Rs. 10.22 Lakhs)<br>on account of exchange fluctuation due to restatement. |                                   |                                   |
| <b>15. Long-term Loans and Advances</b>                                                                                                            |                                   |                                   |
| Unsecured, Considered Good:                                                                                                                        |                                   |                                   |
| Capital Advances                                                                                                                                   | <b>608.24</b>                     | 379.28                            |
| Security Deposits                                                                                                                                  | <b>1,024.21</b>                   | 842.46                            |
| Loan to a Related Party                                                                                                                            |                                   |                                   |
| Housing Loan to Executive Director                                                                                                                 | <b>1.20</b>                       | 6.00                              |
| Other Loans and Advances                                                                                                                           |                                   |                                   |
| Loans to Employees                                                                                                                                 | <b>142.83</b>                     | 109.32                            |
| Prepaid Expenses                                                                                                                                   | <b>16.18</b>                      | 13.77                             |
|                                                                                                                                                    | <b>1,792.66</b>                   | 1,350.83                          |
| <b>16. Other Non-current Assets</b>                                                                                                                |                                   |                                   |
| Unsecured, Considered Good:                                                                                                                        |                                   |                                   |
| Fixed Deposits with Banks with Maturity of More than Twelve Months<br>(Lodged with Government Authority / Others)                                  | <b>4.00</b>                       | 6.57                              |
| Accrued Interest on Fixed Deposits                                                                                                                 | <b>—</b>                          | 0.75                              |
|                                                                                                                                                    | <b>4.00</b>                       | 7.32                              |
| <b>17. Current Investments</b>                                                                                                                     |                                   |                                   |
| (At Lower Of Cost And Fair Value)                                                                                                                  |                                   |                                   |
| In Units of Mutual Funds                                                                                                                           | <b>17,477.29</b>                  | 12,841.28                         |
| (At Cost)                                                                                                                                          |                                   |                                   |
| In Units of Mutual Funds (Current portion of Long-term Investments)                                                                                | <b>6,163.67</b>                   | —                                 |
|                                                                                                                                                    | <b>23,640.96</b>                  | 12,841.28                         |
| Aggregate Amount Of Unquoted Investments                                                                                                           | <b>23,640.96</b>                  | 12,841.28                         |
| Net Asset Value of Units of Mutual Funds                                                                                                           | <b>25,394.20</b>                  | 13,123.32                         |
| <b>17.1</b> For classification of investments in accordance with<br>Accounting Standard (AS) 13 - Accounting for Investments, refer Note 37        |                                   |                                   |

**Notes to Consolidated Financial Statements for the year ended 31st March, 2013**

|                                                                                              | <b>(Rs. in Lakhs)</b>             |                                   |
|----------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                                                              | <b>As at 31st<br/>March, 2013</b> | <b>As at 31st<br/>March, 2012</b> |
| <b>18. Inventories</b>                                                                       |                                   |                                   |
| - At Lower of Cost and Net Realisable Value                                                  |                                   |                                   |
| Raw Materials                                                                                | <b>57,635.39</b>                  | 50,415.61                         |
| Work-in-Progress                                                                             | <b>48,862.48</b>                  | 41,193.40                         |
| Finished Goods                                                                               | <b>13,531.17</b>                  | 9,950.92                          |
| Stores and Spares                                                                            | <b>1,974.81</b>                   | 2,116.79                          |
| Loose tools                                                                                  | <b>67.43</b>                      | 68.36                             |
|                                                                                              | <b><u>1,22,071.28</u></b>         | <b><u>1,03,745.08</u></b>         |
| <b>19. Trade Receivables</b>                                                                 |                                   |                                   |
| Unsecured:                                                                                   |                                   |                                   |
| Debts Outstanding for a Period Exceeding Six Months from the Date they are Due for Payment – |                                   |                                   |
| Considered Good                                                                              | <b>1,370.14</b>                   | 1,138.89                          |
| Considered Doubtful                                                                          | <b>139.66</b>                     | 190.97                            |
|                                                                                              | <b><u>1,509.80</u></b>            | <b><u>1,329.86</u></b>            |
| Less: Provision for Doubtful Debts                                                           | <b><u>(139.66)</u></b>            | <b><u>(190.97)</u></b>            |
|                                                                                              | <b><u>1,370.14</u></b>            | <b><u>1,138.89</u></b>            |
| Other Debts -                                                                                |                                   |                                   |
| Considered Good                                                                              | <b>50,192.84</b>                  | 44,600.20                         |
|                                                                                              | <b><u>51,562.98</u></b>           | <b><u>45,739.09</u></b>           |
| <b>20. Cash and Bank Balances</b>                                                            |                                   |                                   |
| Cash and Cash Equivalents                                                                    |                                   |                                   |
| Balances with Banks                                                                          |                                   |                                   |
| In Current Accounts                                                                          | <b>1,355.68</b>                   | 1,618.21                          |
| Unpaid Dividend Accounts @                                                                   | <b>269.78</b>                     | 226.21                            |
| Cheques, Drafts on hand                                                                      | <b>10.69</b>                      | —                                 |
| Cash on Hand                                                                                 | <b>29.28</b>                      | 25.04                             |
|                                                                                              | <b><u>1,665.43</u></b>            | <b><u>1,869.46</u></b>            |
| Other Bank Balances                                                                          |                                   |                                   |
| Fixed Deposit Accounts (with Maturity of More than Three Months but Less than Twelve Months) | <b>9.48</b>                       | 26.54                             |
| (Lodged with Government Authority / Others)                                                  |                                   |                                   |
|                                                                                              | <b><u>1,674.91</u></b>            | <b><u>1,896.00</u></b>            |
| @ Earmarked for payment of Unclaimed Dividend.                                               |                                   |                                   |
| <b>21. Short-term Loans and Advances</b>                                                     |                                   |                                   |
| Unsecured, Considered Good:                                                                  |                                   |                                   |
| Loan to Related Party                                                                        |                                   |                                   |
| Housing Loan to Executive Director                                                           | <b>4.80</b>                       | 4.80                              |
| Others                                                                                       |                                   |                                   |
| Advance / Deposits with Government Authorities                                               | <b>16,138.54</b>                  | 15,166.21                         |
| Advance Income Tax (Net of Provision)                                                        | <b>26.33</b>                      | 239.98                            |
| Advance to Suppliers / Service Providers                                                     | <b>607.71</b>                     | 1,217.64                          |
| Prepaid / Advance for Expenses                                                               | <b>360.97</b>                     | 323.56                            |
| Loans to Employees                                                                           | <b>101.13</b>                     | 92.88                             |
| Claims Receivable / Charges Recoverable                                                      | <b>661.76</b>                     | 212.51                            |
| Security Deposits                                                                            | <b>101.26</b>                     | 44.56                             |
| MAT Credit Entitlement                                                                       | <b>34.50</b>                      | —                                 |
|                                                                                              | <b><u>18,037.00</u></b>           | <b><u>17,302.14</u></b>           |

# Notes to Consolidated Financial Statements for the year ended 31st March, 2013

|                                          | (Rs. in Lakhs)            |                           |
|------------------------------------------|---------------------------|---------------------------|
|                                          | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| <b>22. Other Current Assets</b>          |                           |                           |
| Unsecured, Considered Good:              |                           |                           |
| Accrued Interest on Deposits             |                           |                           |
| with Banks                               | 3.37                      | 1.55                      |
| with Others                              | 3.44                      | 4.47                      |
| Accrued Interest on Investments          | —                         | 11.75                     |
| Export Entitlement Receivable            | 2,013.94                  | 3,574.28                  |
| Unamortised Premium on Forward Contracts | —                         | 4.45                      |
|                                          | <u>2,020.75</u>           | <u>3,596.50</u>           |

|                                                           | (Rs. in Lakhs)                 |                                |
|-----------------------------------------------------------|--------------------------------|--------------------------------|
|                                                           | Year ended 31st<br>March, 2013 | Year ended 31st<br>March, 2012 |
| <b>23. Other Income</b>                                   |                                |                                |
| Interest Income                                           |                                |                                |
| On Loans and Deposits                                     | 35.47                          | 28.43                          |
| On Long-term Investments                                  | 20.36                          | 25.09                          |
| From Customers                                            | 220.28                         | 205.31                         |
| From Income Tax Authority                                 | 130.00                         | 49.27                          |
| Net Gain on Disposal of Current Investments               | 594.18                         | 2,287.90                       |
| Net Gain on Disposal of Long-term Investments             | 605.95                         | 35.97                          |
| Liabilities No Longer Required Written Back               | 389.20                         | 456.91                         |
| Provision for Doubtful Debts Written Back                 | 127.03                         | 15.12                          |
| Net Gain on Foreign Currency Transactions and Translation | 258.34                         | —                              |
| Other Non-operating Income                                | 1,515.86                       | 709.42                         |
|                                                           | <u>3,896.67</u>                | <u>3,813.42</u>                |

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

|                       |                    |                   |
|-----------------------|--------------------|-------------------|
| Finished Goods        |                    |                   |
| Closing Stock         | 13,531.17          | 9,950.92          |
| Deduct: Opening Stock | 9,950.92           | 14,473.33         |
|                       | <u>(3,580.25)</u>  | <u>4,522.41</u>   |
| Work-in-Progress      |                    |                   |
| Closing Stock         | 48,862.48          | 41,193.40         |
| Deduct: Opening Stock | 41,193.40          | 39,141.64         |
|                       | <u>(7,669.08)</u>  | <u>(2,051.76)</u> |
| Trading Items         |                    |                   |
| Closing Stock         | —                  | —                 |
| Deduct: Opening Stock | —                  | 6.79              |
|                       | <u>—</u>           | <u>6.79</u>       |
|                       | <u>(11,249.33)</u> | <u>2,477.44</u>   |

# Notes to Consolidated Financial Statements for the year ended 31st March, 2013

|                                                                                                                                                  | (Rs. in Lakhs)                 |                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                                                                                                                  | Year ended 31st<br>March, 2013 | Year ended 31st<br>March, 2012 |
| <b>25. Employee Benefits Expense</b>                                                                                                             |                                |                                |
| Salaries and Wages                                                                                                                               | 15,692.07                      | 13,099.53                      |
| Contribution to Provident and Other Funds                                                                                                        | 2,104.30                       | 1,788.33                       |
| Staff Welfare Expenses                                                                                                                           | 808.46                         | 709.96                         |
|                                                                                                                                                  | <u>18,604.83</u>               | <u>15,597.82</u>               |
| <b>26. Finance Costs</b>                                                                                                                         |                                |                                |
| Interest Expense on                                                                                                                              |                                |                                |
| Borrowings from Banks                                                                                                                            | 2,292.84                       | 1,843.56                       |
| Others                                                                                                                                           | 721.00                         | 227.88                         |
| Other Borrowing Costs                                                                                                                            | 185.66                         | 186.82                         |
|                                                                                                                                                  | <u>3,199.50</u>                | <u>2,258.26</u>                |
| Less: Interest and Other Borrowing Cost Capitalised                                                                                              | 130.91                         | 395.23                         |
|                                                                                                                                                  | <u>3,068.59</u>                | <u>1,863.03</u>                |
| <b>27. Depreciation and Amortisation Expense</b>                                                                                                 |                                |                                |
| Depreciation on Tangible Assets                                                                                                                  | 6,165.38                       | 4,846.87                       |
| Amortisation of Leasehold Land                                                                                                                   | 5.87                           | 1.58                           |
| Amortisation of Intangible Assets                                                                                                                | 30.16                          | 25.93                          |
|                                                                                                                                                  | <u>6,201.41</u>                | <u>4,874.38</u>                |
| <b>28. Other Expenses</b>                                                                                                                        |                                |                                |
| Consumption of Stores and Spare Parts                                                                                                            | 15,893.11                      | 13,280.58                      |
| Power and Fuel                                                                                                                                   | 35,895.34                      | 30,980.88                      |
| Rent                                                                                                                                             | 317.23                         | 292.61                         |
| Repairs to Buildings                                                                                                                             | 415.96                         | 400.58                         |
| Repairs to Machinery                                                                                                                             | 2,719.26                       | 2,096.77                       |
| Repairs to Others                                                                                                                                | 257.66                         | 267.15                         |
| Insurance                                                                                                                                        | 828.72                         | 718.69                         |
| Rates and Taxes                                                                                                                                  | 296.77                         | 348.91                         |
| Freight and Transport                                                                                                                            | 6,248.95                       | 5,593.24                       |
| Commission to Selling Agents                                                                                                                     | 3,560.21                       | 2,764.64                       |
| Travelling and Conveyance                                                                                                                        | 638.31                         | 582.50                         |
| Directors' Remuneration (Other than Executive Director)                                                                                          | 234.47                         | 302.85                         |
| Excise Duty on Stocks etc. (Refer Note 28.1)                                                                                                     | 188.41                         | 19.96                          |
| Bad Debts / Advances Written off                                                                                                                 | 122.40                         | 75.13                          |
| Provision for Doubtful Debts                                                                                                                     | 75.72                          | 73.87                          |
| Processing Charges                                                                                                                               | 293.55                         | 399.56                         |
| Contractors' Labour Charges                                                                                                                      | 2,646.49                       | 3,543.12                       |
| Loss on Disposal of Tangible Fixed Assets [Net of Profit on Disposal of Tangible Fixed Assets Rs. 26.89 Lakhs, (Previous Year - Rs. 7.40 Lakhs)] | 136.54                         | 57.93                          |
| Net Loss on Foreign Currency Transactions and Translation                                                                                        | —                              | 645.20                         |
| Miscellaneous Expenditure                                                                                                                        | 4,763.52                       | 3,364.00                       |
|                                                                                                                                                  | <u>75,532.62</u>               | <u>65,808.17</u>               |

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

|                                                                                                                                     | (Rs. in Lakhs)                 |                                |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                                                                                                     | Year ended 31st<br>March, 2013 | Year ended 31st<br>March, 2012 |
| <b>29. Earnings Per Equity Share</b>                                                                                                |                                |                                |
| (A) Basic                                                                                                                           |                                |                                |
| (i) Number of Equity Shares at the Beginning of the Year                                                                            | <b>19,53,75,594</b>            | 19,53,75,594                   |
| (ii) Number of Equity Shares at the End of the Year                                                                                 | <b>19,53,75,594</b>            | 19,53,75,594                   |
| (iii) Weighted Average Number of Equity Shares Outstanding during the Year                                                          | <b>19,53,75,594</b>            | 19,53,75,594                   |
| (iv) Face value of Each Equity Share (Rs.)                                                                                          | <b>2.00</b>                    | 2.00                           |
| (v) Profit after Tax Available for Equity Shareholders of the Parent Company                                                        | <b>13,441.03</b>               | 21,248.18                      |
| (vi) Basic Earnings per Equity Share (Rs.)[(v)/(iii)]                                                                               | <b>6.88</b>                    | 10.88                          |
| (vii) Profit after Tax Available for Equity Shareholders of the Parent Company (Before Exceptional Item)<br>(Refer Note 29.1 below) | <b>13,441.03</b>               | 20,948.78                      |
| (viii) Basic Earnings per Equity Share Before Exceptional Item (Rs.) [(vii)/(iii)]                                                  | <b>6.88</b>                    | 10.72                          |
| (B) Diluted                                                                                                                         |                                |                                |
| (i) Dilutive Potential Equity Shares                                                                                                | —                              | —                              |
| (ii) Diluted Earnings per Equity Share (Rs.) [Same as (A)(vi) above]                                                                | <b>6.88</b>                    | 10.88                          |
| (iii) Diluted Earnings per Equity Share before Exceptional Item (Rs.)<br>[Same as (A)(viii) above]                                  | <b>6.88</b>                    | 10.72                          |
| <b>29.1 Profit after Tax Available for Equity Shareholders of the Parent Company<br/>(Before Exceptional Item):</b>                 |                                |                                |
| Profit after Tax                                                                                                                    | <b>13,441.03</b>               | 21,248.18                      |
| Less: Exchange Difference arising out of Disposal of Subsidiary (Net of Tax)                                                        | —                              | (299.40)                       |
|                                                                                                                                     | <b>13,441.03</b>               | 20,948.78                      |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2013

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> |
|--------------------------------------|---------------------------------|
| <b>Domestic:</b>                     |                                 |
| Carbon Finance Limited               | India                           |
| <b>Overseas:</b>                     |                                 |
| Graphite International B.V. (GIBV)   | The Netherlands                 |
| Carbon International Holdings N.V. * | Curacao                         |
| - (up to 13th March, 2012)           |                                 |
| Bavaria Electrode GmbH (@)           | Germany                         |
| Bavaria Carbon Holdings GmbH (@)     | Germany                         |
| Bavaria Carbon Specialities GmbH (@) | Germany                         |
| Graphite Cova GmbH (@)               | Germany                         |

\* The Parent Company had disposed of its entire shareholding in Carbon International Holdings N.V. (CINV), a wholly owned subsidiary at a consideration of Rs. 3,018.09 Lakhs.

@ wholly owned subsidiaries of GIBV.

|                                                                                                                                                                                                            | <b>(Rs. in Lakhs)</b>             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
|                                                                                                                                                                                                            | <b>As at 31st<br/>March, 2013</b> |
|                                                                                                                                                                                                            | <b>As at 31st<br/>March, 2012</b> |
| <b>31. Commitments -</b>                                                                                                                                                                                   |                                   |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) [includes Rs 9.60 Lakhs (Previous Year-Rs. Nil) for acquisition of intangible assets] | <b>2,552.17</b>                   |
|                                                                                                                                                                                                            | 1,291.49                          |
| (ii) Export obligations under EPCG Licenses                                                                                                                                                                | <b>261.27</b>                     |
|                                                                                                                                                                                                            | 2,561.97                          |
| (iii) Export obligation against Advance Licenses                                                                                                                                                           | <b>—</b>                          |
|                                                                                                                                                                                                            | 167.29                            |

|                                                                                                                                                                                                                                                                                 | <b>(Rs. in Lakhs)</b>             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
|                                                                                                                                                                                                                                                                                 | <b>As at 31st<br/>March, 2013</b> |
|                                                                                                                                                                                                                                                                                 | <b>As at 31st<br/>March, 2012</b> |
| <b>32. Contingent Liabilities -</b>                                                                                                                                                                                                                                             |                                   |
| (i) Claims not acknowledged as debts:                                                                                                                                                                                                                                           |                                   |
| (a) Disputed Excise Duty                                                                                                                                                                                                                                                        | <b>523.95</b>                     |
|                                                                                                                                                                                                                                                                                 | 567.54                            |
| (b) Disputed Customs Duty                                                                                                                                                                                                                                                       | <b>999.62</b>                     |
|                                                                                                                                                                                                                                                                                 | 1,004.47                          |
| (c) Disputed Service Tax                                                                                                                                                                                                                                                        | <b>324.92</b>                     |
|                                                                                                                                                                                                                                                                                 | 256.35                            |
| (d) Disputed Sales Tax                                                                                                                                                                                                                                                          | <b>528.46</b>                     |
|                                                                                                                                                                                                                                                                                 | 524.34                            |
| (e) Disputed Entry Tax                                                                                                                                                                                                                                                          | <b>246.04</b>                     |
|                                                                                                                                                                                                                                                                                 | 267.28                            |
| (f) Disputed Income Tax                                                                                                                                                                                                                                                         | <b>1.89</b>                       |
|                                                                                                                                                                                                                                                                                 | —                                 |
| (g) Labour Related and Other Matters                                                                                                                                                                                                                                            | <b>373.65</b>                     |
|                                                                                                                                                                                                                                                                                 | 355.70                            |
| (ii) Potential Obligation under Public Law of Germany in respect of environment                                                                                                                                                                                                 | <b>1,653.16</b>                   |
|                                                                                                                                                                                                                                                                                 | 1,635.59                          |
| (iii) In respect of Contingent Liabilities, it is not practicable for the Group to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. The Group does not expect any reimbursement in respect of the above Contingent Liabilities. |                                   |

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

## Notes to Consolidated Financial Statements for the year ended 31st March, 2013

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

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

34. Exceptional item Rs. Nil (Previous Year - Rs. 340.72 Lakhs) represents cumulative amount of exchange difference arising out of disposal of a subsidiary.

### 35. Particulars relating to Construction Contracts -

(Rs. in Lakhs)

|                                                                                     | <u>2012-13</u>                    | <u>2011-12</u>                    |
|-------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| (a) Contract revenues recognised as revenue                                         | <b>1,657.05</b>                   | 4,273.07                          |
|                                                                                     | <b>As at 31st<br/>March, 2013</b> | <b>As at 31st<br/>March, 2012</b> |
| (b) Other information relating to Contract Work-in-Progress                         |                                   |                                   |
| (i) Aggregate amount of cost incurred and recognised profits less recognised losses | <b>5,598.34</b>                   | 5,653.78                          |
| (ii) The amount of customer advances                                                | —                                 | 99.57                             |
| (iii) The amount of retentions due from customers                                   | <b>9.66</b>                       | 28.07                             |
| (iv) Gross amount due from customers for contract work as an asset                  | <b>87.99</b>                      | 666.10                            |
| (v) Gross amount due to customers for contract work as a liability                  | —                                 | 2.39                              |

### 36. Employee Benefits:

#### (I) Post Employment Defined Benefit Plans:

##### (A) Gratuity (Funded)

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

The following Table sets forth the particulars in respect of the Gratuity Plan (Funded) of the Group for the year ended 31st March, 2013:

|                                                                                                            | <u>2012-13</u>  | <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                                                   | <b>1,621.75</b> | 1,344.64       |
| Current Service Cost                                                                                       | <b>122.44</b>   | 100.37         |
| Interest Cost                                                                                              | <b>125.21</b>   | 108.91         |
| Actuarial Losses                                                                                           | <b>207.59</b>   | 194.52         |
| Benefits Paid                                                                                              | <b>(113.35)</b> | (126.69)       |
| Present Value of Obligation at the end of the year                                                         | <b>1,963.64</b> | 1,621.75       |
| (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                                                     | <b>1,429.51</b> | 1,334.98       |
| Expected Return on Plan Assets                                                                             | <b>114.36</b>   | 106.80         |
| Actuarial Gains                                                                                            | <b>28.61</b>    | 17.39          |
| Contributions                                                                                              | <b>200.08</b>   | 97.03          |
| Benefits Paid                                                                                              | <b>(113.35)</b> | (126.69)       |
| Fair Value of Plan Assets at the end of the year                                                           | <b>1,659.21</b> | 1,429.51       |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2013

|                                                                                                              | (Rs. in Lakhs) |          |          |          |          |
|--------------------------------------------------------------------------------------------------------------|----------------|----------|----------|----------|----------|
|                                                                                                              | 2012-13        | 2011-12  |          |          |          |
| (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                                                           | 1,963.64       | 1,621.75 |          |          |          |
| Fair Value of Plan Assets at the end of the year                                                             | 1,659.21       | 1,429.51 |          |          |          |
| (Liabilities) recognised in the Balance Sheet                                                                | (304.43)       | (192.24) |          |          |          |
| (d) Expense recognised in the Profit and Loss Statement:                                                     |                |          |          |          |          |
| Current Service Cost                                                                                         | 122.44         | 100.37   |          |          |          |
| Interest Cost                                                                                                | 125.21         | 108.91   |          |          |          |
| Expected Return on Plan Assets                                                                               | (114.36)       | (106.80) |          |          |          |
| Actuarial Losses                                                                                             | 178.98         | 177.13   |          |          |          |
| Total Expense recognised @                                                                                   | 312.27         | 279.61   |          |          |          |
| @ Recognised under 'Contribution to Provident and Other Funds' in Note 25                                    |                |          |          |          |          |
| (e) Category of Plan Assets:                                                                                 |                |          |          |          |          |
| Fund with LIC                                                                                                | 1,656.62       | 1,426.81 |          |          |          |
| Others (including bank balances)                                                                             | 2.59           | 2.70     |          |          |          |
| Total                                                                                                        | 1,659.21       | 1,429.51 |          |          |          |
| (f) Actual Return on Plan Assets                                                                             | 142.97         | 124.19   |          |          |          |
| (g) Principal Actuarial Assumptions:                                                                         |                |          |          |          |          |
| Discount Rate                                                                                                | 8.00%          | 8.50%    |          |          |          |
| Salary Escalation                                                                                            | 6.00%          | 6.00%    |          |          |          |
| Expected Return on Asset                                                                                     | 8.00%          | 8.00%    |          |          |          |
| (h) Other Disclosures:                                                                                       | 2012-13        | 2011-12  | 2010-11  | 2009-10  | 2008-09  |
| Present Value of Obligation at the end of the year                                                           | 1,963.64       | 1,621.75 | 1,344.64 | 1,565.39 | 1,686.02 |
| Fair Value of Plan Assets at the end of the year                                                             | 1,659.21       | 1,429.51 | 1,334.98 | 1,533.09 | 1,613.39 |
| Surplus/(Deficit) at the end of the year                                                                     | (304.43)       | (192.24) | (9.66)   | (32.30)  | (72.63)  |
| Experience Adjustments on Plan Assets [Gain/(Loss)]                                                          | 20.55          | 1.56     | (0.36)   | 15.33    | 17.96    |
| Experience Adjustments on Obligation [(Gain)/Loss]                                                           | 236.64         | 203.06   | 184.41   | 0.93     | (55.06)  |

### Notes:

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

### (B) Provident Fund

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

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

## Notes to Consolidated Financial Statements for the year ended 31st March, 2013

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Parent Company as at the balance sheet date. Further during the year, the Parent Company's contribution of Rs. 35.89 Lakhs ( Previous Year – Rs. 35.16 Lakhs) to the Provident Fund Trusts has been expensed under the 'Contribution to Provident and Other Funds' in Note 25. Disclosures given hereunder are restricted to the information available as per the Actuary's report -

|                                        | <u>2012-13</u>     | <u>2011-12</u> |
|----------------------------------------|--------------------|----------------|
| <b>Principal Actuarial Assumptions</b> |                    |                |
| Discount Rate                          | <b>8.50%</b>       | 8.50%          |
| Expected Return on Exempted Fund       | <b>8.05/ 8.64%</b> | 8.17/ 8.75%    |
| Expected EPFO Return                   | <b>8.50%</b>       | 8.25%          |

### (C) Pension

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

The following Table sets forth the particulars in respect of the Pension Plan (unfunded) of the Group for the year ended 31st March, 2013:

|                                                                                                              | <u>2012-13</u>        | <u>2011-12</u> |
|--------------------------------------------------------------------------------------------------------------|-----------------------|----------------|
|                                                                                                              | <b>(Rs. in Lakhs)</b> |                |
| (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                                                     | <b>184.78</b>         | 138.34         |
| Exchange Rate Adjustment                                                                                     | <b>2.98</b>           | 11.94          |
| Current Service Cost                                                                                         | <b>4.54</b>           | 3.71           |
| Interest Cost                                                                                                | <b>7.53</b>           | 7.02           |
| Actuarial Losses                                                                                             | <b>42.13</b>          | 23.77          |
| Benefits Paid                                                                                                | <b>—</b>              | —              |
| Present Value of Obligation at the end of the year                                                           | <b>241.96</b>         | 184.78         |
| (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                                                           | <b>241.96</b>         | 184.78         |
| Fair Value of Plan Assets at the end of the year                                                             | <b>—</b>              | —              |
| (Liabilities) recognised in the Balance Sheet                                                                | <b>(241.96)</b>       | (184.78)       |
| (c) Expense recognised in the Profit and Loss Statement:                                                     |                       |                |
| Current Service Cost                                                                                         | <b>4.54</b>           | 3.71           |
| Interest Cost                                                                                                | <b>7.53</b>           | 7.02           |
| Expected Return on Plan Assets                                                                               | <b>—</b>              | —              |
| Actuarial Losses                                                                                             | <b>42.13</b>          | 23.77          |
| Total Expense recognised @                                                                                   | <b>54.20</b>          | 34.50          |
| @ Recognised under 'Contribution to Provident and Other Funds' in Note 25.                                   |                       |                |
| (d) Principal Actuarial Assumptions:                                                                         |                       |                |
| Discount Rate                                                                                                | <b>3.10%</b>          | 4.00%          |
| Salary Escalation                                                                                            | <b>2.00%</b>          | 2.00%          |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2013

|                                                     | (Rs. in Lakhs)  |                |                |                |                |
|-----------------------------------------------------|-----------------|----------------|----------------|----------------|----------------|
| (e) Other Disclosures:                              | <u>2012-13</u>  | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> |
| Present Value of Obligation at the end of the year  | <b>241.96</b>   | 184.78         | 138.34         | 131.88         | 109.15         |
| Fair Value of Plan Assets at the end of the year    | —               | —              | —              | —              | —              |
| Surplus/(Deficit) at the end of the year            | <b>(241.96)</b> | (184.78)       | (138.34)       | (131.88)       | (109.15)       |
| Experience Adjustments on Plan Assets [Gain/(Loss)] | —               | —              | —              | —              | —              |
| Experience Adjustments on Obligation [(Gain)/Loss]  | <b>(4.83)</b>   | (3.48)         | (3.13)         | (4.63)         | (5.33)         |

### Notes:

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

### (II) Post Employment Defined Contribution Plans

During the year, an amount of Rs.1,707.17 Lakhs (Previous Year – Rs. 1,439.06 Lakhs) has been recognised as expenditure towards defined contribution plans of the Group.

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

|                                                                         | (Rs. in Lakhs)                |                               |
|-------------------------------------------------------------------------|-------------------------------|-------------------------------|
|                                                                         | <u>As at 31st March, 2013</u> | <u>As at 31st March, 2012</u> |
| <b>Current Investments</b>                                              |                               |                               |
| In Units of Mutual Funds                                                | <b>17,477.29</b>              | 12,841.28                     |
| <b>Long-term Investments</b>                                            |                               |                               |
| Fully Paid-up Equity Shares in a company (Refer Note 33)                | <b>247.66</b>                 | 247.66                        |
| Fully Paid-up Redeemable Preference Shares in a company (Refer Note 33) | <b>312.34</b>                 | 312.34                        |
| In Government Securities                                                | <b>0.06</b>                   | 0.06                          |
| In Bonds                                                                | —                             | 3,410.33                      |
| In Units of Mutual Funds                                                | <b>8,443.67</b>               | 8,148.50                      |
| <b>Total Long-term Investments</b>                                      | <b>9,003.73</b>               | 12,118.89                     |
| <b>Total Investments (Current and Long-term)</b>                        | <b>26,481.02</b>              | 24,960.17                     |
| <b>Disclosed Under:</b>                                                 |                               |                               |
| Non-current Investments (Refer Note 13)                                 | <b>2,840.06</b>               | 12,118.89                     |
| Current Investments (Refer Note 17)                                     | <b>23,640.96</b>              | 12,841.28                     |
| <b>Total</b>                                                            | <b>26,481.02</b>              | 24,960.17                     |

### 38. Particulars of Operating Leases-

#### A. Cancellable

The Group has cancellable operating lease arrangements for certain accommodation with tenures ranging one to 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. 16.80 Lakhs (Previous Year - Rs. 101.95 Lakhs).

## Notes to Consolidated Financial Statements for the year ended 31st March, 2013

### 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)  |              |
|-------------------------------------------------------|-----------------|--------------|
|                                                       | 2012-13         | 2011-12      |
| i. Not later than one year                            | 287.70          | 13.09        |
| ii. Later than one year but not later than five years | 739.10          | 63.25        |
| iii. Later than five years                            | —               | 2.72         |
|                                                       | <b>1,026.80</b> | <b>79.06</b> |

- (b) The lease expenses recognised during the year amount to Rs.175.48 Lakhs (Previous Year – Rs. 162.35 Lakhs).

39. Depreciation and Amortisation for the year and year-end accumulated depreciation includes Rs. 1,181.58 Lakhs (Previous Year - Rs. 814.97 Lakhs) and Rs. 8,072.31 Lakhs (Previous Year - Rs. 6,789.58 Lakhs) respectively, computed by certain subsidiaries by applying different depreciation rates as indicated in Note 1(D) above.

### 40. Segment Information

#### A. Primary Segment Reporting (by Business Segments)

- i) Considering the present operating environment and risks and returns from its businesses, the Group has revised during the year the composition of business segments for its segment reporting. Accordingly, Captive power generating units and Impervious Graphite Equipment (IGE) division which were included under 'Power Segment' and 'Others Segment' respectively in the previous year have now been included under 'Graphite and Carbon Segment'. Further, power generating unit used for external sales which was included under 'Power Segment' in the previous year have been included under 'Others Segment' as the same accounts for less than the threshold limits specified in AS 17 on 'Segment Reporting' in the current as well as in the previous year. The previous year figures have also been regrouped / rearranged to make the same comparable with the current year figures.

The revised composition of business segments is as under:

- a) Graphite and Carbon Segment, engaged in the production of Graphite Electrodes, other Miscellaneous Carbon and Graphite Products including Captive power generating units and Impervious Graphite Equipment (IGE) division.
- b) Steel Segment engaged in production of High Speed Steel and Alloy Steel, and
- c) Others Segment engaged in manufacturing of Glass Reinforced Pipes (GRP), Power generating unit exclusively for outside sale and investing in shares and securities.
- ii) Composition of Geographical Segments
- The geographical segments considered for disclosure are as follows :
- a) Sales within India includes sales to customers located within India
- b) Sales outside India includes sales to customers located outside India
- iii) Segment Revenues, Results and Other Information as at / for the year ended 31st March, 2013

(Rs. in Lakhs)

|                                                            | Graphite and Carbon |                    | Steel           |                 | Others          |                  | Total of Reportable Segments |                    |
|------------------------------------------------------------|---------------------|--------------------|-----------------|-----------------|-----------------|------------------|------------------------------|--------------------|
|                                                            | 2012-13             | 2011-12            | 2012-13         | 2011-12         | 2012-13         | 2011-12          | 2012-13                      | 2011-12            |
| Revenue from Operations (Gross)                            |                     |                    |                 |                 |                 |                  |                              |                    |
| External Sales                                             | 1,83,867.79         | 1,73,149.70        | 8,708.43        | 9,838.33        | 4,852.49        | 10,809.16        | 1,97,428.71                  | 1,93,797.19        |
| Inter Segment Sales                                        | 35.24               | 55.85              | —               | —               | 5.04            | 6.79             | 40.28                        | 62.64              |
| Other Operating Revenues                                   | 4,195.45            | 4,566.31           | 9.61            | —               | 379.87          | —                | 4,584.93                     | 4,566.31           |
| Segment Revenues                                           | <b>1,88,098.48</b>  | <b>1,77,771.86</b> | <b>8,718.04</b> | <b>9,838.33</b> | <b>5,237.40</b> | <b>10,815.95</b> | <b>2,02,053.92</b>           | <b>1,98,426.14</b> |
| Segment Results                                            | 26,827.81           | 30,671.71          | 887.64          | 1,198.77        | (57.04)         | 1,099.89         | 27,658.41                    | 32,970.37          |
| Segment Assets                                             | 2,48,338.01         | 2,24,687.79        | 20,925.66       | 20,281.84       | 11,228.47       | 11,960.94        | 2,80,492.14                  | 2,56,930.57        |
| Segment Liabilities                                        | 23,234.40           | 36,105.01          | 1,503.79        | 1,714.85        | 1,943.97        | 2,177.92         | 26,682.16                    | 39,997.78          |
| Capital Expenditure                                        | 4,828.24            | 16,247.77          | 28.49           | 13.08           | 40.10           | 45.99            | 4,896.83                     | 16,306.84          |
| Depreciation and Amortisation                              | 5,337.54            | 4,014.23           | 574.09          | 567.82          | 205.95          | 199.68           | 6,117.58                     | 4,781.73           |
| Non-cash Expenses other than Depreciation and Amortisation | 344.93              | 176.04             | 2.07            | 20.14           | 9.18            | 15.14            | 356.18                       | 211.32             |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2013

### Reconciliation of Reportable Segments with the Financial Statements

(Rs. in Lakhs)

|                                        | Revenues    |             | Results/Net Profit |            | Assets      |             | Liabilities * |             |
|----------------------------------------|-------------|-------------|--------------------|------------|-------------|-------------|---------------|-------------|
|                                        | 2012-13     | 2011-12     | 2012-13            | 2011-12    | 2012-13     | 2011-12     | 2012-13       | 2011-12     |
| Total of Reportable Segments           | 2,02,053.92 | 1,98,426.14 | 27,658.41          | 32,970.37  | 2,80,492.14 | 256,930.57  | 26,682.16     | 39,997.78   |
| Corporate - Unallocated / Others (Net) | —           | —           | (2,873.41)         | (1,389.18) | 14,688.43   | 14,762.15   | 97,312.39     | 66,123.25   |
| Inter Segment Sales                    | (40.28)     | (62.64)     | —                  | —          | —           | —           | —             | —           |
| Finance Costs                          | —           | —           | (3,068.59)         | (1,863.03) | —           | —           | —             | —           |
| Tax Expense                            | —           | —           | (8,275.38)         | (8,469.98) | —           | —           | —             | —           |
|                                        | 2,02,013.64 | 1,98,363.50 | 13,441.03          | 21,248.18  | 2,95,180.57 | 2,71,692.72 | 1,23,994.55   | 1,06,121.03 |
| * Excluding Shareholders' Funds        |             |             |                    |            |             |             |               |             |

iv) Had the Company followed earlier classification for composition of its business segments, Segment Revenues, Segment Results, Segment Assets and Segment Liabilities of the concerned segments would have been as under:-

|                     | Graphite and Carbon |             | Power    |          | Others    |           |
|---------------------|---------------------|-------------|----------|----------|-----------|-----------|
|                     | 2012-13             | 2011-12     | 2012-13  | 2011-12  | 2012-13   | 2011-12   |
| Segment Revenues    | 1,79,677.25         | 1,72,783.92 | 1,851.43 | 3,403.14 | 15,507.94 | 17,259.00 |
| Segment Results     | 22,313.97           | 26,080.72   | 969.83   | 2,493.09 | 3,486.96  | 3,197.79  |
| Segment Assets      | 2,35,558.34         | 2,13,168.59 | 5,079.96 | 5,650.36 | 18,928.18 | 17,829.78 |
| Segment Liabilities | 21,179.23           | 34,619.39   | 1,064.48 | 1,056.69 | 2,934.66  | 2,606.85  |

### B. Secondary Segment (Geographical)

|                          | India       |             | Outside India |             | Total       |             |
|--------------------------|-------------|-------------|---------------|-------------|-------------|-------------|
|                          | 2012-13     | 2011-12     | 2012-13       | 2011-12     | 2012-13     | 2011-12     |
| Segment Revenues (Gross) | 67,635.09   | 78,864.68   | 1,34,378.55   | 1,19,498.82 | 2,02,013.64 | 1,98,363.50 |
| Segment Assets           | 2,41,138.49 | 2,19,795.38 | 39,353.65     | 37,135.19   | 2,80,492.14 | 2,56,930.57 |
| Capital Expenditure      | 3,789.19    | 16,050.78   | 1,107.64      | 256.06      | 4,896.83    | 16,306.84   |

### 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 |

(Rs. in Lakhs)

| (ii) Particulars of Transactions during the year ended 31st March, 2013 – | 2012-13                       | 2011-12                       |
|---------------------------------------------------------------------------|-------------------------------|-------------------------------|
| A. Key Management Personnel                                               |                               |                               |
| Mr. M. B. Gadgil                                                          |                               |                               |
| (a) Remuneration                                                          | 147.77                        | 128.62                        |
| (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                                                             | 1,955.45                      | 1,955.45                      |
|                                                                           | <b>As at 31st March, 2013</b> | <b>As at 31st March, 2012</b> |
| (iii) Balance outstanding at the year end-                                |                               |                               |
| (a) Loans and Advances                                                    |                               |                               |
| Mr. M. B. Gadgil                                                          | 6.00                          | 10.80                         |
| (b) Trade Payables / Other Current Liabilities                            |                               |                               |
| Mr. M. B. Gadgil                                                          | 78.95                         | 72.18                         |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2013

42. 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).

### 43. Derivative instruments and unhedged foreign currency exposure

(a) Derivatives outstanding as at the reporting date

| Particulars        |     | (in Million)              |                           |
|--------------------|-----|---------------------------|---------------------------|
|                    |     | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| Interest Rate Swap | USD | 20.00                     | —                         |

(b) Particulars of unhedged foreign currency exposures as at the reporting date

|             |      |       |       |
|-------------|------|-------|-------|
| Receivables | USD  | 15.39 | 22.99 |
|             | Euro | 5.94  | 5.38  |
|             | CAD  | 1.68  | 1.71  |
| Payables    | USD  | 7.73  | 8.74  |
|             | Euro | 0.45  | 0.33  |
|             | CAD  | 0.10  | 0.07  |
| Loans       | USD  | 68.85 | 51.81 |
|             | Euro | 8.53  | 8.82  |

(c) Mark-to-market losses

| Particulars                        | (Rs. in Lakhs)            |                           |
|------------------------------------|---------------------------|---------------------------|
|                                    | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
| Mark-to-market losses provided for | 68.76                     | —                         |

44. Research and Development Expenditure of revenue nature of Rs. 21.41 Lakhs (Previous Year – Rs. 24.87 Lakhs).

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

For PRICE WATERHOUSE  
Firm Registration Number- 301112E  
Chartered Accountants

(Pinaki Chowdhury)  
Partner

Membership No. 57572  
Kolkata : 10th May, 2013

**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 2012-13

(Rs. in Lakhs)

| Name of<br>Subsidiary / Country                        | Closing<br>exchange rate<br>(Euro) against<br>Indian Rupee as<br>on 31.03.2013 | Capital  | Reserves | Total<br>Assets | Total<br>Liabilities | Investments<br>(except in<br>case of<br>investment in<br>Subsidiaries)* | Turnover  | Profit/<br>(Loss)<br>before<br>Taxation | Provision<br>for<br>Taxation | Profit/<br>(Loss)<br>after<br>Taxation | Proposed<br>Dividend |
|--------------------------------------------------------|--------------------------------------------------------------------------------|----------|----------|-----------------|----------------------|-------------------------------------------------------------------------|-----------|-----------------------------------------|------------------------------|----------------------------------------|----------------------|
| Carbon Finance Limited,<br>India                       | —                                                                              | 530.00   | 3,943.28 | 2,193.57        | 0.29                 | 2,280.00                                                                | 474.74    | 432.90                                  | 40.90                        | 392.00                                 | —                    |
| Graphite International B.V.,<br>The Netherlands        | 69.46                                                                          | 8,543.58 | (448.51) | 8,185.31        | 90.24                | —                                                                       | 400.71    | (521.57)                                | (16.51)                      | (505.06)                               | —                    |
| <b>Subsidiaries of Graphite<br/>International B.V.</b> |                                                                                |          |          |                 |                      |                                                                         |           |                                         |                              |                                        |                      |
| Graphite COVA GmbH,<br>Germany                         | 69.46                                                                          | 6,890.43 | 3,897.25 | 39,469.00       | 28,681.32            | —                                                                       | 35,797.30 | (2,471.65)                              | 944.92                       | (3,416.57)                             | —                    |
| Bavaria Electrodes GmbH,<br>Germany                    | 69.46                                                                          | 69.46    | 1,420.25 | 3,386.89        | 1,897.18             | —                                                                       | 12,151.35 | 232.26                                  | 108.49                       | 123.77                                 | —                    |
| Bavaria Carbon Specialities GmbH,<br>Germany           | 69.46                                                                          | 69.46    | 1,003.25 | 1,484.06        | 411.35               | —                                                                       | 4,397.22  | 176.78                                  | 49.81                        | 126.97                                 | —                    |
| Bavaria Carbon Holdings GmbH,<br>Germany               | 69.46                                                                          | 191.02   | 349.29   | 815.88          | 275.57               | —                                                                       | 327.50    | 106.57                                  | 23.89                        | 82.68                                  | —                    |

## \* Details of Investments held by Carbon Finance Limited as at 31st March, 2013

(Rs. in Lakhs)

| Particulars                                                         | Nature of<br>Investment | Face value<br>(Rs.) | Number    | Amount          |
|---------------------------------------------------------------------|-------------------------|---------------------|-----------|-----------------|
| Reliance Short Term Fund Retail Plan Growth                         | Units                   | 10.00               | 52,50,847 | 1,136.00        |
| HDFC Cash Management Fund - Treasury Advantage Plan - Retail-Growth | Units                   | 10.00               | 5,31,904  | 129.00          |
| Reliance Floating Rate Fund - Short Term Plan - Growth Plan         | Units                   | 10.00               | 27,86,071 | 515.00          |
| Birla Sun Life Dynamic Bond Fund - Retail - Growth - Regular Plan   | Units                   | 10.00               | 25,27,065 | 500.00          |
|                                                                     |                         |                     |           | <u>2,280.00</u> |

## NOTES

[illegible]





## GRAPHITE INDIA LIMITED

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

### THIRTY EIGHTH ANNUAL GENERAL MEETING

#### Name and Address of Shareholder

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

#### ATTENDANCE SLIP

#### Attendance by

(Please tick the appropriate box)

- ☐ Member  
☐ Proxy  
☐ Authorised Representative

I hereby record my presence at the Thirty Eighth Annual General Meeting of the Company being held on Monday, 5th day of August, 2013 at 11.00 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 .....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  
Eighth Annual General Meeting of the Company to be held at Kala Kunj Auditorium (Sangit Kala Mandir Trust),  
48, Shakespeare Sarani, Kolkata - 700 017 on Monday, 5th day of August, 2013 at 11.00 A.M. and at any adjournment  
thereof.

Signed this .....day of .....2013

Affix  
Revenue  
Stamp

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

(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.