



GRAPHITE INDIA LIMITED



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. B. Shiva

AUDITORS

Price Waterhouse

SOLICITORS

Khaitan & Co.
Orr, Dignam & Co.

BANKERS

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

REGISTERED OFFICE

31, Chowringhee Road, Kolkata 700 016
Phone No. : +91 33 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 Sixth ANNUAL GENERAL MEETING of Graphite India Limited will be held on Monday, the 25th day of July, 2011 at 10.00A.M. at Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata- 700 017 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt Directors' Report and Audited Profit & Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date.
2. To declare dividend on Equity Shares for the year ended 31st March, 2011.
3. To appoint a Director in place of Mr. A. V. Lodha who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. S. Damani who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. K. K. Bangur 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 9, 2011

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, 11th July, 2011 to Monday, 25th July, 2011 (both days inclusive).
- d. No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956. At the ensuing General Meeting Mr. A. V. Lodha, Mr. N. S. Damani and Mr. K. K. Bangur, 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. A. V. Lodha, aged 45 years is a qualified Chartered Accountant and is the Country Managing Partner of Lodha & Co. He has over 24 years of experience in providing advisory services to a diverse client base across a wide spectrum of industries. He has handled various consultancy assignments in fields of corporate restructuring, mergers & acquisitions, joint ventures, collaborations, business strategy etc. He has also assisted large Indian corporates to raise resources from the overseas capital markets and also advises many clients on market investments.

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

Other Directorships

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

Other Committee Membership

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

Mr. N. S. Damani, aged 58 years, is an industrialist and is presently Chairman & Managing Director of Simplex Realty Limited. He is a science graduate and has completed business management studies. He has around 32 years experience in business and industry. He does not hold any share in the Company.

Other Directorships

Name of the Company	Position
Simplex Realty Limited	Chairman & MD
Simplex Renewable Resources Pvt. Ltd.	Director
The Nav Bharat Refrigeration & Industries Ltd.	Director
New Textiles Private Limited	Director
Shreelekha Global Finance Limited	Director
Lucky Vyapaar & Holdings Pvt. Limited	Director
Enas Foundation (U/s 25)	Director

Other Committee Memberships

Name of the Company	Committee	Position
Simplex Realty Limited	Shareholder/ Investors Grievance Committee	Member
The Nav Bharat Refrigeration & Industries Ltd.	Shareholder/ Investors Grievance Committee	Member
	Remuneration Committee	Member

Mr. K. K. Bangur, aged 50 years, Chairman of the Company is an industrialist of repute. He has been exposed to business and industry at an early age and has more than 25 years of experience in managing the affairs of companies and its business activities. He has been a director of the Company since July 1988 and Chairman since July 1993. He is President of All India Organization of Employers (AIOE) and Member, Board of Governors of Indian Institute of Social Welfare and Business Management (IISWBM) and Chairman of Council of Indian Employers (CIE). He is a past President of Indian Chamber of Commerce, Kolkata and Executive Committee member of FICCI. He is Chairman of the Shareholders / Investors Grievance Committee and 'Committee for Borrowings' of the Company. As per Company records, he holds 510,885 shares of the Company.

Other Directorships

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

Committee Membership of other companies - NIL

- 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 25th July, 2011 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 per details furnished as on 9th July, 2011 by the depositories for this purpose.

- 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, 2004 would be transferred to the said fund in the last week of August, 2011.

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, 2003 has already been transferred to the IEPF.

- h. The Company has entered into agreements with National Securities Depository Ltd, (NSDL) and Central Depository Services (India) Ltd (CDSL). Shares of the Company are under the compulsory demat settlement mode from May 8,2000 and can be traded only in demat mode. Members are advised to send the shares of the Company held in physical form through their Depository Participant for demat purposes to the Company's Registrars and avail the benefits of paperless trading.
- i. Members are requested to affix their signature at the space provided in the attendance slip with complete details including the Folio No. annexed to the proxy form and hand over the slip at the entrance of the place of meeting.
- j. Members are requested to notify change in their address, if any, immediately to the Company's Registrar, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai 400 078 or to their Kolkata office at 59C Chowringhee Road, 3rd Floor, Kolkata 700 020.
- k. Ministry of Corporate Affairs, Govt. of India vide circular No. 17/2011 dated 21.4.2011 has made available an option to shareholders to receive communications electronically, save paper and in turn save nature. Your Company is eager to cover more and more shareholders under the ambit of Go Green initiative and has made available an option particularly to shareholders holding shares in physical mode to register their email id with R&T agent. Shareholders who wish to register their email id can visit <http://www.linkintime.co.in/gogreen.asp> and register their email id. We request shareholders to avail of this facility and strengthen the Go Green movement.

Shareholders holding shares in demat mode are requested to update their DP records for changes in email id to receive timely communications from the Company.

By Order of the Board
For Graphite India Limited

Kolkata
May 9, 2011

B. Shiva
Company Secretary

DIRECTORS' REPORT

The Directors have pleasure in presenting their Thirty Sixth Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

Rs` in Crore

Particulars	2010-11	2009-10	2010-11	2009-10
	Graphite India Limited		Graphite India Limited Consolidated	
Sales / Income from Operations – (Gross)	1280.04	1178.22	1501.33	1394.06
Profit for the year after charging all expenses but before providing interest, depreciation, exceptional item and tax	312.92	409.28	342.78	428.27
Interest	5.04	10.49	7.75	14.47
Profit before depreciation, exceptional item and tax	307.88	398.79	335.03	413.80
Depreciation	39.33	39.54	48.62	49.94
Profit before taxation and exceptional item	268.55	359.25	286.41	363.86
Payment under Voluntary Retirement Scheme	12.73	—	12.73	—
Profit before Taxation	255.82	359.25	273.68	363.86
Provision for taxation -				
Current Tax	94.24	116.00	96.29	117.69
MAT Credit	—	—	—	(0.07)
Earlier years	—	0.08	0.15	0.11
Deferred	(10.74)	11.00	(11.87)	11.28
Profit for the year	172.32	232.17	189.11	234.85
Balance brought forward from the earlier year	110.46	44.39	211.13	142.97
Transfer from Debenture Redemption Reserve	68.04	3.90	68.04	3.90
	<u>350.82</u>	<u>280.46</u>	<u>468.28</u>	<u>381.72</u>
Which has been appropriated as under :				
Dividend paid on Equity Shares	4.18	—	4.18	—
Proposed Dividend on Equity Shares	68.38	60.03	68.38	60.03
Dividend Tax	11.79	9.97	11.79	9.97
Transfer to General Reserve	100.00	100.00	100.00	100.00
Reserve Fund	—	—	0.26	0.59
Balance carried forward	<u>166.47</u>	<u>110.46</u>	<u>283.67</u>	<u>211.13</u>
	<u>350.82</u>	<u>280.46</u>	<u>468.28</u>	<u>381.72</u>

BUSINESS REVIEW

As per Central Statistical Organisation, the Indian Economy – led by a resurgence in agriculture, services and manufacturing sectors – is estimated to grow by a robust 8.6% in FY 2010-11. In 2009-10, the Indian Economy grew by 8%. The farm sector which grew by a meagre 0.4 % in 2009-10 is estimated to turnaround with an impressive 5.4% growth in 2010-11, while manufacturing and services sectors are expected to post consistent growth levels of 8% and 9.6% respectively.

The GDP forecast for 2011-12 is set at 9%, subject to certain assumptions.

The United Nations Industrial Development Organisation, in one of its publications, has commended India for its strong economic growth and has ranked India as one of the top 10 manufacturers of the world for the year 2010.

The world economy too registered a rapid recovery - led by Asia in the front, hopefully leaving the worst economic recession behind us. Despite the myriad challenges faced by

the global economy, the forecast for world GDP for 2011 has been upgraded, thus signalling slow but steady revival.

GRAPHITE INDIA

Gross sales for 2010-11 were ` 1280 crore as against ` 1178 crore in the previous year and PAT was ` 172 crore for the current year as against ` 232 crore in the previous year.

The Company's Graphite and Carbon Segment (Graphite Electrodes) continues to be the main source of income and profit for the Company, accounting for about 81% of the total revenues.

With improved market demand for electrodes, capacity utilisation registered a steady rise every quarter and the growth in sales was driven entirely by volume growth. While volumes increased, electrode prices declined virtually throughout the year and are reflected in the declining PAT.

Capacity utilization of the German Operations improved as compared to previous year. However due to softening of prices, results continue to be depressed.

DIVIDEND

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

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB)

Out of the FCCB amounting to USD 40 mn raised in 2005 with maturity date in October-2010:

35,925 Bonds were converted into 285,91,033 equity shares;
3,875 Bonds were bought back; and
200 Bonds were redeemed.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(i) Industry's structure and developments

A. GRAPHITE ELECTRODE BUSINESS

Capacity utilization of this segment was 73% compared to the previous year of 52%. It is reported that capacity utilization of the global electrode industry during 2010 was more than 2009.

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 and Japan.

Graphite Electrode demand is primarily linked with the global production of steel in electric arc furnaces. Between the two basic routes for steel production – (1) Blast Furnace (BF); and (2) Electric Arc Furnace (EAF) – the EAF route to steel production has increased over the last two decades from 26% to about 32% at the global level. The share of EAF is expected to grow further in years to come due to its inherent favourable characteristics of (a) an environment friendly and less polluting production process; (b) low capital cost; and (c) faster project commissioning time. Fresh investments in EAF steel mills are characterised by large furnace capacities requiring large diameter UHP Electrodes. It is expected that the demand for UHP Electrodes will grow in proportion.

The global crude steel production during 2010 at 1.4 billion metric tonnes, was more by 15% as compared to 1.2 billion metric tonnes in 2009. The share of production through the EAF is estimated at 30%. Commensurate with this rise, there was significant revival in the demand for Graphite Electrodes with sales in volume terms registering a growth of 21% on a Y-O-Y basis. However, there was significant fall in the Graphite Electrodes prices due to the aggressive pricing policy adopted by the manufacturers to gain volumes.

On 27th December 2010 the Reserve Bank of India abruptly discontinued the ACU (Asian Clearing Union) payment mechanism. This has resulted in delayed payments from customers in the countries covered by ACU mechanism causing uncertainty over the business with these countries.

The countervailing / anti-dumping duty on Graphite Electrodes exported from India to EU-27 imposed five years ago, is extended for a further period of five years from September-2010.

Global industrial production increased in 2010 though margins in most of the businesses came under pressure due to higher input costs and lower realisation. The forecast for global economic prospects for 2011 is positive and it is being upgraded. With that, the outlook for the steel industry and the Graphite industry is expected to improve in 2011 and 2012.

The Company's Order book for FY 2011-12 continues to be comfortable following the continued economic rebound.

Durgapur Plant Expansion : The capacity expansion by 20,000 MT of Graphite Electrodes at Durgapur Plant is progressing well and it is expected to be completed in the first quarter of the FY 2012-13. This expansion is being carried out with eco-friendly and energy-efficient advanced technology leading

to a more cost-efficient and sustainable operation in the long term.

Coke Division

The Coke Division in Barauni, engaged in the manufacture of Calcined Petroleum Coke (CPC), is one of the many backward integration initiatives of the Company. The Division also makes Electrode Paste and 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 Electrode. This is also a critical raw material for fine grained high density graphite used in speciality graphite products and impervious graphite equipment. Electrode Paste is used in ferro alloy smelters and Tamping Paste is used as a lining material in steel and aluminium smelters.

Production and sale of Calcined Petroleum Coke were higher both in volume and value terms during the year in comparison with that of the previous year. Led by the buoyant domestic market, this Division has performed well during the year.

B. GRAPHITE EQUIPMENT BUSINESS

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

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

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

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

C. GRP PIPES & TANKS BUSINESS

Glass Reinforced Plastic (GRP) Pipes and Tanks Division is engaged in manufacturing and marketing of GRP Pipes and Tanks. The Company converts users of conventional pipes to GRP through re-engineering, strategic marketing, superior

product quality, competitive pricing and value-added services.

Second manufacturing line with capability to produce pipes up to a diameter of 3000 mm was commissioned last year. The Division is now poised for higher business volumes in coming years.

D. POWER

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

Generation through hydel route was higher by 16% during the year owing to good rainfall in the region.

Power supply from Wardha Power Company (WPC), with whom the Company had entered into a long term agreement and had made a commitment to invest ` 9 crore in WPC, is expected to commence from the first quarter of FY 2011-12.

With a view to attaining self sufficiency in its electrical energy requirements - both in terms of the quality of power and its cost per kwh, the Company had decided to set up a 50 MW Coal based Thermal Power Plant at Durgapur at an investment of ` 214 crore. From the environmental perspective, we are now advised by the department concerned that the power plant has got to be located outside the city limits of Durgapur and this has caused delays in the further progress of the power project.

E. POWMEX STEELS DIVISION (PSD)

Powmex Steels is engaged in the business of manufacturing high speed steel and alloy steel having its plant at Titilagarh in the State of Orissa. PSD is the single largest manufacturer of High Speed Steel (HSS) in the country. Its current market share is estimated at around 60%. HSS is used in the manufacture of cutting tools such as drills, taps, milling cutters, reamers, hobs, broaches and special form tools. HSS cutting tools are essentially utilized in – (a) automotive; (b) machine tools; (c) aviation; and DIY market. The industry is categorized by one dominant quality manufacturer of HSS viz. PSD and other small manufacturers who cater to the lower end of the quality spectrum in the retail segment. On the demand side, the industry is broadly divided into large and small cutting tool manufacturers who use both domestic and imported HSS. PSD faces competition from small domestic producers and imports from large overseas manufacturers.

(ii) Opportunities and threats

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

India became the fourth largest producer of crude steel in the world in 2010 and is expected to become the world's second largest producer by 2015-16. India's crude steel production in 2010 reached 66.8 million tonnes, registering a growth of just 6.4% (62.8 million tonnes) over 2009. MoUs have been signed with various states for planned capacity of around 276 million tonnes. The steel demand in India remains strong, led by strong demand from sectors like automobile and engineering services, and the steel consumption of the country grew during the year under review as compared to the previous year. This augurs well for the domestic Graphite Electrode industry in the country.

The Company is exposed to the threat of the cyclical nature in the steel business and also to the risks arising from the volatility in costs of input materials. The Company faces threats from imports given the growth prospects of the Indian Steel industry.

Export sales declined post global recession which set in since October 2008 and the world output through Electric Arc Furnace route is still to return to pre-crisis levels. The positive growth in the emerging and developing economies was more than offset by negative growth in the advanced economies. The fragility of recovery in the world economy, as well as, the uncertainty created because of political unrest in West Asia and North Africa may have serious implications.

The Company is equipped and geared to face even these extreme business challenges and is hopeful of realising its business goals.

(iii) Segment-wise Performance

TOTAL SALES OF THE COMPANY

The Company achieved a turnover of ₹ 1248 crore as against ₹ 1149 crore in the previous year.

Aggregate Export Sales of all divisions together was

₹ 631 crore as against ₹ 528 crore in the previous year.

(a) Graphite and Carbon Division

Production of Graphite Electrodes, Anodes and Other Miscellaneous Carbon and Graphite Products during the year under review was 57,241 MT against 41,086 MT in the previous year.

Production of Calcined Petroleum Coke during the year was 33,768 MT as against 30,781 MT in the previous year.

Cost of all inputs increased during the year.

(b) Power Division

Total power generated was 59 million units during the year, as against 55 million units in the previous year.

(c) Others

Production in the Impervious Graphite Equipment (IGE) Division and spares at 983 MT was higher as compared to that of 848 MT in the previous year.

The Glass Reinforced Plastic Pipes (GRP) Division produced 9,504 MT as against 4,959 MT in the previous year.

(d) Powmex Steels Division (PSD)

Production of HSS and Alloy Steels was 1898 MT during the period April, 2010 to February, 2011 as against 1675 MT in the previous year. The Division was making steady progress towards achieving higher production and productivity. However, due to an unfortunate emergency situation, the operations of the Division were suspended with effect from 6 March, 2011.

(iv) Outlook

In its forecast in April, the IMF has said that the global economy remains firm on the path to recovery and that the global economy should grow by 4.4% in 2011. However, it also cautioned on the challenges of rising oil prices, unrest in the Middle East, inflation in China and debt problems in Europe.

It is projected that Electric Arc Furnaces will contribute to 50% (as against current level of 30%) of global steel production by 2020, in view of the various advantages, primarily from the point of view of emission of carbon dioxide. This development will augur well for the growth of graphite electrode demand in future.

With its competitive cost structure, strong technical product

features and a well diversified customer base, the Company has established its position in the global graphite electrode industry and this has significantly enabled the Company to penetrate the growing market for large diameter UHP graphite electrodes.

It is expected that the domestic demand for steel and as a consequence for Graphite Electrodes will increase moderately. Faced with unfavourable business conditions, the global players have turned to Asian markets and have started aggressive pricing policy to capture volumes. During the last couple of months, two major electrode manufacturers have announced price increase which may lead to recovery in electrode prices.

(v) Risks and Concerns

It is undeniable that business projections have an inherent element of uncertainty of unknown factors like sudden reversal of positive trends leading to economic slowdown resulting in possible negative growth for steel, automotive and infrastructure industries which in turn may adversely impact the prospects for our industry.

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

Economic slowdown and/or cyclical recession in certain industry can adversely impact the demand-supply dynamics and profitability and the 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 as the case may be and our export volumes to specific markets could get affected by such protectionist measures. Current political unrest in some West Asian & African countries may adversely impact the electrode industry.

The main raw materials are 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. all tend to rise in Unison. They will 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 exposures mitigate the same up to an extent.

(vi) Internal control systems and their adequacy

The Company has proper and adequate system of internal controls. Internal audit is conducted by outside auditing firms, except in the case of PSD where internal audit is done internally. The Internal audit reports are reviewed by the top management, the Audit Committee and adequate remedial measures are taken in time.

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

Sales/Income from Operations recorded ` 1280 crore as against ` 1178 crore in the previous year. Graphite and Carbon Division contributed 81% to the revenue of the Company while others contributed 19%.

Unlike in the previous year, the increase in gross sales was the result of increased volume of sales of Graphite Electrodes. Graphite Electrode prices declined both in the domestic and international markets. Thus, the beneficial effect of higher volumes was more than negated by lower realisation. Notwithstanding that, the Company has maintained a healthy profit margin and robust interest coverage.

There have been increases in costs due to increased prices of Pitch, CPC, Furnace Oil and Metcoke, as well as increase in manning and power costs.

Borrowing has increased during the year despite redemption of FCCBs following higher working capital requirement and ECB of USD 15 mn availed for the ongoing expansion of capacity of Durgapur Plant.

The estimated cost of ` 255 crore for the ongoing expansion of capacity at Durgapur Plant, is funded partly by way of ECB amounting to USD 30 million and the balance is by internal accruals.

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

ICRA has upgraded the long term rating to LAA+ (pronounced L double A plus) which indicates high credit quality. The short-term debt programme rating has been reaffirmed as 'A1+' (pronounced A One plus). This rating indicates highest-credit-quality. The upgrade of the long term rating reflects the significant improvement in the Company's financial risk profile.

Initiatives have been taken for convergence towards IFRS.

Details of contingent liabilities are given in Schedule 31(5).

The Company is a net foreign exchange earner.

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

HRD practices in the Company aim at utilising its human resource optimally. Towards this objective, the Company has adopted several innovative and need based training. Development through hands-on experiences and tasks is encouraged. Overall, the value added activities or contributions made by employees at all levels are identified. Succession Planning, especially in the middle to senior management rungs continues to be a challenging task.

As part of rationalization of manpower in Bangalore Plant, a voluntary separation scheme was introduced during the year. The Company incurred a cost of ` 12.73 crore on account of the scheme. This move has helped Bangalore plant to improve its cost effectiveness.

The total number of people employed in the Company was 2,259 as on 31 March, 2011.

Lockout was declared at the Powmex Steel Division (PSD) in Titilagarh, Orissa, with effect from 6 March, 2011 pursuant to an unfortunate emergency situation created by some suspended agitating workers.

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

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

Cautionary Note

Certain statements in the 'Management Discussion and Analysis' section may be more than optimistic, and are 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 Directors contemplated 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, your Company has made additional disclosures in respect of consolidated financial statements, related party transactions and segmental reporting.

Research & Development

The R&D Centre was established in 1976 and since its inception, it has played a pivotal role in the development of

new products and process routes that have given the Company a competitive advantage in local and global markets.

Research & Development initiatives were carried out in the areas of raw materials, productivity, process development, process improvement, 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 improvement of standards.

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

PUBLIC DEPOSITS

The Company is not accepting public deposits. There is no unclaimed deposit during the year.

Subsidiary Companies

Carbon Finance Limited is a wholly owned Indian Subsidiary; Graphite International BV in The Netherlands and Carbon International Holdings NV in Curacao (previously Netherlands Antilles) are the wholly owned overseas subsidiaries of the Company.

The overseas subsidiaries recorded a turnover of Euro 47.72 mn as compared to Euro 39.73 mn in the previous period. The profit before tax of these overseas subsidiaries was Euro 0.16 mn and profit after tax was Euro 0.13 mn (as against Euro 1.07 mn and 0.86 mn).

The Company earned by way of Royalty ` 3.35 crore during the year, as against ` 3.13 crore in the previous year, from overseas subsidiaries.

The Ministry of Corporate Affairs by a Circular dated 8 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 balance sheet of its subsidiaries. The Annual Accounts of subsidiary companies and the related detailed information will be made available to the holding and subsidiary company investors seeking such information at any point of time. The annual

accounts of the subsidiary companies will also be kept for inspection by any shareholder in the Registered Office of the Company and that of the subsidiaries. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.

The Consolidated financial statement of the Company along with those of its subsidiaries prepared as per AS-21 forms 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 the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31 March, 2011 is given in Annexure '1'.

Particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31 March, 2011 are given in Annexure '2'.

DIRECTORS

Mr. A. V. Lodha, Mr. N. S. Damani and Mr. K. K. Bangur, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Recognition/Award

The Company continues to enjoy the status of a Star Trading House for a period of five years effective 1 April, 2009 till 31 March, 2014. This year too, the Company received the following awards for export performance –

- from EEPC, Eastern Region, 'Award for Export Excellence' for export performance during the year 2008-09; and
- from CAPEXIL - 'Special Export Award for 2009-10'.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. that they have selected such accounting policies and applied them consistently and made judgments and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2011 and of the profit of the Company for the year ended 31 March, 2011.

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 part of this Report.

Auditors

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

Cost Auditor

Mani & Co., Cost Auditors, who conducted audit of the cost accounts relating to Mini Steel Plant of Powmex Steels Division of the Company for the Financial Year 2009-2010 filed the Cost Audit Report with the Ministry of Corporate Affairs, Government of India on 6 September, 2010. The due date for filing the said Report was 30 September, 2010.

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. The directors express their appreciation of the dedicated and sincere services rendered by employees of the Company.

On behalf of the Board

Kolkata

Date : May 9, 2011

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 –

Adopted better process methods to reduce process cycle time and thereby reduce specific energy consumption.

Use of CBM in place of Furnace oil thereby eliminating the energy requirement for oil atomization.

Revamping lighting systems to make it more work area specific, appropriate segregation of circuit for better control, replacement with energy efficient luminary to reduce energy consumption.

Improvement of plant power factor with additional capacitor banks and better control systems to achieve near unity power factor.

Arresting leakages in utility supply lines like water, air.

Use of Oil heating system in place of Electrical heating.

Replacement of 12 MVA transformer with adequate 3MVA transformer to reduce losses.

Downtime of EAF transformer has been significantly reduced by incorporating improved tap changers, surge arrestors etc. resulting in reducing melting time.

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

Conversion of more Acheson furnaces to energy efficient LWG furnaces.

Replacing energy inefficient reciprocating compressors with efficient Screw compressors.

Capacity expansion with energy efficient baking as well as graphitizing 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 and cost of production.

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 50% of the total turnover of the Company. Initiatives for increasing exports receive constant focus.

(g) Total foreign exchange used and earned

	<u>₹. in lakh</u>
Earnings	58723
Outgo	40304

By Order of the Board

Kolkata
May 9, 2011

K. K. Bangur
Chairman

FORM A
Relating to Powmex Steel Division

Form for disclosure of particulars with respect to conservation of energy

(A) POWER & FUEL CONSUMPTION	CURRENT YEAR ENDED 31-03-2011	PREVIOUS YEAR ENDED 31-03-2010
(1) Electricity		
(a) Purchased -		
Unit (KWH Million)	7.72	6.65
Total Amount (` crore)	4.07	3.00
Rate / Unit (`)	5.28	4.51
(b) Own Generation	Nil	Nil
(i) Through Diesel Generator	Nil	Nil
(ii) Through steam turbine / generator	Nil	Nil
(2) Coal (specify quality and where used)	Nil	Nil
(3) Furnace Oil / HSD		
Purchased – Kilo Litres	1,991	1,714
Total Amount (` crore)	6.52	5.03
Average Rate / KL	32,775	29,379
(4) Others / internal generation (please give details)	Nil	Nil
(B) Consumption per unit of production (MT)		
Products (with details) unit		
Electricity (KWH/MT)		
Melting	935	923
Black Bar	820	918
Bright Bar	71	59
Heat Treatment	104	155
HSD / FO (LTR/MT)		
Rolled Product	417	442

FORM B

Form for disclosure of particulars with respect to Absorption

Research and Development (R&D)

- | | |
|---|---|
| 1. Specific area in which R&D carried out by the Company | <ul style="list-style-type: none"> • Development of newer version carbon composite brake disc; • Product quality improvement; • Enhancement of productivity. |
| 2. Benefits derived as a result of the above R&D | <ul style="list-style-type: none"> • Increase in operational efficiency; • Cost Reduction; • Better Product quality; • Introduction of new product. |
| 3. Future plan of action | <ul style="list-style-type: none"> • Continue to focus on improving operational efficiencies; • Improve energy utilization. |
| 4. Expenditure on R&D | |
| (a) Capital | — |
| (b) Recurring | Rs. 20.56 lakh |
| (c) Total | Rs. 20.56 lakh |
| (d) Total R&D expenditure as a percentage of total turnover | 0.02% |

Technology Absorption, Adaptation and Innovation

- | | |
|---|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | <p>Installation and use of Eirich mixers for better homogeneity of product and thereby better quality of the end product</p> <p>Installation and use of Tunnel Kiln in place of conventional re-baking furnaces to reduce energy consumption and emission control.</p> <p>Use of Coal bed Methane in place of Furnace oil for heating requirements.</p> <p>Electrical Control System of Induction furnace has been modified by upgrading the present system resulting in more efficient functioning of the furnace.</p> <p>It is proposed to install Slide Gate mechanism in the ladle. This will avoid jamming of the plug during teeming and de-skill the ladle man's work.</p> |
|---|---|

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

By Order of the Board

Kolkata
May 9, 2011

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, 2011

Name of the Employee	Age	Designation/ Nature of Duties	Remuneration/ Salary Rs. in Lakh	Nature of Employment	Qualification	Date of commencement of Employment/Total Experience (Years)		Previous Employment and Designation
Mr. M. B. Gadgil	58	Executive Director / Management	102.72	Contractual	B. Tech (Mech.),MBA (Operation Research)	06.02.1978	35	Motor Industries Company Limited, Bangalore Asst. Officer - Materials Planning

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

On behalf of the Board

Kolkata
May 9, 2011

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, 2011

The strength of the Board of Directors as on 31st March, 2011 was eleven comprising the non-executive Chairman (promoter director), seven non-executive directors who are independent, two non-executive directors who are not independent and one Executive Director.

Name	Category	Directorships in other Public Limited Companies incorporated in India	Other# Committee ^ positions held	
			As Chairman	As Member (including Chairmanship)
K. K. Bangur	Chairman, Non-Executive	9	–	–
N. S. Damani	NED *	3	–	2
A. V. Lodha	NED *	3	1	2
Dr. R. Srinivasan	NED *	7	4	8
Bhaskar Mitter	NED *	3	2	6
P. K. Khaitan	NED	14	–	6
Sanjiv Goenka	NED *	11	2	4
D. J. Balaji Rao	NED *	9	4	10
N. Venkataramani	NED	1	1	1
J. D. Curravala	NED *	1	–	–
M. B. Gadgil	Executive Director	–	–	–

NED – Non-Executive Director

* also independent.

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

^ only the two Committees, viz. the Audit and the Shareholders' Grievances Committee are considered.

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

Four meetings of the Board of Directors were held during the year on 13th May, 2010, 29th July, 2010, 29th October, 2010 and 4th February, 2011. The requisite information as per Annexure I-A forming part of Clause 49 of the Listing Agreement has been made available to the Board. The Board periodically has reviewed compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

Attendance Record

Names of Directors	Number of Board Meetings during April 2010 to March 2011		Attended last Annual General Meeting (AGM) held on 29th July, 2010
	Held	Attended	
K. K. Bangur	4	4	Yes
N. S. Damani	4	3	No
A. V. Lodha	4	3	Yes
R. Srinivasan	4	4	Yes
Bhaskar Mitter	4	4	Yes
P. K. Khaitan	4	3	Yes
Sanjiv Goenka	4	1	No
D. J. Balaji Rao	4	4	Yes
N. Venkataramani	4	4	Yes
J. D. Curavala	4	4	Yes
M. B. Gadgil	4	4	Yes

Code of Conduct

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

III. Audit Committee

Composition and Scope of Activity

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

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

Committee Meetings held and attendance during the year

Four meetings of the Audit Committee were held during the year on 13th May, 2010, 29th July, 2010, 29th October, 2010 and 4th February, 2011.

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

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

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

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

An Audit Committee meeting was held on 13th May, 2010 to review and approve the draft annual accounts of 2009-2010 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 29th July, 2010.

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 13th May, 2010 which was attended by all the 3 members.

Remuneration Policy

Remuneration to non-executive directors is decided by the Board as authorised by the Articles of Association of the Company and are within the limits set out in Section 309 and 198 of the Companies Act, 1956. The members of the Company have in their meeting held on 1st August, 2007 authorised the Board of Directors of the Company to pay commission to non-executive directors within the limits set out in Section 309 (4) of the Companies Act, 1956 for a period of five years w.e.f. 1st April, 2007. The Board of Directors of the Company determine the commission payable to non-executive directors depending upon the time and effort devoted by a director in the business affairs of the Company.

Fees to non-executive directors for attending Board Meetings are within limits prescribed by the Central Government. No Stock Options have been granted to any non-executive director.

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

Name	Salary	Contribution to Provident and Other Funds	Other Benefits	Commission*	Sitting Fees *	No. of Shares held as on 31st March, 2011*
	Rs.	Rs.	Rs.	Rs.	Rs.	
K. K. Bangur	—	—	—	2100000	280000	510885
N. S. Damani	—	—	—	300000	60000	—
A. V. Lodha	—	—	—	400000	240000	—
Dr. R. Srinivasan	—	—	—	400000	180000	—
Bhaskar Mitter	—	—	—	400000	280000	—
P. K. Khaitan	—	—	—	300000	160000	—
Sanjiv Goenka	—	—	—	300000	20000	—
D. J. Balaji Rao	—	—	—	300000	80000	—
N. Venkataramani	—	—	—	2500000	160000	4200
J. D. Curravala	—	—	—	300000	100000	4750
M. B. Gadgil	2205000	741930	2324580	5000000	—	2000

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

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. 13 of Schedule 31 to the Accounts for the year ended 31st March, 2011 may be referred.

- B. In terms of Clause 49 (IV) (F) (i) of the Listing Agreement, the senior management have disclosed to the Board that they have no personal interest in material, financial and commercial transactions of the Company that may have a potential conflict with the interest of the Company at large.
- C. During the last three years, there were no strictures or penalties imposed by SEBI, Stock Exchanges or any statutory authorities for non-compliance of any matter related to the capital markets.
- D. (i) The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement.
- (ii) Non-Mandatory requirements
- a. The Company maintains a Chairman office at its expense.
 - b. Remuneration Committee has been constituted as detailed in Section IV of this Report.
 - c. The audit report on the financial statements of the Company for the previous year has no qualifications.
 - d. Of the non-mandatory requirements as mentioned in Annexure I D of Clause 49 of the Listing Agreement, the Company has not adopted the following :-
 - i. Term of independent directors, qualification and experience
 - ii. Sending half yearly declaration of financial performance including summary of significant events in last 6 months to each household of shareholders.
 - iii. Training of Board members.
 - iv. Mechanism for evaluating non executive Board members.
 - v. Whistle Blower Policy.

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

VIII. Means of Communication

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

The Company's results are displayed on the Website www.graphiteindia.com

The Company's quarterly results and shareholding pattern, have also been posted on the EDIFAR website of SEBI.

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

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

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

IX. General Shareholder Information

AGM Date, Time and Venue	25th July, 2011 at 10.00 A.M. at Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017
Financial Year	1st April to 31st March
Date of Book Closure	11th July, 2011 to 25th July, 2011 (both days inclusive)
Dividend Payment Date	Between 4th August, 2011 and 8th August, 2011
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, 2011 to March, 2012 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

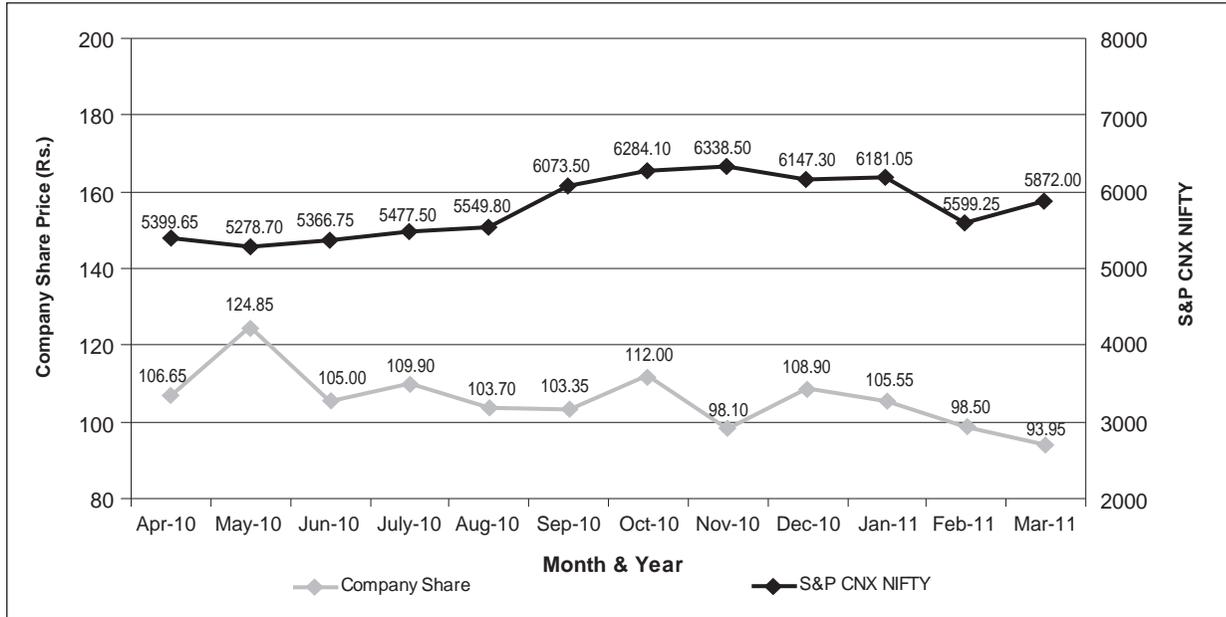
High, Low of market price of the Company's shares traded on National Stock Exchange of India Limited is furnished below:

Period	High	Low	Period	High	Low
	Rs	Rs		Rs	Rs
April, 2010	106.65	88.10	October, 2010	112.00	91.00
May, 2010	124.85	87.60	November, 2010	98.10	83.85
June, 2010	105.00	87.15	December, 2010	108.90	88.10
July, 2010	109.90	94.80	January, 2011	105.55	90.00
August, 2010	103.70	91.20	February, 2011	98.50	80.50
September, 2010	103.35	75.85	March, 2011	93.95	81.60

S&P CNX NIFTY

Period		High	Period		High
April	2010	5399.65	October	2010	6284.10
May	2010	5278.70	November	2010	6338.50
June	2010	5366.75	December	2010	6147.30
July	2010	5477.50	January	2011	6181.05
August	2010	5549.80	February	2011	5599.25
September	2010	6073.50	March	2011	5872.00

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



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

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

Link Intime India Pvt. Ltd.,
59C Chowringhee Road, 3rd Floor, Kolkata -700020
Tele fax. : 033 22890539/40
kolkata@linktime.co.in

Share Transfer System

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

Distribution of Shareholding as on 31st March, 2011

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1 – 500	107123	94.44	5436159	2.78
501 – 1000	3202	2.82	2563209	1.31
1001 – 2000	1564	1.38	2332008	1.19
2001 – 3000	540	0.48	1360200	0.70
3001 – 4000	229	0.20	821850	0.42
4001 – 5000	216	0.19	1026186	0.53
5001 – 10000	258	0.23	1903399	0.98
10001 – 30000	157	0.14	2584992	1.32
30001 – 50000	34	0.03	1350839	0.69

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
50001 – 100000	31	0.02	2165393	1.11
100001 and above	77	0.07	173831359	88.97
Total	113431	100.00	195375594	100.00
No. of shareholders in Physical mode	71398	62.94	3770612	1.93
Electronic Mode	42033	37.06	191604982	98.07
Total	113431	100.00	195375594	100.00

Shareholding Pattern as on 31st March, 2011

Category	No. of Shares	%
Promoters' Holding		
Promoters		
Indian Promoters	102401409	52.41
Foreign Promoters	9415450	4.82
Persons acting in concert	—	—
Sub-Total	111816859	57.23
Non-Promoters' Holding		
Institutional Investors	—	—
Mutual Fund and UTI	10262606	5.25
Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	8646878	4.43
FII's	29494072	15.10
Sub-Total	48403556	24.78
Others		
Private Corporate Bodies	12248650	6.27
Indian Public	20113518	10.29
NRI / OCBs	2793011	1.43
Any Other	—	—
Sub-Total	35155179	17.99
Grand Total	195375594	100.00
Total Foreign Shareholding		
Foreign Promoters	9415450	4.82
FII's	29494072	15.10
NRIs / OCBs	2793011	1.43
Total	41702533	21.35

Dematerialisation of shares and liquidity

As on 31st March 2011, 191604982 shares of the Company representing 98.07% 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 had issued 40,000, 1% Convertible Bonds (Bonds) aggregating USD 40 million on 19th October, 2005 redeemable on 20th October, 2010. The Bonds were convertible at the option of the bondholders into equity shares at any time on or after 29th November, 2005 till 13th October, 2010, unless previously redeemed, converted or purchased

and cancelled. All except 200 Bonds were bought back/ converted into equity shares during the said period. The said 200 Bonds were redeemed on 13th October, 2010.

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

Plant Locations

Graphite	P.O. Sagarbhanga Colony, Dist - Burdwan Durgapur 713211 Phone : (0343) 2556641 – 45 88 MIDC Industrial Area, Satpur, Nashik 422 007, Phone : (0253) 2203300 Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048 Phone : (080) 28524061 – 71
Coke	Phulwaria, Barauni 851 112, Phone : (06279) 232252
Impervious Graphite Equipment	C-7 Ambad Industrial Area, Nashik 422 010, Phone : (0253) 2302100
Glass Reinforced Pipes/ Tanks	Gut No. 523/524, Village Gonde, Taluka – Igatpuri, Nashik 422 403 Phone : (02553) 225038 / 225039
Powmex Steels	AT - Turla, PO - Jagua, PS - Titilagarh, District Bolangir, Orissa 767033 Phone : (06655) 220504 / 220505
Power	Chunchanakatte, K R Nagar Taluk, Mysore 571 617 Phone : (0821) 323182/ 681116 Link Canal Mini Hydel Plant, Peehalli, Srirangapatna Taluk Mandya Dist 571415 Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048 Phone : (080) 28524061 – 71 88 MIDC Industrial Area, Satpur, Nashik 422 007, Phone : (0253) 2203300
R & D Centre	Visveswaraya Industrial Area, Whitefield Road, Bangalore 560 048 Phone : (080) 43473300
Sales Office	407 Ashoka Estate, 24, Barakhamba Road, New Delhi 110 001 Phone : (011) 23314364

Address for Correspondence

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

Kolkata
May 9, 2011

K. K. Bangur
Chairman

Declaration

All the Board Members and the Senior management Personnel have as on 31.03.11 affirmed their compliance of the “Code of Conduct for Directors/Senior Management Personnel dated 27.1.06” in terms of Clause 49(I)(D)(ii) of the Listing Agreement.

Kolkata
May 9, 2011

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, 2011, 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

(P. LAW)
Partner

Membership No. 51790

Place: Kolkata
Date: 9th May, 2011

Persons constituting group coming within the definition of "group" for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997, include the following :

- | | |
|--|---|
| 1. Bangur Land Development Corporation Limited | 11. Kiwi Investments Limited |
| 2. BCC Mercantile Limited | 12. Likhmi Leasing Limited |
| 3. Carbo Ceramics Limited | 13. Matrix Commercial Private Limited |
| 4. Carbon Finance Limited | 14. Rosemary Commercial Private Limited |
| 5. D. C. Mercantile Private Limited | 15. Salasar Towers Private Limited |
| 6. Emerald Highrise Private Limited | 16. SCL Investments Private Limited |
| 7. GKW (Overseas Trading) Limited | 17. Shree Laxmi Agents Limited |
| 8. GKW Limited | 18. The Bond Company Limited |
| 9. Guardian Leasing Limited | 19. The Emerald Company Limited |
| 10. H. L. Investment Company Limited | |

AUDITORS' REPORT

To the members of
Graphite India Limited

1. We have audited the attached Balance Sheet of Graphite India Limited as at 31st March, 2011 and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report)(Amendment) Order, 2004 (together 'the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we report that:
 - i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have 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 has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register

required to be maintained under the Section.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed thereunder.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company in respect of generation of power and manufacture of steel 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 has generally been regular in depositing during the year the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess 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 as at 31st March, 2011, there were no dues of Wealth Tax, Income Tax and Cess which have not been deposited on account of any dispute other than certain disputed Customs Duty, Sales Tax, Service Tax and Excise Duty dues, in respect of which amounts involved and forums at which dispute is pending have been indicated in Note 10 on Schedule 31 to the Accounts.
- x) The Company has no accumulated losses as at 31st March, 2011, and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to bank or to debenture holders as at the Balance Sheet date. The Company does neither have any outstanding dues to any financial institution at the beginning of the year nor has it obtained any loans from such institution during the year.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained other than to the extent of Rs. 2500 lakhs which is yet to be utilised.
- xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis which have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

xix) The Company has neither issued during the year any secured debentures nor has any outstanding debentures at the year-end.

xx) The management has disclosed the end use of money raised by public issue vide Note 11 on Schedule 31 to the Accounts which has been verified by us.

xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the applicable accounting

standards referred to in sub-section (3C) of Section 211 of the Act;

(v) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

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

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

(b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

(P. LAW)
Partner

Kolkata
9th May, 2011

Membership No. 51790

	Schedule	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	3,907.68	3,430.37
Reserves and Surplus	2	136,442.16	114,922.21
		<u>140,349.84</u>	<u>118,352.58</u>
LOAN FUNDS			
Secured Loans	3	20,017.07	8,097.82
Unsecured Loans	4	6,499.06	16,827.93
		<u>26,516.13</u>	<u>24,925.75</u>
DEFERRED TAX LIABILITY (NET)	5	6,302.47	7,376.21
TOTAL		<u>173,168.44</u>	<u>150,654.54</u>
APPLICATION OF FUNDS			
FIXED ASSETS	6		
Gross Block		91,317.00	90,006.60
Less : Depreciation		47,217.30	43,413.64
Net Block		<u>44,099.70</u>	<u>46,592.96</u>
Capital Work-in-Progress		11,212.12	1,954.93
		<u>55,311.82</u>	<u>48,547.89</u>
INVESTMENTS	7	27,278.14	25,276.00
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	75,981.62	57,646.40
Sundry Debtors	9	28,553.78	25,058.74
Cash and Bank Balances	10	3,023.74	7,556.78
Other Current Assets	11	420.43	640.95
Loans and Advances	12	15,250.76	10,778.93
		<u>123,230.33</u>	<u>101,681.80</u>
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Liabilities	13	20,922.56	15,927.41
Provisions	14	11,729.29	8,923.74
		<u>32,651.85</u>	<u>24,851.15</u>
NET CURRENT ASSETS		<u>90,578.48</u>	<u>76,830.65</u>
TOTAL		<u>173,168.44</u>	<u>150,654.54</u>
Capital Commitments (Net of Advances)			
Estimated amount of contracts remaining to be executed		5,728.63	3,799.26
NOTES ON ACCOUNTS	31		
This is the Balance Sheet referred to in our report of even date.			The Schedules referred to above form an integral part of the Balance Sheet.
For PRICE WATERHOUSE Firm Registration Number - 301112E Chartered Accountants			
(P. LAW) Partner Membership No. 51790 Kolkata : 9th May, 2011	K. C. Parakh Sr. Vice President-Finance	B. Shiva Company Secretary	M. B. Gadgil Executive Director
			K. K. Bangur Chairman

	Schedule	Year ended 31st March, 2011	(Rs. in Lakh) Year ended 31st March, 2010
INCOME			
Sales/Income from Operations (Gross)	20	128,003.54	117,822.13
Less: Excise Duty on Sales		5,743.88	4,703.40
Sales/Income from Operations (Net)		122,259.66	113,118.73
Other Income	15	3,377.28	3,058.08
		<u>125,636.94</u>	<u>116,176.81</u>
EXPENDITURE			
Raw Materials Consumed	21	59,713.09	34,168.79
Payments to and Provisions for Employees	16	8,439.71	7,431.06
Other Manufacturing, Selling and Administrative Expenses	17	38,414.95	26,103.18
(Increase)/Decrease in Work-in-Process and Finished Goods	18	(12,222.49)	7,546.12
		<u>94,345.26</u>	<u>75,249.15</u>
PROFIT BEFORE INTEREST AND DEPRECIATION		31,291.68	40,927.66
Interest	19	503.58	1,048.76
PROFIT BEFORE DEPRECIATION		30,788.10	39,878.90
Depreciation		3,933.27	3,953.69
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM		26,854.83	35,925.21
Payments under Voluntary Retirement Scheme		1,273.09	—
PROFIT BEFORE TAXATION		25,581.74	35,925.21
Provision for Taxation			
Current Tax		9,423.74	11,600.00
For earlier years		—	8.78
Deferred Tax - Charge/(Credit)		(1,073.74)	1,100.00
PROFIT AFTER TAXATION		17,231.74	23,216.43
Balance brought forward from earlier year		11,046.13	4,439.51
Transfer from Debenture Redemption Reserve		6,804.06	390.04
PROFIT AVAILABLE FOR APPROPRIATION		<u>35,081.93</u>	<u>28,045.98</u>
TRANSFER TO			
General Reserve		10,000.00	10,000.00
Dividend paid on Equity Shares [Refer Note 4 (d) on Schedule 31]		417.65	—
Proposed Dividend on Equity Shares		6,838.15	6,002.85
Dividend Tax		1,178.68	997.00
Balance carried forward		16,647.45	11,046.13
		<u>35,081.93</u>	<u>28,045.98</u>
EARNINGS PER SHARE			
Basic (Rs.)	22	9.19	13.58
Basic before Exceptional Item (Rs.)		9.65	13.58
Diluted (Rs.)		8.82	12.03
Diluted before Exceptional Item (Rs.)		9.26	12.03
NOTES ON ACCOUNTS			
	31		
This is the Profit and Loss Account referred to in our report of even date.		The Schedules referred to above together with Schedules 23 to 29 form an integral part of the Profit and Loss Account.	
For PRICE WATERHOUSE Firm Registration Number - 301112E Chartered Accountants			
(P. LAW) Partner			
Membership No. 51790 Kolkata : 9th May, 2011	K. C. Parakh Sr. Vice President-Finance	B. Shiva Company Secretary	M. B. Gadgil Executive Director
			K. K. Bangur Chairman

Schedules to Accounts

	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
1. SHARE CAPITAL		
Authorised		
20,00,00,000 Equity Shares of Rs. 2/- each	4,000.00	4,000.00
	<u>4,000.00</u>	<u>4,000.00</u>
Issued, Subscribed and Paid-up		
19,53,75,594 (Previous Year - 17,15,10,110) Equity Shares of Rs. 2/- each fully paid up (Notes below)	3,907.51	3,430.20
Add : Forfeited Shares	0.17	0.17
	<u>3,907.68</u>	<u>3,430.37</u>

Notes :

- Out of the above Equity Shares, 11,54,58,486 (Previous Year - 11,54,58,486) Equity Shares of Rs.2/- each have been allotted as fully paid up pursuant to the Schemes of Amalgamation/Arrangement, without payments being received in cash.
- In terms of the Offering Circular dated 18th October, 2005, 2,38,65,484 (Previous Year - 5,36,973) Equity Shares of Rs.2/- each at a premium of Rs.53.31 per share have been allotted as fully paid up during the year ended 31st March, 2011 upon conversion of 30,000 (Previous Year - 675) Foreign Currency Convertible Bonds aggregating US\$ 30,000,000 (Previous Year - US\$ 675,000).

	As at 31st March, 2010	Additions during the year	Withdrawals during the year	(Rs. in Lakh) As at 31st March, 2011
2. RESERVES AND SURPLUS				
Capital Reserve	45.86	—	—	45.86
Capital Redemption Reserve	575.00	—	—	575.00
Securities Premium Account	7,374.96	12,722.69 [@]	—	20,097.65
Debenture Redemption Reserve	6,804.06	—	6,804.06	—
General Reserve	89,076.20	10,000.00	—	99,076.20
Profit and Loss Account	11,046.13	5,601.32	—	16,647.45
	<u>114,922.21</u>	<u>28,324.01</u>	<u>6,804.06</u>	<u>136,442.16</u>

[@] Refer Note 2 on Schedule - 1

	Note	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
3. SECURED LOANS			
Foreign Currency Term Loan from a Bank	1	6,697.50	—
Working Capital Loans from Banks (includes Foreign Currency Loan Rs. 5,565.29 Lakh, Previous Year - Rs. 842.09 Lakh)	2	13,319.57	8,097.82
		<u>20,017.07</u>	<u>8,097.82</u>

Notes :

- Foreign Currency Term Loan from a bank is secured by way of first charge on certain movable fixed assets, both present and future, of the Company.
- Working Capital Loans from Banks are secured / to be secured by first charge by way of hypothecation of certain stocks and book debts, both present and future, and secured / to be 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.

Schedules to Accounts

	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
4. UNSECURED LOANS		
Short Term Foreign Currency Loans from Banks	6,207.46	3,219.81
1.00 per cent Convertible Bonds due 2010 of US\$ 1000 each ('Bonds') aggregating US\$ Nil (Previous Year - US\$ 30,200,000) (Note below)	—	13,608.12
Temporary overdraft from a Bank	291.60	—
	<u>6,499.06</u>	<u>16,827.93</u>

Note:

During the year, Bonds aggregating US\$ 30,000,000 (Previous Year - US\$ 675,000) have been converted into Equity Shares and US\$ 200,000 (Previous Year - US\$ Nil) have been redeemed on due date.

5. DEFERRED TAX LIABILITY (NET)

Deferred Tax Liabilities and Assets are attributable to the following items

Liabilities

Depreciation	6,867.95	7,634.69
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Less :

Assets

Expenses allowable for tax purpose on payment	186.55	204.97
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Provision for Doubtful Debts	42.90	44.73
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Unamortised expenditure allowable for tax purpose in subsequent years	336.03	8.78
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	<u>565.48</u>	<u>258.48</u>
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	<u>6,302.47</u>	<u>7,376.21</u>
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6. FIXED ASSETS

Description	GROSS BLOCK - AT COST				DEPRECIATION				(Rs. in Lakh) NET BLOCK	
	As at 31st March, 2010	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31st March, 2011	Up to 31st March, 2010	For the year	On Sales/ Adjustments	Up to 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
TANGIBLE ASSETS										
Freehold Land	2,240.09	—	0.37	2,239.72	—	—	—	—	2,239.72	2,240.09
Leasehold Land	108.60	—	—	108.60	29.46	1.45	—	30.91	77.69	79.14
Buildings	15,615.86	779.51	13.10	16,382.27	4,738.29	470.18	5.79	5,202.68	11,179.59	10,877.57
Plant and Machinery	69,719.64	611.76	110.95	70,220.45(a)	37,178.75	3,279.60	93.00	40,365.35	29,855.10(a)	32,540.89
Machinery Spares	68.19	—	—	68.19	67.65	—	—	67.65	0.54	0.54
Office Equipment	662.21	49.42	20.35	691.28	480.24	45.07	17.15	508.16	183.12	181.97
Furniture and Fittings	636.10	10.65	0.75	646.00	436.59	30.82	0.63	466.78	179.22	199.51
Vehicles	659.01	19.98	23.76	655.23	308.98	54.57	13.04	350.51	304.72	350.03
INTANGIBLE ASSETS										
Computer Softwares (acquired)	296.90	8.36	—	305.26	173.68	51.58	—	225.26	80.00	123.22
TOTAL	<u>90,006.60</u>	<u>1,479.68</u>	<u>169.28</u>	<u>91,317.00</u>	<u>43,413.64</u>	<u>3,933.27</u>	<u>129.61</u>	<u>47,217.30</u>	<u>44,099.70</u>	<u>46,592.96</u>
Previous Year	<u>88,548.84</u>	<u>1,667.28</u>	<u>209.52</u>	<u>90,006.60</u>	<u>39,583.27</u>	<u>3,953.69</u>	<u>123.32</u>	<u>43,413.64</u>	<u>11,212.12</u>	<u>1,954.93</u>
Add: Capital Work-in-Progress— at cost (b)									<u>55,311.82</u>	<u>48,547.89</u>

Notes :

(a) Includes Rs. 720.35 Lakh (Previous Year - Rs. 720.35 Lakh) being expenditure in respect of Outdoor Transmission Lines not owned by the Company.

Written down value of said assets as on 31st March, 2011 is Rs. 260.87 Lakh (Previous Year - Rs. 295.09 Lakh).

(b) Includes Capital Advances Rs. 1,708.69 Lakh (Previous Year - Rs. 953.63 Lakh) - Unsecured, Considered Good.

Schedules to Accounts

				(Rs. in Lakh)	
				As at 31st	As at 31st
A.	LONG TERM (AT COST OR UNDER)	Number	Unit Face Value	March, 2011	March, 2010
	UNQUOTED				
	TRADE				
	IN SUBSIDIARY COMPANIES				
	Fully paid up Shares				
	Graphite International B.V.	65,00,000	Euro 1	3,544.14	3,544.14
	Carbon International Holdings N.V.	1,00,000	Euro 1	56.46	56.46
	IN OTHER THAN SUBSIDIARY COMPANIES				
	Fully paid up (Previous Year - Partly paid up) Equity Shares				
	Wardha Power Company Limited (Refer Note 3 on Schedule 31)				
	Class A Equity Shares	24,76,558	Rs.10	247.66	24.77
	(Previous Year - Re. 1 paid up)				
	Fully paid up Preference Shares				
	Wardha Power Company Limited (Refer Note 3 on Schedule 31)				
	0.01% Class A Redeemable Preference Shares	31,23,442	Rs.10	312.34	312.34
	OTHER THAN TRADE				
	IN SUBSIDIARY COMPANY				
	Fully paid up Equity Shares				
	Carbon Finance Limited	53,00,000	Rs.10	3,003.76	3,003.76
	IN GOVERNMENT SECURITIES				
	6 Year National Savings Certificate (Deposited with Sales Tax Authority)			0.06	0.06
	IN BONDS				
	0% NABARD 2019 Bonds (Issue Price Rs. 8,450/- per Bond)	20,000	Rs. 20,000	2,020.70	2,020.70
B.	CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)				
	UNQUOTED				
	OTHER THAN TRADE				
	IN MUTUAL FUNDS				
	ICICI Prudential Institutional Short Term Plan-Cumulative	-	Rs. 10	—	1,500.00
	(80,19,846.45 units were redeemed during the year)				
	Reliance Short Term Fund-Retail Plan-Growth Plan	61,61,293.49	Rs. 10	1,036.53	1,500.00
	(27,54,912.01 units were redeemed during the year)				
	IDFC-SSIF-ST-Plan B-Growth	-	Rs. 10	—	700.00
	(67,66,030.66 units were redeemed during the year)				
	HDFC Floating Rate Income Fund - Short Term Plan-Wholesale Option-Growth	-	Rs. 10	—	3,413.77
	(2,23,97,760.43 units were redeemed during the year)				
	Reliance Monthly Income Fund -Growth Plan	37,03,559.70	Rs. 10	700.00	700.00
	HSBC Monthly Income Plan-Savings Plan-Growth	26,11,354.59	Rs. 10	450.00	450.00
	ICICI Prudential Income Multiplier Regular Plan Growth	40,07,824.46	Rs. 10	700.00	700.00
	Templeton India Short Term Income Plan Institutional-Growth	1,47,414.76	Rs. 1000	2,100.00	2,100.00
	HDFC Monthly Income Plan-Long Term-Growth	42,79,513.87	Rs. 10	850.00	850.00
	HDFC Short Term Plan-Growth	-	Rs. 10	—	2,100.00
	(1,20,42,040.56 units were redeemed during the year)				
	Reliance Regular Saving Fund-Debt Plan-Inst Growth Plan	23,85,837.67	Rs. 10	300.00	300.00
	Templeton India Income Opportunities Fund-Growth	1,94,04,262.34	Rs. 10	2,000.00	2,000.00
	(Acquired during the year)				
	Reliance Monthly Income Plan - Growth	24,36,603.57	Rs. 10	500.00	—
	HSBC Monthly Income Plan-Savings Plan-Growth	16,14,638.42	Rs. 10	300.00	—
	HDFC Monthly Income Plan-Long Term-Growth	21,96,198.93	Rs. 10	500.00	—
	Reliance Money Manager Fund-Institutional Option-Growth	17,380.55	Rs. 10	226.48	—
	Reliance Fixed Horizon Fund-XV Series 8-Growth	50,00,000.00	Rs. 10	500.00	—
	UTI-Fixed Maturity Plan-Yearly FMP Series: YFMP (09/10) Institutional Growth Plan	40,00,000.00	Rs. 10	400.00	—

(Contd.)

Schedules to Accounts

7. INVESTMENTS (Contd.)

	Number	Unit Face Value	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
Kotak-Fixed Maturity Plan-370 days Series-9-Growth	30,00,000.00	Rs. 10	300.00	—
Reliance Fixed Horizon Fund-XVI Series-8-Growth	20,99,668.50	Rs. 10	209.97	—
HDFC-Fixed Maturity Plan-370 days-Nov 10-Growth- Series XVII	50,00,000.00	Rs. 10	500.00	—
DSP Black Rock FMP-12M Series 9-Growth	50,00,000.00	Rs. 10	500.00	—
Reliance Fixed Horizon Fund-XVI Series 4-Growth	30,00,000.00	Rs. 10	300.00	—
Birla Sun Life Fixed Term Plan - Series CI (367 days)	35,00,000.00	Rs. 10	350.00	—
Reliance Fixed Horizon Fund-XVI Series 6-Growth	1,00,00,000.00	Rs. 10	1,000.00	—
DSP Black Rock FMP-12M Series 13-Growth	1,00,00,000.00	Rs. 10	1,000.00	—
Kotak-Fixed Maturity Plan-Series-34-Growth	61,00,000.00	Rs. 10	610.00	—
IDFC-Fixed Maturity Plan-Yearly Series-37	50,00,000.00	Rs. 10	500.00	—
Kotak-Fixed Maturity Plan-Series-38-Growth	50,00,000.00	Rs. 10	500.00	—
HDFC-Fixed Maturity Plan-370 days-Feb (I)- Growth-Series-XVI	1,00,00,000.00	Rs. 10	1,000.00	—
HDFC-Fixed Maturity Plan-370 days-Mar (II)- Growth-Series-XVI	76,00,388.96	Rs. 10	760.04	—
			<u>27,278.14</u>	<u>25,276.00</u>

Notes :

1. AGGREGATE AMOUNT OF UNQUOTED INVESTMENTS : 27,278.14 25,276.00

2. Current Investments acquired and redeemed during the year (Rs. in Lakh)

OTHER THAN TRADE	Unit Face Value	Number	Cost
Units of HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	Rs. 10	—	—
		(42,43,888.82)	(451.40)
Units of HDFC Cash Management Fund - Savings Plan - Growth	Rs. 10	8,22,95,142.40	16,021.00
		(22,81,96,395.59)	(43,100.00)
Units of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	Rs. 10	2,30,84,682.24	4,700.00
		(1,55,42,368.30)	(3,100.78)
Units of Axis Treasury Advantage Fund-Growth	Rs. 1000	—	—
		(20,000.00)	(200.00)
HDFC Floating Rate Income Fund - Short Term Plan- Wholesale Option-Growth	Rs. 10	—	—
		(7,11,72,045.05)	(10,838.38)
HDFC - ST Opportunities Fund - Growth	Rs. 10	3,50,00,000.00	3,500.00
		(—)	(—)
UTI - Fixed Income Interval Fund - MIP-II-Growth	Rs. 10	3,00,00,000.00	3,000.00
		(—)	(—)
UTI - Floating Rate Fund - Short Term Plan - Institutional Growth Option	Rs. 10	2,87,341.14	3,015.12
		(—)	(—)
UTI - Liquid Cash Plan Institutional - Growth Option	Rs. 10	5,34,540.87	8,247.93
		(—)	(—)
UTI Treasury Advantage Fund - IP - Growth Option	Rs. 10	2,04,716.59	2,600.00
		(—)	(—)
UTI Fixed Income Interval Fund - MIP Series - 1 - Institutional Growth Plan	Rs. 10	1,21,95,586.66	1,502.59
		(—)	(—)
HSBC Cash Fund - Institutional Plus - Growth	Rs. 10	35,30,674.50	500.00
		(—)	(—)
Reliance Liquidity Fund - Growth	Rs. 10	50,46,681.81	700.00
		(—)	(—)
Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	Rs. 10	36,65,920.02	700.08
		(—)	(—)
HSBC Ultra Short Term Bond Fund - Inst. Plus - Growth	Rs. 10	39,13,947.24	500.05
		(—)	(—)
Reliance Money Manager Fund - Institutional Option - Growth	Rs. 10	15,311.37	199.52
		(—)	(—)

(Figures in bracket relate to previous year)

Schedules to Accounts

	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
8. INVENTORIES		
– AT LOWER OF COST AND NET REALISABLE VALUE		
Stores and Spare Parts	1,552.07	1,230.45
Loose Tools	67.09	62.09
Raw Materials	31,888.50	26,102.39
Work-in-Process (including Contract Work-in-Progress)	32,139.97	23,414.02
Finished Goods	<u>10,333.99</u>	<u>6,837.45</u>
	<u>75,981.62</u>	<u>57,646.40</u>
9. SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months –		
Considered Good	1,451.55	435.04
Considered Doubtful	132.22	131.60
Other Debts-		
Considered Good	<u>27,102.23</u>	<u>24,623.70</u>
	<u>28,686.00</u>	<u>25,190.34</u>
Less : Provision for Doubtful Debts	<u>132.22</u>	<u>131.60</u>
	<u>28,553.78</u>	<u>25,058.74</u>
10. CASH AND BANK BALANCES		
Cash in hand (includes Cheques in hand Rs. 108.55 Lakh, Previous Year - Rs. 61.77 Lakh)	130.48	80.03
With Scheduled Banks on-		
Current Accounts [Note (a) below]	146.58	804.81
Margin Money Accounts	—	73.11
Unpaid Dividend Accounts	193.54	149.66
Fixed Deposit Accounts [Notes (a) and (b) below]	2,512.34	6,361.30
With other Bank on -		
Current Account [Note (c) below]	<u>40.80</u>	<u>87.87</u>
	<u>3,023.74</u>	<u>7,556.78</u>
Notes:		
(a) Current Accounts and Fixed Deposit Accounts include Rs. Nil (Previous Year - Rs. 355.84 Lakh) and Rs. Nil (Previous Year - Rs. 1,351.80 Lakh) respectively representing unutilised proceeds of the Convertible Bonds referred to in Schedule-4.		
(b) Includes Rs.12.34 Lakh (Previous Year - Rs. 9.36 Lakh) lodged with Government Authority/ others.		
(c) Represents balance lying with Hong Kong and Shanghai Banking Corporation, New York, USA. Maximum amount outstanding during the year Rs. 638.07 Lakh (Previous Year - Rs. 1,046.58 Lakh).		
11. OTHER CURRENT ASSETS		
Unsecured - Considered Good		
Accrued Interest on Deposits with Banks and Others	18.66	222.66
Security and other Deposits		
Deposit with Electricity Authorities	244.23	266.82
Others	<u>157.54</u>	<u>151.47</u>
	<u>420.43</u>	<u>640.95</u>

Schedules to Accounts

	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
12. LOANS AND ADVANCES		
Unsecured - Considered Good		
Loans to a Subsidiary Company	823.03	786.50
Advances recoverable in cash or in kind or for value to be received (includes Rs. 153.53 Lakh, Previous Year - Rs. 90.82 Lakh, due from Subsidiary Companies)	12,143.83	8,126.47
Advance against Investment (Refer Note 3 on Schedule 31)	—	222.89
Accrued Export Entitlement	2,283.90	1,643.07
	<u>15,250.76</u>	<u>10,778.93</u>
13. LIABILITIES		
Acceptances *	3,346.16	3,081.89
Sundry Creditors-		
Total Outstanding dues of Micro and Small Enterprises [Refer Note 4 (c) on Schedule 31]	2.69	278.71
Total Outstanding dues of creditors other than Micro and Small Enterprises (includes Rs. 95.37 Lakh, Previous Year - Rs. 57.88 Lakh, due to Subsidiary Companies)	16,112.17	11,756.56
Advance from Customers	1,021.75	411.98
Other Liabilities	207.77	186.51
Investors Education and Protection Fund shall be credited by the following amounts namely:**		
(a) Unpaid Dividends	193.54	149.66
(b) Unpaid Interest on matured deposits	0.02	0.02
Interest Accrued but not due on loans	38.46	62.08
	<u>20,922.56</u>	<u>15,927.41</u>
* Secured by way of hypothecation of stocks and book debts in favour of the Company's Bankers to the extent of	3,346.16	1,087.18
** No amount is due for actual credit at the Balance Sheet date		
14. PROVISIONS (Net of payments)		
Income Tax (Net of MAT Credit Entitlement - Rs. Nil, Previous Year - Rs. 2,350.00 Lakh)	3,701.07	1,879.82
Wealth Tax	7.71	7.26
Fringe Benefit Tax	73.04	36.81
Proposed Dividend	6,838.15	6,002.85
Tax on Dividend	1,109.32	997.00
	<u>11,729.29</u>	<u>8,923.74</u>

Schedules to Accounts

	(Rs. in Lakh)	
	<u>2010-2011</u>	<u>2009-2010</u>
15. OTHER INCOME		
Income from Investments		
Long Term		
Trade		
Dividend from a Subsidiary Company	121.41	—
Other than Trade		
Interest	—	194.64
Current Investments - Other than Trade		
Dividend	—	1.40
Profit on Redemption of Investments	687.41	102.52
Royalty	334.73	312.95
Interest on loans, deposits etc. *	348.69	958.79
Claims	45.90	22.61
Rent Receipt	0.72	0.84
Liabilities no longer required written back	393.61	313.88
Exchange Differences (Net)	1,252.41	933.16
Bad Debts recovery	32.85	4.44
Provision for Doubtful Debts written back	8.71	59.98
Miscellaneous Receipts	150.84	152.87
	<u>3,377.28</u>	<u>3,058.08</u>
* Includes tax deducted at source	13.54	137.67
16. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages and Bonus	7,197.83	6,487.89
Contribution to Provident and Pension Funds	376.49	367.48
Contribution to Superannuation Fund	164.69	161.93
Contribution to Gratuity Fund	235.45	53.92
Staff Welfare Expenses	465.25	359.84
	<u>8,439.71</u>	<u>7,431.06</u>

Schedules to Accounts

	2010-2011	(Rs. in Lakh) 2009-2010
17. OTHER MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES		
Stores and Spare Parts Consumed	13,745.96	7,831.85
Power and Electricity Charges	12,772.21	8,015.21
Repairs and Maintenance -		
Plant and Machinery	953.38	718.42
Buildings	280.78	212.06
Others	233.94	222.94
Rent	158.64	106.24
Rates and Taxes	110.46	306.39
Insurance	355.37	347.71
Commission to Selling Agents	1,374.68	1,434.69
Travelling and Conveyance	555.94	453.15
Directors' Remuneration (other than Executive Director)	277.60	343.40
Auditors' Remuneration - [Refer Note 4(b) on Schedule 31]	35.75	36.26
Sales Tax	148.86	99.94
Excise Duty on Stocks etc. - Charge/(Credit)	(146.32)	(114.04)
Bad Debts/Advances Written off	46.92	209.95
Provision for Doubtful Debts	9.33	51.48
Freight and Transport	2,945.74	2,128.53
Processing Charges	295.27	249.32
Contractors' Labour Charges	1,843.02	1,253.68
Loss on disposal of Fixed Assets [Net of profit on disposal of Fixed Assets Rs. 20.56 Lakh, (Previous Year - Rs. 7.13 Lakh)]	10.15	76.41
Cash Discount	0.30	10.77
Miscellaneous Expenses	2,406.97	2,108.82
	<u>38,414.95</u>	<u>26,103.18</u>
18. (INCREASE)/DECREASE IN WORK-IN-PROCESS AND FINISHED GOODS		
Work-in-Process (including Contract Work-in-Progress)		
Closing Stock	32,139.97	23,414.02
Deduct: Opening Stock	23,414.02	25,382.50
	<u>(8,725.95)</u>	<u>1,968.48</u>
Finished Goods		
Closing Stock	10,333.99	6,837.45
Deduct: Opening Stock	6,837.45	12,415.09
	<u>(3,496.54)</u>	<u>5,577.64</u>
	<u>(12,222.49)</u>	<u>7,546.12</u>
19. INTEREST ON		
Debentures/Bonds	0.54	194.06
Term Loans	72.83	364.84
Others	467.21	489.86
	<u>540.58</u>	<u>1,048.76</u>
Less : Interest capitalised	37.00	—
	<u>503.58</u>	<u>1,048.76</u>

Schedules to Accounts

20. SALES/INCOME FROM OPERATIONS (GROSS)	2010-2011		2009-2010	
	M.T.	(Rs. in Lakh)	M.T.	(Rs. in Lakh)
Sales including excise duty				
Graphite Electrodes, Anodes and Miscellaneous Graphite Products	54,901	95,381.41	44,144	89,933.88
Carbon Paste	7,106	2,063.20	7,516	1,695.84
Calcined Petroleum Coke	22,812	5,744.65	17,057	3,185.10
Electricity (MU)	5	210.92	17	722.68
Impervious Graphite Equipment and Spares	966	7,034.20	848	6,740.15
GRP/FRP Pipes and Tanks (including Installations)*	6,887	5,283.58	4,155	4,822.43
High Speed Steel	1,412	8,085.11	1,268	6,768.42
Alloy Steel	439	684.84	430	666.84
Others		328.63		389.70
		<u>124,816.54</u>		<u>114,925.04</u>
Processing/Service Charges		109.29		79.28
Export Entitlement		3,077.71		2,817.81
		<u>128,003.54</u>		<u>117,822.13</u>

*Refer Note 7 on Schedule 31

21. RAW MATERIALS CONSUMED

Raw Petroleum Coke	45,060	5,207.66	39,650	3,283.78
Calcined Petroleum Coke	52,955	36,849.31	27,026	19,358.18
Pitch	24,382	7,081.18	14,606	4,192.31
Extrusion Oil (Kilo Litres)	377	215.81	212	96.53
Furnace Oil (Kilo Litres)	2	0.48	951	159.80
Fibreglass	2,534	1,384.87	1,324	695.40
Resin Chemicals	3,126	2,364.50	1,867	1,245.77
Melting Scrap	2,397	3,089.88	1,713	2,259.77
Ferro Alloys, Fluxes and Other Materials	447	2,740.47	350	2,200.29
Stearic Acid	203	99.42	111	51.70
Iron & Ferroic Oxide	833	163.75	521	118.67
Flexifoil, Fibre & Fabrics	70	66.28	46	46.29
Spun Yarn (Square Metres)	864	48.04	1,760	103.22
Graphite/Carbon Blanks, Rods and Tubes	96	123.99	468	169.19
Carbon Black	4	12.47	1	0.69
H.S.D. (Kilo Litres)	1	0.19	15	5.53
Steel	230	87.76	176	64.65
Sand	3,982	112.48	2,798	77.79
Polyester Film	17	64.55	143	39.23
		<u>59,713.09</u>		<u>34,168.79</u>

Schedules to Accounts

	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
22. EARNINGS PER SHARE		
(A) Basic		
(i) Number of Equity Shares at the beginning of the year	171,510,110	170,973,137
(ii) Number of Equity Shares at the end of the year	195,375,594	171,510,110
(iii) Weighted average number of Equity Shares outstanding during the year	187,424,792	170,986,377
(iv) Face value of each Equity Share (Rs.)	2.00	2.00
(v) Profit after Tax available for Equity Shareholders	17,231.74	23,216.43
(vi) Basic Earnings per Share (Rs.) [(v) / (iii)]	9.19	13.58
(vii) Profit after Tax available for Equity Shareholders (before exceptional item) (Refer Note 1 below)	18,081.94	23,216.43
(viii) Basic Earnings per Share before exceptional item (Rs.) [(vii) / (iii)]	9.65	13.58
(B) Diluted		
(i) Weighted average number of dilutive potential Equity Shares resulting from exercise of options outstanding during the year	7,950,802	24,548,322
(ii) Aggregate of A(iii) and B(i)	195,375,594	195,534,699
(iii) Face value of each Equity Share (Rs.)	2.00	2.00
(iv) Adjusted Profit after Tax (Refer Note 2 below)	17,232.10	23,530.35
(v) Diluted Earnings per Share (Rs.) [(iv) / (ii)]	8.82	12.03
(vi) Adjusted Profit after Tax available for Equity Shareholders (before exceptional item) (Refer Note 3 below)	18,082.30	23,530.35
(vii) Diluted Earnings per Share before exceptional item (Rs.) [(vi) / (ii)]	9.26	12.03
Notes :		
1. Profit after Tax (before exceptional item) :		
Profit after Tax	17,231.74	23,216.43
Add: Payment under Voluntary Retirement Scheme (Net of Tax)	850.20	—
	<u>18,081.94</u>	<u>23,216.43</u>
2. Adjusted Profit after Tax :		
Profit after Tax	17,231.74	23,216.43
Add: Interest Expense (Net of Tax)	0.36	102.61
Add: Exchange Gain (Net of Tax)	—	211.31
	<u>17,232.10</u>	<u>23,530.35</u>
3. Adjusted Profit after Tax (before exceptional item) :		
Adjusted Profit after Tax	17,232.10	23,530.35
Add: Payment under Voluntary Retirement Scheme (Net of Tax)	850.20	—
	<u>18,082.30</u>	<u>23,530.35</u>

Schedules to Accounts

	<u>2010-2011</u>	<u>(Rs. in Lakh)</u> <u>2009-2010</u>
23. C.I.F. VALUE OF IMPORTS		
Raw Materials	35,992.36	29,187.98
Components and Spare parts	444.90	252.67
Capital Goods	2,023.58	293.55
24. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF		
Travelling	135.81	107.43
Commission	1,122.59	1,121.29
Export Sales Expenses	133.53	57.88
Interest	38.05	199.32
Professional Fees	95.95	47.51
Bank Charges	254.33	60.99
Others	62.63	18.66
25. EARNINGS IN FOREIGN CURRENCY		
Export of Goods on F.O.B. Basis	58,195.81	51,916.87
Royalty	334.73	312.95
Interest	30.64	86.39
Dividend	121.41	—
Service Charges	39.94	3.15

	<u>2010-2011</u>		<u>2009-2010</u>	
	(Rs. in Lakh)	%	(Rs. in Lakh)	%
26. CONSUMPTION OF				
a) Raw Materials				
Imported	34,495.00	58	19,194.97	56
Indigenous	<u>25,218.09</u>	<u>42</u>	<u>14,973.82</u>	<u>44</u>
	<u>59,713.09</u>	<u>100</u>	<u>34,168.79</u>	<u>100</u>
b) Stores and Spares				
Imported	432.21	3	248.78	3
Indigenous	<u>13,313.75</u>	<u>97</u>	<u>7,583.07</u>	<u>97</u>
	<u>13,745.96</u>	<u>100</u>	<u>7,831.85</u>	<u>100</u>

	<u>2010-2011</u>	<u>2009-2010</u>
27. AMOUNT REMITTED IN FOREIGN CURRENCY		
On account of Dividend excluding payments to mandatees in India (Rs. in Lakh)	530.74	454.92
Number of shares of Rs. 2/- each held by Non-Resident Shareholders in respect of which dividends were remitted	15,163,950	15,163,950
Number of Non-Resident Shareholders	14	15
The year to which such dividends relate	2009-10	2008-09

Schedules to Accounts

28. PARTICULARS REGARDING CAPACITY, PRODUCTION AND STOCKS	2010-2011		2009-2010	
	M.T.		M.T.	
i) Capacity per annum as approved by Central Government				
Graphite Electrodes, Anodes and Miscellaneous Graphite Products		57,000		57,000
Carbon Paste		15,000		15,000
Nuclear Graphite		3,162		3,162
Impervious Graphite Equipment and Spares		650		650
Metallic Heat Exchangers		2,000		2,000
GRP/FRP Pipes and Tanks (Refer Note below)		31,000		31,000
Calcined Petroleum Coke		Not applicable		Not applicable
Electricity (MU)		Not applicable		Not applicable
High Speed Steel		3,000		3,000
Alloy Steel		3,000		3,000
Note : Approved capacity of GRP/FRP Pipes and Tanks shown above covers registered capacity of 5,000 units per annum of Portable Water Filtration Units.				
ii) Installed Capacity per annum (As certified by Company's Technical Expert)				
Graphite Electrodes, Anodes and Miscellaneous Graphite Products		55,000		55,000
Carbon Paste		25,000		25,000
Impervious Graphite Equipment and Spares		650		650
GRP/FRP Pipes and Tanks		31,000		31,000
Calcined Petroleum Coke		30,000		30,000
Electricity (MU)		144		144
High Speed Steel		3,750		3,750
Alloy Steel		3,000		3,000
iii) Actual Production/Generation				
Graphite Electrodes, Anodes and Miscellaneous Graphite Products *		57,241		41,086
Carbon Paste		6,883		7,390
Impervious Graphite Equipment and Spares		983		848
GRP/FRP Pipes and Tanks		9,504		4,959
Calcined Petroleum Coke *		33,768		30,781
Electricity (MU) *		59		55
High Speed Steel		1,439		1,254
Alloy Steel		459		421
* Includes captive consumption				
Graphite Electrodes, Anodes and Miscellaneous Graphite Products		648		557
Calcined Petroleum Coke		10,956		13,724
Electricity (MU)		55		36

iv) Opening Stock	2010-2011		2009-2010	
	M.T.	(Rs. in Lakh)	M.T.	(Rs. in Lakh)
Graphite Electrodes, Anodes and Miscellaneous Graphite Products	4,276	6,108.52	7,891	11,528.82
Carbon Paste	429	88.33	555	123.00
Impervious Graphite Equipment and Spares	21	55.14	21	34.51
GRP/FRP Pipes and Tanks	1,601	391.88	797	452.04
Electricity (MU)	7	80.09	5	74.29
High Speed Steel	21	109.67	35	188.51
Alloy Steel	2	3.28	11	13.22
Others		0.54		0.70
		<u>6,837.45</u>		<u>12,415.09</u>

(Contd.)

Schedules to Accounts

28. PARTICULARS REGARDING CAPACITY, PRODUCTION AND STOCKS (Contd.)

	2010-2011		2009-2010	
	M.T.	(Rs. in Lakh)	M.T.	(Rs. in Lakh)
v) Closing Stock				
Graphite Electrodes, Anodes and Miscellaneous Graphite Products	5,968	9,379.50	4,276	6,108.52
Carbon Paste	206	57.67	429	88.33
Impervious Graphite Equipment and Spares	38	131.33	21	55.14
GRP/FRP Pipes and Tanks	4,218	414.04	1,601	391.88
Electricity (MU)	6	67.02	7	80.09
High Speed Steel	48	245.25	21	109.67
Alloy Steel	22	39.18	2	3.28
Others		—		0.54
		<u>10,333.99</u>		<u>6,837.45</u>

	(Rs. in Lakh)	
	<u>2010-2011</u>	<u>2009-2010</u>
29. COMPUTATION OF NET PROFIT UNDER SECTION 198 READ WITH SECTION 309 OF THE COMPANIES ACT, 1956 FOR THE PURPOSE OF COMMISSION PAYABLE TO THE EXECUTIVE DIRECTORS AND OTHER DIRECTORS		
Profit before taxation and exceptional item as per Profit and Loss Account	26,854.83	35,925.21
Add: Managerial Remuneration	380.32	478.03
Provision for Wealth Tax	4.00	4.00
Provision for Doubtful Debts	9.33	51.48
	<u>27,248.48</u>	<u>36,458.72</u>
Less: Capital Profit on sale of Fixed Assets	20.56	3.23
Provision for Doubtful Debts written back	8.71	59.98
Profit on Redemption of Investments	687.41	102.52
Net Profit under Section 198	<u>26,531.80</u>	<u>36,292.99</u>
DIRECTORS' REMUNERATION		
Executive Directors		
Salary	22.05	20.55
Commission	50.00	77.00
Contribution to Provident and Other Funds	7.42	7.26
Other Benefits	23.25	29.82
Sub-total	<u>102.72</u>	<u>134.63</u>
Other Directors		
Sitting fees	15.60	13.40
Commission @ 1% of Net profit under Section 198 Restricted to	262.00	330.00
Sub-total	<u>277.60</u>	<u>343.40</u>
Total for the year	<u>380.32</u>	<u>478.03</u>

Schedules to Accounts

30. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS		
State Code		21
Registration No.		94602
Balance Sheet Date		31st March, 2011
2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RUPEES LAKH)		
Public Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RUPEES LAKH)		
Total Liabilities *		205,820.29
Total Assets		205,820.29
Sources of Funds		
Paid-up Capital		3,907.68
Reserves and Surplus		136,442.16
Secured Loans		20,017.07
Unsecured Loans		6,499.06
Application of Funds		
Net Fixed Assets		55,311.82
Investments		27,278.14
Net Current Assets		90,578.48
Miscellaneous Expenditure		Nil
Accumulated Losses		Nil
* Includes Owners' Funds - Rs. 1,40,349.84 Lakh		
Deferred Tax Liability (Net) - Rs. 6,302.47 Lakh		
4. PERFORMANCE OF COMPANY (AMOUNT IN RUPEES LAKH)		
Turnover (including Other Income)		125,636.94
Total Expenditure		100,055.20
Profit before Tax		25,581.74
Profit after Tax		17,231.74
Earnings per share		
Basic (Rs.)		9.19
Basic before exceptional item (Rs.)		9.65
Diluted (Rs.)		8.82
Diluted before exceptional item (Rs.)		9.26
Dividend Rate %		175
5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)		
Item Code No. (ITC Code)	854519.01	
Product Description	Graphite Electrodes	
Item Code No. (ITC Code)	722810.00	
Product Description	High Speed Steel	
Item Code No. (ITC Code)	841950.01	
Product Description	Impervious Graphite Equipment and Spares	

Schedules to Accounts

31. NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. FIXED ASSETS:

- (a) FIXED ASSETS (comprising both tangible and intangible items) are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation. Pre-operative expenses for major projects are also capitalised, where appropriate.
- (b) DEPRECIATION includes amortisation. Depreciation on tangible fixed assets including those utilised in RESEARCH AND DEVELOPMENT activities, is provided on straight line basis in accordance with Schedule XIV to the Companies Act, 1956. Leasehold land is amortised on straight-line basis over the primary lease period. Intangible assets (Computer Softwares) are amortised over a period of five years.
- (c) MACHINERY SPARES, which are irregular in use and associated with particular asset, are treated as fixed asset and the cost is amortised over its utility period.
- (d) Impairment loss, if any, is recognised wherever the carrying amount of the fixed assets exceeds the recoverable amount i.e. the higher of the assets' net selling price and value in use.

B. INVESTMENTS:

- (a) LONG TERM INVESTMENTS are stated at cost less write down for any permanent diminution in carrying value. CURRENT INVESTMENTS are stated at lower of cost and fair value. Fair value is determined on the basis of realisable or market value.
- (b) EARNINGS FROM INVESTMENTS, where appropriate, are accrued or taken into revenue in full on declaration or receipts.

C. INVENTORIES:

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

D. FOREIGN CURRENCY TRANSACTIONS:

Transactions in Foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the exchange rate prevailing on the Balance Sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of transactions. Exchange differences arising on settlement of transactions and/or restatements are dealt with in the Profit and Loss Account.

E. DERIVATIVE INSTRUMENTS:

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

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

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

F. REVENUE:

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

G. CONSTRUCTION CONTRACTS:

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

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

H. 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.

I. RESEARCH AND DEVELOPMENT EXPENDITURE (R&D):

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

J. EMPLOYEE BENEFITS:

(a) Short-term Employee Benefits:

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

(b) Post Employment Benefit Plans:

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

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Account 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 scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

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

The cost of providing 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 Account 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.

K. PROVISIONS AND CONTINGENT LIABILITIES:

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

L. TAXATION:

Current tax is determined as the amount of tax payable in respect of taxable income for the period based on applicable tax rate and laws. Deferred tax is recognised subject to consideration of prudence in respect of deferred tax asset, on timing difference, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods and is measured using tax rate and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisation.

2. 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).

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

3. The Company has entered into a Power Delivery agreement with Wardha Power Company Limited (WPCL) for procurement of power for its manufacturing activity at the terms set out in the said agreement for twenty five years from the commencement of commercial operation of power plant to be declared by WPCL. As per the terms of another related agreement with WPCL, the Company invested Rs. 247.66 Lakh (Previous Year – Rs. 24.77 Lakh) in its Class A Equity Shares and Rs. 312.34 Lakh (Previous Year – Rs. 312.34 Lakh) in its 0.01% Class A Redeemable Preference Shares, shown under Investments (Schedule 7) and advanced Rs. Nil (Previous Year – Rs. 222.89 Lakh) to WPCL against investment, shown under Loans and Advances (Schedule 12) and are required to subscribe Rs.350.00 Lakh 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. 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.

4. a) Fixed Assets including Capital Work-in-Progress includes Pre-operative expenses : Salary, Wages & Bonus Rs. 51.79 Lakh (Previous Year – Rs. 8.31 Lakh), Contribution to Provident and Pension Funds Rs. 3.27 Lakh (Previous Year – Rs. 0.52 Lakh), Contribution to Superannuation Fund Rs. 4.03 Lakh (Previous Year – Rs. Nil), Staff Welfare Expenses Rs. Nil (Previous Year – Rs. 0.01 Lakh), Stores & Spare Parts Consumed Rs. 5.27 Lakh (Previous Year – Rs. 18.59 Lakh), Electricity Charges Rs. 2.60 Lakh (Previous Year – Rs. Nil), Other Repair Rs. Nil (Previous Year – Rs. 0.15 Lakh), Rates & Taxes Rs. 0.67 Lakh (Previous Year – Rs. Nil), Insurance Rs. 1.35 Lakh (Previous Year – Rs. Nil), Travelling & Conveyance Rs. 4.82 Lakh (Previous Year – Rs. 0.74 Lakh), Professional Charges Rs. 26.62 Lakh (Previous Year – Rs. 32.27 Lakh), Bank Charges Rs. 271.58 Lakh (Previous Year – Rs. 0.32 Lakh), Miscellaneous Expenses Rs. 2.96 Lakh (Previous Year – Rs. 0.52 Lakh) and Interest Expense Rs. 2.21 Lakh (net off Interest Income of Rs. 34.79 Lakh)(Previous Year – Rs. Nil).
4. b) Auditors' Remuneration (Schedule 17) include –

	<u>2010-11</u>	<u>2009-10</u>
(i) Statutory Auditors		
- As Audit Fee	20.00	20.00
- For Certificate and Other Matters	14.75	15.25
- Out of Pocket Expenses	0.68	0.59
- Service Tax and Education Cess	<u>3.65</u>	<u>5.23</u>
	39.08	41.07
Less: Cenvat Credit of Service Tax and Education Cess Availed	3.65	5.23
	<u>35.43</u>	<u>35.84</u>
(ii) Cost Auditors		
- As Fee	0.30	0.40
- Out of Pocket Expenses	0.02	0.02
- Service Tax and Education Cess	<u>0.03</u>	<u>0.04</u>
	0.35	0.46
Less: Cenvat Credit of Service Tax and Education Cess Availed	0.03	0.04
	<u>0.32</u>	<u>0.42</u>
Total	<u>35.75</u>	<u>36.26</u>

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
4. c) Information relating to Micro and Small Enterprises (MSEs) –		
(i) The Principal amount and interest due thereon remaining unpaid to any supplier		
Principal	2.69	278.70
Interest	—	0.01
(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	7.13	2.74
Interest	0.01	13.71
(iii) The amount of interest accrued and remaining unpaid at the end of the accounting year	—	0.01
(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.	—	0.01
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.		

4. d) In respect of 1,19,32,742 Equity Shares of Rs. 2/- each allotted as fully paid up on conversion of Foreign Currency Convertible Bonds as indicated in Note 2 on Schedule 1 before the book closure date but after 31st March, 2010, dividend amounting to Rs. 417.65 Lakh (Previous Year – Rs. Nil) has been paid for the year ended 31st March, 2010.

5. Contingent Liabilities not provided in respect of –

	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
(I) Claims not acknowledged as debts :		
(i) Disputed Excise Duty for which appeals are pending	394.01	398.42
(ii) Disputed Customs Duty for which appeals are pending	1,060.75	1068.97
(iii) Disputed Service Tax for which appeals are pending	218.23	304.89
(iv) Disputed Sales Tax for which appeals are pending	506.32	491.64
(v) Disputed Entry Tax for which appeals are pending	246.04	246.04
(vi) Others	295.79	390.04
(II) Corporate Guarantees given to banks to secure the financial assistance/ accommodation extended to Subsidiary Companies	4748.25	4537.50

6. Research and Development Expenditure of revenue nature of Rs. 20.56 Lakh (Previous Year - Rs. 29.62 Lakh)

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

7. Particulars relating to Construction Contracts:

	(Rs. in Lakh)	
	<u>2010-11</u>	<u>2009-10</u>
a) Contract revenues recognised as revenue	1473.69	1639.03
	As at 31st March, 2011	As at 31st March, 2010
b) Other information relating to Contract Work-in-Progress		
i) Aggregate amount of cost incurred and recognised profits	4763.67	2810.43
ii) The amount of retentions due from customers	92.80	6.99
iii) Gross amount due from customers for contract work as an asset (i.e. Contract Work-in-Progress)	681.47	392.02
iv) The amount of customer advances	202.92	—

8. Employee Benefits

(I) Post Employment Defined Benefit Plans

(A) Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme, the Gratuity Fund Trusts, administered and managed by the Life Insurance Corporation of India (LIC), makes 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(J)(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 Defined Benefit Plans (funded) of the Company for the year ended 31st March, 2011:

	(Rs. in Lakh)	
	<u>2010-11</u>	<u>2009-10</u>
GRATUITY FUND		
(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	1565.39	1686.02
Current Service Cost	84.31	88.22
Interest Cost	104.57	122.12
Actuarial (Gains) / Losses	168.86	(12.02)
Benefits Paid	(578.49)	(318.95)
Present Value of Obligation at the end of the year	<u>1344.64</u>	<u>1565.39</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	1533.09	1613.39
Expected Return on Plan Assets	122.65	129.07
Actuarial Gains / (Losses)	(0.36)	15.33
Contributions	258.09	94.25
Benefits Paid	(578.49)	(318.95)
Fair Value of Plan Assets at the end of the year	<u>1334.98</u>	<u>1533.09</u>

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

	(Rs. in Lakh)				
	<u>2010-11</u>	<u>2009-10</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	1344.64	1565.39			
Fair Value of Plan Assets at the end of the year	1334.98	1533.09			
Assets/(Liabilities) recognised in the Balance Sheet	<u>(9.66)</u>	<u>(32.30)</u>			
(d) Expense recognised in the Profit and Loss Account					
Current Service Cost	84.31	88.22			
Interest Cost	104.57	122.12			
Expected Return on Plan Assets	(122.65)	(129.07)			
Actuarial (Gains)/ Losses	169.22	(27.35)			
Total Expense recognised (Disclosed under 'Contribution to Gratuity Fund' - Schedule 16)	<u>235.45</u>	<u>53.92</u>			
(e) Category of Plan Assets :					
Fund with LICI	1332.30	1469.02			
Others (including bank balances)	2.69	64.07			
Total	<u>1334.99</u>	<u>1533.09</u>			
(f) Actual Return on Plan Assets	122.29	144.40			
(g) Principal Actuarial Assumptions					
Discount Rate	8.00%	8.00%			
Salary Escalation	5.00%	5.00%			
Inflation Rate	5.00%	5.00%			
Expected Return on Asset	8.00%	8.00%			
(h) Other Disclosures	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Present Value of Obligation at the end of the year	1344.64	1565.39	1686.02	1577.53	1418.28
Fair Value of Plan Assets at the end of the year	1334.98	1533.09	1613.39	1417.70	1416.64
Surplus/(Deficit) at the end of the year	(9.66)	(32.30)	(72.63)	(159.83)	(1.64)
Experience Adjustments on Plan Assets [Gain/(Loss)]	(0.36)	15.33	17.96	12.58	29.75
Experience Adjustments on Obligation [(Gain)/Loss]	184.41	0.93	(55.06)	160.16	219.97
(i) The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors.					
(j) 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.					

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

(B) Provident Fund

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

In terms of the Guidance on implementing Accounting Standard 15 (Revised 2005) on Employee Benefits issued by the Accounting Standard Board of The Institute of Chartered Accountants of India (ICAI), a provident fund set up by the Company is defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest. Interest shortfall for the year has been provided for in these accounts.

Unlike earlier years, the Actuary has expressed his inability to provide an actuarial valuation of the provident fund as at the year-end in the absence of a Guidance Note from The Institute of Actuaries of India. Accordingly, complete information pertaining to the year required to be considered as per AS-15 in this regard are not available and the same could not be disclosed.

The Company's contribution to the aforesaid provident fund for the year amounting to Rs. 40.65 Lakh (31st March, 2010 – Rs. 31.85 Lakh) has been included in 'Contribution to Provident and Pension Funds' in Schedule 16.

(II) Post Employment Defined Contribution Plans

During the year an amount of Rs. 500.53 Lakh (Previous Year - Rs.497.56 Lakh) has been recognised as expenditure towards defined contribution plan of the Company.

9. 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, 2011	Rs. 823.03 Lakh (Rs. 786.50 Lakh)
Rate of interest on above	Euribor plus 250 basis point
Maximum amount outstanding during the year ended 31st March, 2011	Rs. 823.03 Lakh (Rs. 1262.70 Lakh)

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, 2011 is Rs.147.64 Lakh (Previous Year - Rs.140.61 Lakh)] 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.

10. Disclosure of dues which have not been deposited as at 31st March, 2011 on account of disputes –

Name of statute	Amount (Rs.in Lakh)	Forum where dispute is pending
I Central Excise Act	11.00	Assistant/ Deputy Commissioner of Central Excise
	2.50	Commissioner, Central Excise & Customs (Appeals)
	428.58	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
	19.78	High Court

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

Name of statute	Amount (Rs.in Lakh)	Forum where dispute is pending
II Central and State Sales Tax Acts	3.75	Assistant Commissioner of Commercial Taxes
	54.76	Joint Commissioner of Commercial Taxes
	0.25	Additional Commissioner of Commercial Taxes
	6.10	Commissioner (Appeals)
	226.55	Sales Tax Tribunal
III Customs Act	869.52	Commissioner of Customs
	64.51	Commissioner (Appeals)
	112.97	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
IV Service Tax	5.99	Commissioner Central Excise & Service Tax
	81.72	The Commissioner (Appeals)
	290.06	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

11. The remaining net proceeds upon issue of Convertible Bonds as referred to in Schedule 4 has been utilised during the year as set out below:

	(Rs. in Lakh)	
	2010-11	2009-10
Expansion and modernisation of existing production units	1728.16	1337.92

12. SEGMENT INFORMATION

A. Primary Segment Reporting (by Business Segments)

i) Composition of Business Segments

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

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

ii) Inter Segment Transfer Pricing

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

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

iii) Segment Revenues, Results and Other Information as at/for the year ended 31st March, 2011

(Rs. in Lakh)

	Graphite and Carbon		Power		Steel @		Others		Total of Reportable Segments	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Sales/Income from Operations (Gross)										
External Sales	103,517.89	95,204.52	210.92	722.68	8,769.95	7,435.26	12,317.78	11,562.57	124,816.54	114,925.03
Inter Segment Sales	1,015.84	1,084.57	3,235.66	2,136.27	—	—	25.76	0.42	4,277.26	3,221.26
Income from Operations (External)	3,076.85	2,803.73	—	—	—	—	110.15	93.37	3,187.00	2,897.10
Segment Revenues	<u>107,610.58</u>	<u>99,092.82</u>	<u>3,446.58</u>	<u>2,858.95</u>	<u>8,769.95</u>	<u>7,435.26</u>	<u>12,453.69</u>	<u>11,656.36</u>	<u>132,280.80</u>	<u>121,043.39</u>
Segment Results	20,425.21*	31,259.62	2,567.30	1,810.54	60.73	(340.65)	3,276.46	3,305.16	26,329.70	36,034.67
Segment Assets	145,594.62	114,964.89	6,340.24	7,043.09	19,312.76	18,570.22	14,250.65	10,414.90	185,498.27	150,993.10
Segment Liabilities	13,716.31	10,800.28	1,095.20	1,080.08	1,551.09	1,139.35	3,676.99	1,987.11	20,039.59	15,006.82
Capital Expenditure	9,812.10	1,149.17	7.00	—	40.00	64.57	220.99	834.61	10,080.09	2,048.35
Depreciation and Amortisation	2,396.65	2,415.79	618.56	618.69	574.52	659.11	273.30	199.19	3,863.03	3,892.78
Non-cash Expenses other than Depreciation and Amortisation(Net)	35.78	97.14	—	—	35.92	149.22	11.10	95.32	82.80	341.68

* After exceptional item - Payments under Voluntary Retirement Scheme - Rs. 1,273.09 Lakh (Previous Year - Rs. Nil)

@ Steel Division has been under lockout w.e.f. 6th March, 2011

Reconciliation of Reportable Segments with the Financial Statements

	Revenues		Results Net Profit		Assets		Liabilities*	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Total of Reportable Segments	132,280.80	121,043.39	26,329.70	36,034.67	185,498.27	150,993.10	20,039.59	15,006.82
Corporate - Unallocated /								
Others (Net)	—	—	(244.38)	939.30	20,322.02	24,512.59	45,430.86	42,146.29
Inter Segment Sales	(4,277.26)	(3,221.26)	—	—	—	—	—	—
Interest Expenses	—	—	(503.58)	(1,048.76)	—	—	—	—
Taxes (Net)	—	—	(8,350.00)	(12,708.78)	—	—	—	—
	<u>128,003.54</u>	<u>117,822.13</u>	<u>17,231.74</u>	<u>23,216.43</u>	<u>205,820.29</u>	<u>175,505.69</u>	<u>65,470.45</u>	<u>57,153.11</u>

* Excluding Shareholders Funds

B. Secondary Segment (Geographical)

	Domestic		Export		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenues-Gross	64,859.14	64,985.71	63,144.40	52,836.42	128,003.54	117,822.13
Total Assets	185,498.27	150,993.10	—	—	185,498.27	150,993.10
Capital Expenditure	10,080.09	2,048.35	—	—	10,080.09	2,048.35

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

13. 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.	Subsidiary
Graphite Cova GmbH	Subsidiary
Graphite International B.V.	Subsidiary
(b) Others :	
Mr. M. B. Gadgil, Executive Director	Key Management Personnel

ii) Particulars of Transactions during the year ended 31st March, 2011 –

	<u>2010-11</u>	<u>2009-10</u>
A. Key Management Personnel		
Directors' Remuneration		
Mr. N. Venkataramani	—	59.13
Mr. M. B. Gadgil	102.72	75.50
B. Subsidiary Companies		
a. Sale of Goods		
Graphite Cova GmbH	6744.62	5412.58
Bavaria Electrodes GmbH	4.70	—
b. Purchase of Goods		
Graphite Cova GmbH	446.27	156.35
Graphite International B.V.	0.24	—
c. Royalty Income		
Graphite Cova GmbH	334.73	312.95
d. Interest Income		
Graphite International B.V.	29.97	56.78
e. Dividend Income		
Carbon International Holdings N.V.	121.41	—
f. Rent Paid		
Carbon Finance Limited	87.00	87.00
g. Recoveries/(Reimbursement) of Expenses (Net)		
Graphite Cova GmbH	(13.68)	(1.24)

Schedules to Accounts

31. NOTES ON ACCOUNTS (contd.)

	<u>As at 31st March, 2011</u>	<u>As at 31st March, 2010</u>
iii) Balance outstanding at the year end		
Sundry Debtors		
Graphite Cova GmbH	2104.95	1200.47
Investment in Shares		
Graphite International B.V.	3544.14	3544.14
Carbon International Holdings N.V.	56.46	56.46
Carbon Finance Limited	3003.76	3003.76
Loans and Advances (including Charges Recoverable)		
Graphite International B.V.	848.38	801.79
Graphite Cova GmbH	128.18	75.53
Sundry Creditors		
Key Management Personnel		
Mr. N. Venkataramani	—	38.46
Mr. M. B. Gadgil	55.93	46.56
Graphite Cova GmbH	95.37	57.88
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	4748.25	4537.50

14. The Company has cancellable operating lease arrangements for certain accommodation with tenures of three years. Terms of such lease include option for renewal on mutual agreed terms. Operating lease rentals for the year debited to Profit and Loss Account amount to Rs. 99.94 Lakh (Previous Year - Rs. 99.00 Lakh).

15. Previous Year's figures have been re-grouped and/or re-arranged, wherever necessary.

For PRICE WATERHOUSE

Firm Registration Number - 301112E

Chartered Accountants

(P. LAW)

Partner

Membership No. 51790

Kolkata : 9th May, 2011

K. C. Parakh

Sr. Vice President-Finance

B. Shiva

Company Secretary

M. B. Gadgil

Executive Director

K. K. Bangur

Chairman

CASH FLOW STATEMENT for the year ended 31st March, 2011

	<u>2010-2011</u>	(Rs. in Lakh) <u>2009-2010</u>
A. Cash Flows from Operating Activities		
Profit before Taxation	25,581.74	35,925.21
Adjustments for :		
Depreciation	3,933.27	3,953.69
Foreign Exchange (Net)	(763.16)	(1,158.79)
Dividend Income	(121.41)	(1.40)
Interest Expense	503.58	1,048.76
Interest Income	(348.69)	(1,153.43)
Loss on Disposal of Fixed Assets (Net)	10.15	76.41
Bad Debts/Advances Written Off	46.92	209.95
Provision for Doubtful Debts	9.33	51.48
Provision for Doubtful Debts Written Back	(8.71)	(59.98)
Liability no Longer Required Written Back	(393.61)	(313.88)
Profit on Redemption of Investments	(687.41)	(102.52)
Operating Profit before Working Capital Changes	<u>27,762.00</u>	<u>38,475.50</u>
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	(7,981.90)	(5,058.02)
(Increase)/Decrease in Inventories	(18,335.22)	(4,583.18)
Increase/(Decrease) in Trade Payables	4,328.82	(2,690.35)
Cash generated from Operations	<u>5,773.70</u>	<u>26,143.95</u>
Taxes (Paid)/Refund (Net)		
Tax paid including Fringe Benefit Tax	(7,566.25)	(8,766.67)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	<u>(1,792.55)</u>	<u>17,377.28</u>
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(9,680.39)	(2,135.83)
Proceeds on Disposal of Fixed Assets	29.52	9.80
Repayment of Loans by Subsidiaries	—	336.70
Purchase of Long Term Investments	—	(2,020.70)
Redemption of Long Term Investments	—	9,700.00
Purchase of Current Investments	(55,142.78)	(74,004.33)
Redemption of Current Investments	54,050.94	57,793.08
Interest Received	587.48	1,361.34
Dividend Received	121.41	136.08
NET CASH USED IN INVESTING ACTIVITIES	<u>(10,033.82)</u>	<u>(8,823.86)</u>

CASH FLOW STATEMENT (Contd.)

	<u>2010-2011</u>	(Rs. in Lakh) <u>2009-2010</u>
C. Cash Flows from Financing Activities		
Proceeds from Borrowings		
Long Term	6,821.06	—
Short Term	11,788.08	3,262.01
Repayment of Borrowings		
Long Term	(88.69)	(6,278.11)
Short Term	(3,219.81)	(5,139.87)
Interest Paid	(564.20)	(1,133.32)
Dividend Paid (including tax thereon Rs.1066.36 Lakh; Previous Year - Rs. 871.71 Lakh)	(7,442.99)	(5,951.20)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<u>7,293.45</u>	<u>(15,240.49)</u>
D. Exchange Differences on Translation of Foreign Currency		
Cash and Cash Equivalents	(0.12)	(165.14)
Net Cash Inflow/(Outflow)	<u>(4,533.04)</u>	<u>(6,852.21)</u>
Cash and Cash Equivalents - Opening (Schedule 10)	7,556.78	14,408.99
Cash and Cash Equivalents - Closing (Schedule 10)	<u>3,023.74</u>	<u>7,556.78</u>
Net Cash Inflow/ (Outflow)	<u>(4,533.04)</u>	<u>(6,852.21)</u>

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. Conversion of Bonds into Equity Shares referred to in Note 2 on Schedule 1, being a non-cash transaction, has not been considered for the purpose of the Cash Flow Statement.
3. The Schedules referred to above form an integral part of the Cash Flow Statement.
4. Previous year's figures have been regrouped or rearranged, wherever necessary.

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

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

(P. LAW)

Partner

Membership No. 51790
Kolkata : 9th May, 2011

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

FINANCIAL DATA

Particulars	(Rs. in Lakh)									
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Sales/Income from Operations	128004	117822	118273	115587	90001	64940	54597	54930	41008	36844
Sales(excluding Excise Duty)	119073	110222	109251	106404	82682	58560	48258	47868	35264	31896
Operating Profit	27915	37870	23213	23998	16546	11147	8265	8518	7117	7535
Other Income	3377	3058	2891	3621	3833	1728	1167	1360	827	762
Interest	504	1049	2594	3570	3215	2001	1063	1284	2316	2797
Gross Profit	30788	39879	23510	24049	17164	10874	8369	8594	5628	5500
Depreciation	3933	3954	3435	3350	2993	2476	2069	2057	1986	1751
Provision for Taxation	8350	12709	718	7335	4408	2103	1500	1405	303	379
Profit after Tax but before Non-recurring / Exceptional Item	18505	23216	19357	13364	9763	6295	4800	5132	3339	3370
Non-recurring Item	—	—	—	—	9624	—	—	—	—	—
Payment under Voluntary Retirement Scheme	1,273	—	—	—	—	—	—	—	—	—
Profit after Non-recurring/ Exceptional Item	17232	23216	19357	13364	19387	6295	4800	5132	3339	3370
Equity Dividend per Share - Rs.	3.50	3.50	3.00	3.00	3.00	1.20	0.90	0.80	0.50	0.50
Equity Dividend Amount (Note below) (including Dividend Tax)	8434	7000	6001	5303	5069	2010	1507	1326	829	734
EPS - Basic (before Non-recurring / Exceptional Item) - Rs.	9.65	13.58	12.55	9.03	7.38	4.29	3.27	3.48	2.24	2.25
Debt Equity Ratio (Long Term Debt)	0.05 :1	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)	0.19:1	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
Fixed Assets	55312	48548	50362	49827	51788	47349	41475	35244	35452	36417
Investments	27278	25276	16641	14707	14707	5007	2886	1407	1434	1445
Current Assets	123230	101682	102746	87899	77624	67552	39400	31936	28123	25114
Total Assets	205820	175506	169749	152433	144119	119908	83761	68587	65009	62976
Loan Funds	26516	24926	35224	47304	58180	52493	25867	16230	18067	20377
Current Liabilities	32652	24851	26410	28337	20139	17346	12912	10984	9340	7151
Deferred Tax Liability	6302	7377	6276	7001	6381	4683	3590	3256	3051	3063
Share Capital										
Equity	3908	3430	3420	3022	2938	2938	2938	2938	2938	2938
Preference	—	—	—	—	—	—	—	—	250	500
Reserves and Surplus (Net of Misc.Expenditure)	136442	114922	98419	66769	56481	42448	38454	35179	31363	28947
Total Liabilities	205820	175506	169749	152433	144119	119908	83761	68587	65009	62976
Net Worth	140350	118352	101839	69791	59419	45386	41392	38117	34301	31885
Number of Employees	2259	2334	2614	2961	2653	2651	2240	2306	2257	2294

Note : Dividend amount of 2010-11 includes dividend paid for 2009-10 in respect of 1,19,32,742 Equity Shares of Rs. 2/- each [Refer Note 4 (d) of schedule 31]

RATIOS

Key Ratios	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
EBIDT/Total Income - percent	24.91	35.23	22.61	24.33	22.94	20.40	17.94	18.47	20.05	23.23
Interest/Total Income - percent	0.40	0.90	2.25	3.14	3.62	3.17	2.02	2.40	5.84	7.83
Net Profit/Total Income - percent	13.72	19.98	16.76	11.77	10.99	9.97	9.13	9.60	8.43	9.44
Return (EBIDT) on Capital Employed (including Loan Funds) - percent	18.75	28.57	19.05	23.59	17.33	13.15	14.02	18.15	15.07	15.07
Interest Cover-times	62.14	39.02	10.07	7.74	6.34	6.43	8.87	7.69	3.43	2.97
Debt-Equity (Long Term Debt)	0.05	0.11	0.22	0.34	0.52	0.67	0.31	0.18	0.29	0.39
Book Value per Share - Rs.	71.84	69.01	59.56	46.19	40.45	30.90	28.18	25.95	23.35	21.70
EPS- Basic (before Non-recurring / Exceptional Item) - Rs.	9.19	13.58	12.55	9.03	7.38	4.29	3.27	3.48	2.24	2.25
Cash-EPS (before Non-recurring / Exceptional Item) - Rs.	11.25	15.89	14.77	11.29	9.42	5.97	4.68	4.88	3.59	3.44
Financial Performance Ratios	Percent									
Domestic Turnover/Total Sales	49.41	54.03	46.50	40.70	43.09	44.15	46.88	42.88	45.01	41.79
Export Turnover/Total Sales	50.59	45.97	53.50	59.30	56.91	55.85	53.12	57.12	54.99	58.21
Other Income/Total Income	2.69	2.63	2.50	3.19	4.32	2.74	2.22	2.54	2.09	2.13
Raw Material Costs/Net Sales	50.15	31.00	45.38	44.55	46.63	45.35	41.00	38.20	42.71	42.77
Manpower Costs/Total Income	6.72	6.40	6.49	6.69	7.14	7.81	8.27	7.83	9.37	9.85
Excise Duty/Gross Sales	4.60	4.09	4.95	5.07	5.72	5.70	6.17	5.53	5.89	5.60
Interest/Total Income	0.40	0.90	2.25	3.14	3.62	3.17	2.02	2.40	5.84	7.83
PBDT/Total Income	24.51	34.33	20.36	21.18	19.32	17.23	15.91	16.07	14.20	15.40
Depreciation/Total Income	3.13	3.40	2.97	2.95	3.37	3.92	3.93	3.84	5.01	4.90
Net Profit/Total Income	13.72	19.98	16.76	11.77	10.99	9.97	9.13	9.60	8.43	9.44
Cash Flow/Total Income	16.85	23.39	19.74	14.72	14.36	13.89	13.06	13.44	13.44	14.34
RONW/(PAT/Net Worth)	12.28	19.62	19.01	19.15	16.43	13.87	11.60	13.46	9.73	10.56
Balance Sheet Ratios										
Debtors Turnover - days	82	78	63	118	107	128	111	103	87	81
Inventory Turnover - days	219	181	166	108	128	127	108	87	141	148
Per-Share Data Ratios										
Earnings (before Non-recurring / Exceptional Item) - Rs.	9.19	13.58	12.55	9.03	7.38	4.29	3.27	3.48	2.24	2.25
Cash Earnings - Rs.	11.25	15.89	14.77	11.29	9.42	5.97	4.68	4.88	3.59	3.44
Dividend - Rs.	3.50	3.50	3.00	3.00	3.00	1.20	0.90	0.80	0.50	0.50

The Board of Directors of Graphite India Limited

1. We have audited the attached consolidated Balance Sheet of Graphite India Limited (the "Company") and its subsidiaries, hereinafter referred to as the "Group" (refer Note 2 on Schedule 22 to the attached consolidated financial statements) as at 31st March, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of three subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 32,979.99 Lakh and net assets of Rs. 21,534.19 Lakh as at 31st March, 2011, total revenue of Rs. 29,438.26 Lakh, net profit of Rs. 8,362.11 Lakh and net cash inflows amounting to Rs. 1,329.39 Lakh for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified under sub-section (3C) of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
 - (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

(P. LAW)
Partner

Kolkata
9th May, 2011

Membership No. 51790

CONSOLIDATED BALANCE SHEET
of Graphite India Limited and its subsidiaries as at 31st March, 2011

	Schedule	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	3,907.68	3,430.37
Reserves and Surplus	2	148,279.99	124,854.81
		<u>152,187.67</u>	<u>128,285.18</u>
LOAN FUNDS			
Secured Loans	3	27,605.68	15,605.89
Unsecured Loans	4	6,499.06	16,827.93
		<u>34,104.74</u>	<u>32,433.82</u>
DEFERRED TAX LIABILITY (NET)	5	6,302.47	7,376.21
T O T A L		<u>192,594.88</u>	<u>168,095.21</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6	103,086.14	100,423.82
Less : Depreciation		52,772.50	47,913.16
Net Block		50,313.64	52,510.66
Capital Work-in-Progress		11,212.12	1,954.93
		<u>61,525.76</u>	<u>54,465.59</u>
INVESTMENTS	7	22,521.13	18,735.20
DEFERRED TAX ASSET	8	146.85	26.17
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	9	90,575.05	72,857.42
Sundry Debtors	10	33,906.21	29,123.17
Cash and Bank Balances	11	4,816.79	8,020.44
Other Current Assets	12	871.38	1,120.90
Loans and Advances	13	14,645.39	11,881.08
		<u>144,814.82</u>	<u>123,003.01</u>
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Liabilities	14	24,713.76	19,347.61
Provisions	15	11,699.92	8,787.15
		<u>36,413.68</u>	<u>28,134.76</u>
NET CURRENT ASSETS		108,401.14	94,868.25
T O T A L		<u>192,594.88</u>	<u>168,095.21</u>
Capital Commitments (Net of Advances)			
Estimated amount of contracts remaining to be executed		5,728.63	3,799.26
NOTES ON ACCOUNTS	22		
This is the Consolidated Balance Sheet referred to in our report of even date.		The Schedules referred to above form an integral part of the Consolidated Balance Sheet.	
For PRICE WATERHOUSE Firm Registration Number - 301112E Chartered Accountants			
(P. LAW)			
Partner			
Membership No. 51790 Kolkata : 9th May, 2011	K. C. Parakh Sr. Vice President-Finance	B. Shiva Company Secretary	M. B. Gadgil Executive Director
			K. K. Bangur Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT
of Graphite India Limited and its subsidiaries for the year ended 31st March, 2011

	Schedule	Year ended 31st March, 2011	(Rs. in Lakh) Year ended 31st March, 2010
INCOME			
Sales/Income from Operations (Gross)		150,132.57	139,406.08
Less: Excise Duty on Sales		5,743.88	4,703.40
Sales/Income from Operations (Net)		144,388.69	134,702.68
Other Income	16	3,447.38	3,222.40
		<u>147,836.07</u>	<u>137,925.08</u>
EXPENDITURE			
Raw Materials Consumed		66,344.31	40,478.73
Payments to and Provisions for Employees	17	13,068.11	12,160.94
Other Manufacturing, Selling and Administrative Expenses	18	47,008.46	34,952.45
(Increase)/Decrease in Work-in-Process, Finished Goods and Trading Items	19	(12,862.55)	7,506.00
		<u>113,558.33</u>	<u>95,098.12</u>
PROFIT BEFORE INTEREST AND DEPRECIATION		<u>34,277.74</u>	<u>42,826.96</u>
Interest	20	775.32	1,447.17
PROFIT BEFORE DEPRECIATION		<u>33,502.42</u>	<u>41,379.79</u>
Depreciation		4,862.30	4,994.44
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM		<u>28,640.12</u>	<u>36,385.35</u>
Payments under Voluntary Retirement Scheme		1,273.09	—
PROFIT BEFORE TAXATION		<u>27,367.03</u>	<u>36,385.35</u>
Provision for Taxation			
Current Tax		9,628.55	11,769.38
Less: MAT Credit		—	(7.00)
For earlier years		14.50	10.61
Deferred Tax - Charge/(Credit)		(1,187.27)	1,128.21
PROFIT AFTER TAXATION		<u>18,911.25</u>	<u>23,484.15</u>
Balance brought forward from earlier year		21,112.78	14,297.94
Transfer from Debenture Redemption Reserve		6,804.06	390.04
PROFIT AVAILABLE FOR APPROPRIATION		<u>46,828.09</u>	<u>38,172.13</u>
TRANSFER TO			
General Reserve		10,000.00	10,000.00
Reserve Fund		26.00	59.50
Dividend paid on Equity Shares (Refer Note 5 on Schedule 22)		417.65	—
Proposed Dividend on Equity Shares		6,838.15	6,002.85
Dividend Tax		1,178.68	997.00
Balance carried forward		28,367.61	21,112.78
		<u>46,828.09</u>	<u>38,172.13</u>
EARNINGS PER SHARE			
	21		
Basic (Rs.)		10.09	13.73
Basic before Exceptional Item (Rs.)		10.54	13.73
Diluted (Rs.)		9.68	12.17
Diluted before Exceptional Item (Rs.)		10.11	12.17
NOTES ON ACCOUNTS			
	22		
This is the Consolidated Profit and Loss Account referred to in our report of even date.		The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.	
For PRICE WATERHOUSE			
Firm Registration Number - 301112E			
Chartered Accountants			
(P. LAW)			
Partner			
Membership No. 51790	K. C. Parakh	B. Shiva	M. B. Gadgil
Kolkata : 9th May, 2011	Sr. Vice President-Finance	Company Secretary	Executive Director
			K. K. Bangur
			Chairman

Schedules to Consolidated Financial Statements

	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
1. SHARE CAPITAL		
Authorised		
20,00,00,000 Equity Shares of Rs. 2/- each	4,000.00	4,000.00
	<u>4,000.00</u>	<u>4,000.00</u>
Issued, Subscribed and Paid-up		
19,53,75,594 (Previous Year - 17,15,10,110) Equity Shares of Rs. 2/- each fully paid up (Notes Below)	3,907.51	3,430.20
Add: Forfeited Shares	0.17	0.17
	<u>3,907.68</u>	<u>3,430.37</u>

Notes :

1. Out of the above Equity Shares, 11,54,58,486 (Previous Year - 11,54,58,486) Equity Shares of Rs. 2/- each have been allotted as fully paid up pursuant to the Schemes of Amalgamation/Arrangement, without payments being received in cash.
2. In terms of the Offering Circular dated 18th October, 2005, 2,38,65,484 (Previous Year -5,36,973) Equity Shares of Rs. 2/- each at a premium of Rs. 53.31 per share have been allotted as fully paid up during the year ended 31st March, 2011 upon conversion of 30,000 (Previous Year - 675) Foreign Currency Convertible Bonds aggregating US\$ 30,000,000 (Previous Year - US\$ 675,000).

	As at 31st March, 2010	Additions during the year	Withdrawals during the year	(Rs. in Lakh) As at 31st March, 2011
2. RESERVES AND SURPLUS				
Capital Reserve	45.86	—	—	45.86
Capital Redemption Reserve	575.00	—	—	575.00
Securities Premium Account	7,374.96	12,722.69 [@]	—	20,097.65
Debenture Redemption Reserve	6,804.06	—	6,804.06	—
Reserve Fund	190.30	26.00	—	216.30
General Reserve	89,076.20	10,000.00	—	99,076.20
Foreign Currency Translation Adjustment Account	(324.35)	225.72	—	(98.63)
Profit and Loss Account	21,112.78	7,254.83	—	28,367.61
	<u>124,854.81</u>	<u>30,229.24</u>	<u>6,804.06</u>	<u>148,279.99</u>

[@] Refer Note 2 on Schedule - 1

Note :

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

Schedules to Consolidated Financial Statements

	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
3. SECURED LOANS		
Term Loans from Banks	7,837.08	1,452.00
Term Loans from others	0.50	6.07
Working Capital Loans from Banks	19,768.10	14,147.82
	<u>27,605.68</u>	<u>15,605.89</u>
4. UNSECURED LOANS		
Short Term Loan from Banks	6,207.46	3,219.81
Other Loans from		
1.00 per cent Convertible Bonds due 2010 of US\$ 1000 each ('Bonds') aggregating US\$ Nil (Previous Year - US\$ 30,200,000) (Note below)	—	13,608.12
Temporary Overdraft from a Bank	291.60	—
	<u>6,499.06</u>	<u>16,827.93</u>
Note :		
During the year, Bonds aggregating US\$ 30,000,000 (Previous Year - US\$ 675,000) have been converted into Equity Shares and US\$ 200,000 (Previous Year - US\$ Nil) have been redeemed on due date.		
5. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities and Assets are attributable to the following items		
Liabilities		
Depreciation	6,867.95	7,634.69
Less:		
Assets		
Expenses allowable for tax purpose on payment	186.55	204.97
Provision for Doubtful Debts	42.90	44.73
Unamortised expenditure allowable for tax purpose in subsequent years	336.03	8.78
	<u>565.48</u>	<u>258.48</u>
	<u>6,302.47</u>	<u>7,376.21</u>

Schedules to Consolidated Financial Statements

6. FIXED ASSETS

Description	GROSS BLOCK - AT COST				DEPRECIATION				(Rs. in Lakh) NET BLOCK	
	As at 31st	Additions/	Sales/	As at 31st	Up to 31st	For	On	Up to 31st	As at 31st	As at 31st
	March, 2010	Adjustments during the year	Adjustments during the year	March, 2011	March, 2010	the year	Sales/ Adjustments	March, 2011	March, 2011	March, 2010
A. Tangible Assets										
Freehold Land	2,646.76	23.18	0.37	2,669.57	—	—	—	—	2,669.57	2,646.76
Leasehold Land	108.60	—	—	108.60	29.46	1.45	—	30.91	77.69	79.14
Buildings	17,666.16	805.34	13.10	18,458.40	4,887.63	518.67	0.16	5,406.14	13,052.26	12,778.53
Plant and Machinery	76,928.30	1,969.12	231.47	78,665.95(a)	41,052.21	4,063.62	(8.60)	45,124.43	33,541.52(a)	35,876.09
Machinery Spares	68.19	—	—	68.19	67.65	—	—	67.65	0.54	0.54
Office Equipment	1,229.53	112.47	27.74	1,314.26	869.20	132.33	2.30	999.23	315.03	360.33
Furniture and Fittings	636.10	10.65	0.75	646.00	436.59	30.82	0.63	466.78	179.22	199.51
Vehicles	697.95	21.79	23.76	695.98	325.96	59.96	11.97	373.95	322.03	371.99
Total Tangible Assets	99,981.59	2,942.55	297.19	102,626.95	47,668.70	4,806.85	6.46	52,469.09	50,157.86	52,312.89
B. Intangible Assets										
Goodwill (arising on consolidation)	67.75	—	—	67.75	—	—	—	—	67.75	67.75
Patent (e)	6.05	0.28	—	6.33	6.05	—	(0.28)	6.33	—	—
Trademark (e)	30.26	1.41	—	31.67	30.26	—	(1.41)	31.67	—	—
Computer Software (e)	338.17	15.27	—	353.44	208.15	55.45	(1.81)	265.41	88.03	130.02
Total Intangible Assets	442.23	16.96	—	459.19	244.46	55.45	(3.50)	303.41	155.78	197.77
T O T A L	100,423.82	2,959.51(b)	297.19	103,086.14	47,913.16	4,862.30	2.96(c)	52,772.50	50,313.64	52,510.66
Previous Year	99,461.82	1,174.25	212.25	100,423.82	43,549.75	4,994.44	631.03	47,913.16	11,212.12	1,954.93
Add : Capital Work- in- Progress - at cost (d)									61,525.76	54,465.59

Notes :

- (a) Includes Rs. 720.35 Lakh (Previous Year - Rs. 720.35 Lakh) being expenditure in respect of Outdoor Transmission Lines not owned by the Company. Written down value of said assets as on 31st March, 2011 is Rs. 260.87 Lakh (Previous Year - Rs. 295.09 Lakh).
 (b) Includes Rs. 456.92 Lakh (Previous Year - Net of Rs. 996.28 Lakh) on account of foreign exchange adjustment.
 (c) Net of Rs. 249.46 Lakh (Previous Year - Includes Rs. 504.99 Lakh) on account of foreign exchange adjustment.
 (d) Includes Capital Advances Rs. 1,708.69 Lakh (Previous Year - Rs. 953.63 Lakh) - Unsecured, Considered Good.
 (e) Represents acquired assets.

	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
7. INVESTMENTS		
A. LONG TERM (AT COST OR UNDER)		
Fully paid up (Previous Year - Partly paid up) Equity Shares in a company (Refer Note 4 on Schedule 22)	247.66	24.77
Fully paid up Redeemable Preference Shares in a company (Refer Note 4 on Schedule 22)	312.34	312.34
IN GOVERNMENT SECURITIES		
6 Year National Savings Certificate (Deposited with Sales Tax Authority)	0.06	0.06
IN BONDS		
0% NABARD 2019 Bonds	2,020.70	2,020.70
In units of Mutual Funds	1,847.35	63.56
B. CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)		
In units of Mutual Funds	18,093.02	16,313.77
	<u>22,521.13</u>	<u>18,735.20</u>
AGGREGATE AMOUNT OF INVESTMENTS :		
Unquoted	<u>22,521.13</u>	<u>18,735.20</u>
NET ASSET VALUE OF UNITS OF MUTUAL FUNDS	21,006.80	16,924.96

Schedules to Consolidated Financial Statements

	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
8. DEFERRED TAX ASSET		
Pertaining to foreign subsidiaries on account of carried forward tax benefit	146.85	26.17
Note :		
Deferred Tax Assets includes Rs 7.15 Lakh (Previous Year - Rs. 3.01 Lakh) on account of exchange fluctuations due to reinstatement.		
9. INVENTORIES		
- AT LOWER OF COST AND NET REALISABLE VALUE		
Stores and Spare Parts	1,840.73	1,517.43
Loose Tools	67.09	62.09
Raw Materials	35,045.47	30,518.69
Work-in-Process (including Contract Work-in-Progress)	39,141.64	29,333.33
Finished Goods	14,473.33	10,511.60
Trading Goods	6.79	914.28
	<u>90,575.05</u>	<u>72,857.42</u>
10. SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months-		
Considered Good	1,499.39	530.31
Considered Doubtful	132.22	131.60
Other Debts-		
Considered Good	32,406.82	28,592.86
	<u>34,038.43</u>	<u>29,254.77</u>
Less : Provision for Doubtful Debts	132.22	131.60
	<u>33,906.21</u>	<u>29,123.17</u>
11. CASH AND BANK BALANCES		
Cash in hand	132.96	82.96
With Banks on-		
Current Accounts	1,977.95	1,353.41
Margin Money Account	—	73.11
Unpaid Dividend Accounts	193.54	149.66
Fixed Deposit Accounts (includes Rs. 12.34 Lakh, Previous Year - Rs. 9.36 Lakh lodged with Government Authority/Others)	2,512.34	6,361.30
	<u>4,816.79</u>	<u>8,020.44</u>
12. OTHER CURRENT ASSETS		
Unsecured - Considered Good		
Accrued Interest on Deposits with Banks and Others	18.66	251.66
Security and other Deposits		
Deposit with Electricity Authorities	244.23	266.82
Others	608.49	602.42
	<u>871.38</u>	<u>1,120.90</u>

Schedules to Consolidated Financial Statements

	As at 31st March, 2011	(Rs. in Lakh) As at 31st March, 2010
13. LOANS AND ADVANCES		
Unsecured - Considered Good		
Loan to Body Corporate	—	1,500.00
Advances recoverable in cash or in kind or for value to be received	12,361.49	8,508.12
Advance against Investment (Refer Note 4 on Schedule 22)	—	222.89
Accrued Export Entitlement	2,283.90	1,643.07
MAT Credit Entitlement	—	7.00
	<u>14,645.39</u>	<u>11,881.08</u>
14. LIABILITIES		
Acceptances	3,346.16	3,081.89
Sundry Creditors	19,583.46	15,139.95
Advance from Customers	1,220.65	512.95
Other Liabilities	295.38	342.88
Investors Education and Protection Fund shall be credited by the following amounts namely:		
(a) Unpaid Dividends	193.54	149.66
(b) Unpaid Interest on matured deposits	0.02	0.02
Interest Accrued but not due on loans	74.55	120.26
	<u>24,713.76</u>	<u>19,347.61</u>
15. PROVISIONS (Net of Payments)		
Income Tax (Net of MAT Credit Entitlement Rs. 7.00 Lakh, Previous Year - Rs. 2,350.00 Lakh)	3,671.62	1,743.14
Wealth Tax	7.79	7.35
Fringe Benefit Tax	73.04	36.81
Proposed Dividend	6,838.15	6,002.85
Tax on Dividend	1,109.32	997.00
	<u>11,699.92</u>	<u>8,787.15</u>
	<u>2010-11</u>	<u>2009-10</u>
16. OTHER INCOME		
Income from Investments		
Long Term (Other than Trade)		
Interest	—	194.64
Current Investments (Other than Trade)		
Dividend	—	1.40
Profit on Redemption of Investments	687.41	102.52
Interest on loans, deposits etc.	318.94	902.31
Claims	45.90	22.61
Rent Receipt	123.56	168.84
Liabilities no longer required written back	398.07	338.50
Exchange Differences (Net)	1,260.85	991.28
Profit on disposal of Fixed Assets [Net of loss on disposal of Fixed Assets - Rs. 30.71 Lakh, (Previous Year - Rs. Nil)]	10.96	—
Bad Debts recovery	32.85	4.44
Provision for Doubtful Debts written back	8.71	59.98
Miscellaneous Receipts	560.13	435.88
	<u>3,447.38</u>	<u>3,222.40</u>

Schedules to Consolidated Financial Statements

	(Rs. in Lakh)	
	<u>2010-11</u>	<u>2009-10</u>
17. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages and Bonus	11,023.59	10,325.22
Contribution to Provident and Pension Funds	1,073.12	1,153.56
Contribution to Superannuation Fund	164.69	161.93
Contribution to Gratuity Fund	235.45	53.92
Staff Welfare Expenses	571.26	466.31
	<u>13,068.11</u>	<u>12,160.94</u>
18. OTHER MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES		
Stores and Spare Parts Consumed	15,399.94	9,340.93
Power and Electricity Charges	16,386.98	11,640.51
Repairs and Maintenance -		
Plant and Machinery	1,460.95	1,333.63
Buildings	327.20	286.39
Others	238.40	225.99
Rent	272.75	217.33
Rates and Taxes	165.07	367.62
Insurance	589.13	606.90
Commission to Selling Agents	1,990.25	2,067.55
Travelling and Conveyance	592.48	481.72
Directors' Remuneration (other than Executive Director)	277.64	343.45
Sales Tax	148.86	99.94
Excise Duty on Stocks etc. - Charge/(Credit)	(146.32)	(114.04)
Bad Debts/Advances Written off	50.83	323.22
Provision for Doubtful Debts	9.33	51.48
Freight and Transport	3,471.97	2,614.53
Processing Charges	306.83	252.37
Contractors' Labour Charges	1,843.02	1,253.68
Loss on Disposal of Fixed Assets [Net of profit on disposal of Fixed Assets Rs. Nil, (Previous Year - Rs. 10.20 Lakh)]	—	73.34
Cash Discount	0.30	10.77
Miscellaneous Expenses	3,622.85	3,475.14
	<u>47,008.46</u>	<u>34,952.45</u>

Schedules to Consolidated Financial Statements

	(Rs. in Lakh)	
	<u>2010-11</u>	<u>2009-10</u>
19. (INCREASE)/DECREASE IN WORK-IN-PROCESS, FINISHED GOODS AND TRADING ITEMS		
Work-in-Process (including Contract Work-in-Progress)		
Closing Stock	39,141.64	29,333.33
Deduct: Opening Stock	<u>29,333.33</u>	<u>30,041.93</u>
	<u>(9,808.31)</u>	<u>708.60</u>
Finished Goods		
Closing Stock	14,473.33	10,511.60
Deduct: Opening Stock	<u>10,511.60</u>	<u>17,171.69</u>
	<u>(3,961.73)</u>	<u>6,660.09</u>
Trading Items		
Closing Stock	6.79	914.28
Deduct: Opening Stock	<u>914.28</u>	<u>1,051.59</u>
	<u>907.49</u>	<u>137.31</u>
	<u>(12,862.55)</u>	<u>7,506.00</u>
20. INTEREST ON		
Debentures/Bonds	0.54	194.06
Term Loans	134.61	458.78
Others	<u>677.17</u>	<u>794.33</u>
	<u>812.32</u>	<u>1,447.17</u>
Less: Interest Capitalised	<u>37.00</u>	<u>—</u>
	<u>775.32</u>	<u>1,447.17</u>

Schedules to Consolidated Financial Statements

	<u>As at 31st March, 2011</u>	<u>(Rs. in Lakh) As at 31st March, 2010</u>
21. EARNINGS PER SHARE		
(A) Basic		
(i) Number of Equity Shares at the beginning of the year	171,510,110	170,973,137
(ii) Number of Equity Shares at the end of the year	195,375,594	171,510,110
(iii) Weighted average number of Equity Shares outstanding during the year	187,424,792	170,986,377
(iv) Face value of each Equity Share (Rs.)	2.00	2.00
(v) Profit after Tax available for Equity Shareholders	18,911.25	23,484.15
(vi) Basic Earnings per Share (Rs.) [(v) / (iii)]	10.09	13.73
(vii) Profit after Tax available for Equity Shareholders (before exceptional item) (Refer Note 1 below)	19,761.45	23,484.15
(viii) Basic Earnings per Share (Rs.) before exceptional item [(vii) / (iii)]	10.54	13.73
(B) Diluted		
(i) Weighted average number of dilutive potential Equity Shares resulting from exercise of options outstanding during the year.	7,950,802	24,548,322
(ii) Aggregate of A(iii) and B(i)	195,375,594	195,534,699
(iii) Face value of each Equity Share (Rs.)	2.00	2.00
(iv) Adjusted Profit after Tax (Refer Note 2 below)	18,911.61	23,798.07
(v) Diluted Earnings per Share (Rs.) [(iv) / (ii)]	9.68	12.17
(vi) Adjusted Profit after Tax available for Equity Shareholders (before exceptional item) (Refer Note 3 below)	19,761.81	23,798.07
(vii) Diluted Earnings per Share (Rs.) before exceptional item [(vi) / (ii)]	10.11	12.17
Notes :		
1. Profit after Tax (before exceptional item) :		
Profit after Tax	18,911.25	23,484.15
Add: Payment under Voluntary Retirement Scheme (Net of Tax)	850.20	—
	<u>19,761.45</u>	<u>23,484.15</u>
2. Adjusted Profit after Tax :		
Profit after Tax	18,911.25	23,484.15
Add: Interest Expense (Net of Tax)	0.36	102.61
Add: Exchange Gain (Net of Tax)	—	211.31
	<u>18,911.61</u>	<u>23,798.07</u>
3. Adjusted Profit after Tax (before exceptional item) :		
Adjusted Profit after Tax	18,911.61	23,798.07
Add: Payment under Voluntary Retirement Scheme (Net of Tax)	850.20	—
	<u>19,761.81</u>	<u>23,798.07</u>

22. NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. FIXED ASSETS:

- (a) FIXED ASSETS (comprising both tangible and intangible items) are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation. Pre-operative expenses for major projects are also capitalised, where appropriate.
- (b) DEPRECIATION includes amortisation. Depreciation on tangible fixed assets including those utilised in RESEARCH AND DEVELOPMENT activities, is provided on straight-line basis in accordance with Schedule XIV to the Companies Act, 1956. Leasehold land is amortised on straight-line basis over the primary lease period. Intangible assets (Computer Softwares) are amortised 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 machinery, office equipment, furniture and fittings and ten years for buildings. Other assets are depreciated according to the local fiscal regulation.
- (c) MACHINERY SPARES, which are irregular in use and associated with particular asset, are treated as fixed asset and the cost is amortised over its utility period.
- (d) Impairment loss, if any, is recognised wherever the carrying amount of the fixed assets exceeds the recoverable amount i.e. the higher of the assets' net selling price and value in use.

B. INVESTMENTS:

- (a) LONG TERM INVESTMENTS are stated at cost less write down for any permanent diminution in carrying value. CURRENT INVESTMENTS are stated at lower of cost and fair value. Fair value is determined on the basis of realisable or market value.
- (b) EARNINGS FROM INVESTMENTS, where appropriate, are accrued or taken into revenue in full on declaration or receipts.

C. INVENTORIES:

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

D. GOODWILL ON CONSOLIDATION:

Goodwill arising on consolidation are carried at cost.

E. FOREIGN CURRENCY TRANSACTIONS:

Transactions in Foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the exchange rate prevailing on the balance sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of transactions. Exchange differences arising on settlement of transactions and/or restatements are dealt with in the Profit and Loss Account.

F. DERIVATIVE INSTRUMENTS:

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

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

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

G. REVENUE:

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

22. NOTES ON ACCOUNTS (contd.)

H. CONSTRUCTION CONTRACTS:

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

I. 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.

J. RESEARCH AND DEVELOPMENT EXPENDITURE (R&D):

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

K. EMPLOYEE BENEFITS:

(a) Short-term Employee Benefits:

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

(b) Post Employment Benefit Plans:

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

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Account 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 scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

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

The cost of providing 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 Account 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.

L. PROVISIONS AND CONTINGENT LIABILITIES:

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

M. TAXATION:

Current tax is determined as the amount of tax payable in respect of taxable income for the period based on applicable tax rate and laws. Deferred tax is recognised subject to consideration of prudence in respect of deferred tax asset, on timing difference, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods and is measured using tax rate and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisation.

N. CONSOLIDATION:

(a) Consolidated Financial Statements relate to Graphite India Limited, the Parent Company and its subsidiaries (the 'Group').

22. NOTES ON ACCOUNTS (contd.)

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.

2. The Consolidated Financial Statements comprise the financial statements of the Parent Company and its wholly owned subsidiary companies as detailed below:

Name of the Company	Country of Incorporation
Domestic:	
Carbon Finance Limited	India
Overseas:	
Graphite International B.V.	The Netherlands
Carbon International Holdings N.V.	Netherlands Antilles
Bavaria Electrode GmbH	Germany
Bavaria Carbon Holdings GmbH	Germany
Bavaria Carbon Specialities GmbH	Germany
Graphite Cova GmbH	Germany

3. 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).
4. The Parent Company has entered into a Power Delivery agreement with Wardha Power Company Limited (WPCL) for procurement of power for its manufacturing activity at the terms set out in the said agreement for twenty five years from the commencement of commercial operation of power plant to be declared by WPCL. As per the terms of another related agreement with WPCL, the Parent Company invested Rs. 247.66 Lakh (Previous Year - Rs. 24.77 Lakh) in its Class A Equity Shares and Rs. 312.34 Lakh (Previous Year - Rs. 312.34 Lakh) in its 0.01% Class A Redeemable Preference Shares, shown under Investments (Schedule 7) and advanced Rs. Nil (Previous Year - Rs. 222.89 Lakh) to WPCL against investment, shown under Loans and Advances (Schedule 13) and are required to subscribe Rs. 350.00 Lakh 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. 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.
5. In respect of 1,19,32,742 Equity Shares of Rs. 2/- each allotted as fully paid up on conversion of Foreign Currency Convertible Bonds as indicated in Note 2 on Schedule 1 before the book closure date but after 31st March, 2010, dividend amounting to Rs. 417.65 Lakh (Previous Year - Rs. Nil) has been paid for the year ended 31st March, 2010.

Schedules to Consolidated Financial Statements

22. NOTES ON ACCOUNTS (contd.)

6. Contingent Liabilities not provided in respect of

(Rs. in Lakh)
As at 31st
March, 2011

	<u>As at 31st March, 2011</u>	<u>As at 31st March, 2010</u>
I) Claims not acknowledged as debts		
a) Disputed Income Tax demand for which appeals are pending	1.69	13.44
b) Disputed Excise Duty for which appeals are pending	394.01	398.42
c) Disputed Customs Duty for which appeals are pending	1060.75	1068.97
d) Disputed Service Tax for which appeals are pending	218.23	304.89
e) Disputed Sales Tax for which appeals are pending	506.32	491.64
f) Disputed Entry Tax for which appeals are pending	246.04	246.04
g) Others	295.79	390.04
II) Potential Obligation under Public law of Germany in respect of environment	1517.65	1470.23

7. Particulars relating to Construction Contracts:

	<u>2010-11</u>	<u>2009-10</u>
a) Contract revenues recognised as revenue	1473.69	1639.03
	<u>As at 31st March, 2011</u>	<u>As at 31st March, 2010</u>
b) Other information relating to Contract Work-in-Progress		
i) Aggregate amount of cost incurred and recognised profits	4763.67	2810.43
ii) The amount of retentions due from customers	92.80	6.99
iii) Gross amount due from customers for contracts work as an asset (i.e. Contract Work-in-progress)	681.47	392.02
iv) The amount of customer advances	202.92	—

8. Employee Benefits

(I) Post Employment Defined Benefit Plans

(A) Gratuity

The Parent Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme, the Gratuity Fund Trusts, administered and managed by the Life Insurance Corporation of India (LIC), makes 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(K)(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 Defined Benefit Plans of the Group for the year ended 31st March, 2011:

	<u>2010-11</u>	<u>2009-10</u>
(Rs. in Lakh)		
GRATUITY FUND (Funded)		
(a) Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation		
Present Value of Obligation at the beginning of the year	1565.39	1686.02
Current Service Cost	84.31	88.22
Interest Cost	104.57	122.12
Actuarial (Gains) / Losses	168.86	(12.02)
Benefits Paid	(578.49)	(318.95)
Present Value of Obligation at the end of the year	<u>1344.64</u>	<u>1565.39</u>

Schedules to Consolidated Financial Statements

22. NOTES ON ACCOUNTS (contd.)	(Rs. in Lakh)				
	<u>2010-11</u>	<u>2009-10</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	1533.09	1613.39			
Expected Return on Plan Assets	122.65	129.07			
Actuarial Gains / (Losses)	(0.36)	15.33			
Contributions	258.09	94.25			
Benefits Paid	(578.49)	(318.95)			
Fair Value of Plan Assets at the end of the year	<u>1334.98</u>	<u>1533.09</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	1344.64	1565.39			
Fair Value of Plan Assets at the end of the year	1334.98	1533.09			
Assets/(Liabilities) recognised in the Balance Sheet	<u>(9.66)</u>	<u>(32.30)</u>			
(d) Expense recognised in the Profit and Loss Account					
Current Service Cost	84.31	88.22			
Interest Cost	104.57	122.12			
Expected Return on Plan Assets	(122.65)	(129.07)			
Actuarial (Gains)/ Losses	169.22	(27.35)			
Total Expense recognised (Disclosed under 'Contribution to Gratuity Fund' - Schedule 17)	<u>235.45</u>	<u>53.92</u>			
(e) Category of Plan Assets					
Fund with LICI	1332.30	1469.02			
Others (including bank balances)	2.69	64.07			
Total	<u>1334.99</u>	<u>1533.09</u>			
(f) Actual Return on Plan Assets	122.29	144.40			
(g) Principal Actuarial Assumptions					
Discount Rate	8.00%	8.00%			
Salary Escalation	5.00%	5.00%			
Inflation Rate	5.00%	5.00%			
Expected Return on Asset	8.00%	8.00%			
(h) Other Disclosures	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Present Value of Obligation at the end of the year	1344.64	1565.39	1686.02	1577.53	1418.28
Fair Value of Plan Assets at the end of the year	1334.98	1533.09	1613.39	1417.70	1416.64
Surplus/(Deficit) at the end of the year	(9.66)	(32.30)	(72.63)	(159.83)	(1.64)
Experience Adjustments on Plan Assets [Gain/(Loss)]	(0.36)	15.33	17.96	12.58	29.75
Experience Adjustments on Obligation [(Gain)/Loss]	184.41	0.93	(55.06)	160.16	219.97
(i) The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors.					
(j) 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 (Funded)

Certain employees of the Company receive provident fund benefits, which are administered by the Provident Fund Trusts set up by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of

22. NOTES ON ACCOUNTS (contd.)

employment. Both the employees and the Company make monthly contributions at specified percentage of the employee's salary to such Provident Fund Trusts. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time.

In terms of the Guidance on implementing Accounting Standard 15 (Revised 2005) on Employee Benefits issued by the Accounting Standard Board of The Institute of Chartered Accountants of India (ICAI), a provident fund set up by the Company is defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest. Interest shortfall for the year has been provided for in these accounts.

Unlike earlier years, the Actuary has expressed his inability to provide an actuarial valuation of the provident fund as at the year-end in the absence of a Guidance Note from The Institute of Actuaries of India. Accordingly, complete information pertaining to the year required to be considered as per AS-15 in this regard are not available and the same could not be disclosed.

The Company's contribution to the aforesaid provident fund for the year amounting to Rs. 40.65 Lakh (31st March, 2010 – Rs. 31.85 Lakh) has been included in 'Contribution to Provident and Pension Funds' in Schedule 17.

(C) Pension

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

The following Table sets forth the particulars in respect of the Defined Benefit Plans of the Group for the year ended 31st March, 2011:

PENSION (Unfunded)	2010-11	2009-10			
(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	131.88	109.15			
Exchange Rate Adjustment	6.15	(14.85)			
Current Service Cost	3.69	3.14			
Interest Cost	6.07	6.51			
Actuarial (Gains) / Losses	(9.45)	27.93			
Benefits Paid	—	—			
Present Value of Obligation at the end of the year	<u>138.34</u>	<u>131.88</u>			
(b) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets					
Present Value of Obligation at the end of the year	138.34	131.88			
Fair Value of Plan Assets at the end of the year	—	—			
Assets/(Liabilities) recognised in the Balance Sheet	<u>(138.34)</u>	<u>(131.88)</u>			
(c) Expense recognised in the Profit and Loss Account					
Current Service Cost	3.69	3.14			
Interest Cost	6.07	6.51			
Expected Return on Plan assets	—	—			
Actuarial (Gains)/ Losses	(9.45)	27.93			
Total Expense recognised	<u>0.31</u>	<u>37.58</u>			
(d) Principal Actuarial Assumptions					
Discount Rate	4.90%	4.65%			
Salary Escalation	2.00%	2.00%			
(e) Other Disclosures	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Present Value of Obligation at the end of the year	138.34	131.88	109.15	108.39	109.88
Fair Value of Plan Assets at the end of the year	—	—	—	—	—
Surplus/(Deficit) at the end of the year	(138.34)	(131.88)	(109.15)	(108.39)	(109.88)
Experience Adjustments on Plan Assets [Gain/(Loss)]	—	—	—	—	—
Experience Adjustments on Obligation [(Gain)/Loss]	(3.13)	(4.63)	(5.33)	(2.69)	(1.47)

22. NOTES ON ACCOUNTS (contd.)

(f) The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors.

(II) Post Employment Defined Contribution Plans

During the year an amount of Rs. 1,196.85 Lakh (Previous Year - Rs. 1,246.07 Lakh) has been recognised as expenditure towards defined contribution plan of the Group.

9. Particulars of Operating Leases-

A. Cancellable

The Group has cancellable operating lease arrangements for certain accommodation with tenures of three years. Terms of such lease include option for renewal on mutual agreed terms. Operating lease rentals for the year debited to Profit and Loss Account amount to Rs.99.94 Lakh (Previous Year- Rs. 99.00 Lakh).

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 Lakh)	
	<u>2010-11</u>	<u>2009-10</u>
i) Not later than one year	119.69	187.34
ii) Later than one year but not later than five years	332.60	428.33
iii) Later than five years	—	3.89
Total	<u>452.29</u>	<u>619.56</u>

b) The lease expenses recognised during the year amounted to Rs. 192.55 Lakh (Previous Year - Rs. 188.72 Lakh).

10. Depreciation for the year and year end accumulated depreciation includes Rs. 913.19 Lakh (Previous Year- Rs. 1,024.91 Lakh) and Rs. 5,522.66 Lakh (Previous Year - Rs. 4,482.80 Lakh) respectively, computed by certain subsidiaries applying different depreciation rate as indicated in Note 1(A)(b) above.

11. Research and Development Expenditure of revenue nature of Rs. 20.56 Lakh (Previous Year - Rs. 29.62 Lakh).

12. SEGMENT INFORMATION

A. Primary Segment Reporting (by Business Segments)

i) Composition of Business Segments

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

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

ii) Inter Segment Transfer Pricing

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

Schedules to Consolidated Financial Statements

22. NOTES ON ACCOUNTS (contd.)

iii) Segment Revenues, Results and Other Information as at/for the year ended 31st March, 2011

	Graphite and Carbon		Power		Steel@		Others		Total of Reportable Segments	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Sales/Income from Operations (Gross)										
External Sales	125,511.74	116,536.53	210.92	722.68	8,769.95	7,435.26	12,289.27	11,521.80	146,781.88	136,216.27
Inter Segment Sales	1,015.84	1,084.57	3,235.66	2,136.27	—	—	54.28	41.19	4,305.78	3,262.03
Income from Operations(External)	3,076.86	2,803.73	—	—	—	—	273.83	386.08	3,350.69	3,189.81
Segment Revenues	129,604.44	120,424.83	3,446.58	2,858.95	8,769.95	7,435.26	12,617.38	11,949.07	154,438.35	142,668.11
Segment Results	22,849.59*	32,260.65	2,567.30	1,810.54	60.73	(340.65)	3,377.39	3,524.78	28,855.01	37,255.32
Segment Assets	172,181.22	139,328.26	6,340.24	7,043.09	19,312.76	18,570.22	18,223.71	14,168.45	216,057.93	179,110.02
Segment Liabilities	25,095.73	21,728.38	1,095.20	1,080.08	1,551.09	1,139.35	3,677.38	1,987.30	31,419.40	25,935.11
Capital Expenditure	10,835.01	1,652.41	7.00	—	40.00	64.57	220.99	834.61	11,103.00	2,551.59
Depreciation and Amortisation	3,298.47	3,429.33	618.56	618.69	574.52	659.11	300.51	226.40	4,792.06	4,933.53
Non-cash Expenses other than Depreciation and Amortisation (Net)	39.69	210.41	—	—	35.92	149.22	11.10	95.32	86.71	454.95

* After exceptional item- Payments under Voluntary Retirement Scheme - Rs. 1,273.09 Lakh (Previous Year - Rs. Nil)

@ Steel Division has been under lockout with effect from 6th March, 2011.

Reconciliation of Reportable Segments with the Financial Statements

	Revenues		Results Net Profit		Assets		Liabilities *	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Total of Reportable Segments	154,438.35	142,668.11	28,855.01	37,255.32	216,057.93	179,110.02	31,419.40	25,935.11
Corporate - Unallocated / Others (Net)	—	—	(712.66)	577.20	12,950.63	17,119.95	45,401.49	42,009.68
Inter Segment Sales	(4,305.78)	(3,262.03)	—	—	—	—	—	—
Interest Expenses	—	—	(775.32)	(1,447.17)	—	—	—	—
Taxes (Net)	—	—	(8,455.78)	(12,901.20)	—	—	—	—
	150,132.57	139,406.08	18,911.25	23,484.15	229,008.56	196,229.97	76,820.89	67,944.79

* Excluding Shareholders Funds

B. Secondary Segment (Geographical)

	Domestic		Export		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenues	65,022.83	65,278.42	85,109.74	74,127.66	150,132.57	139,406.08
Total Assets	187,195.71	153,364.13	28,862.22	25,745.89	216,057.93	179,110.02
Capital Expenditure	10,080.09	2,048.35	1,022.91	503.24	11,103.00	2,551.59

13. Related Party disclosures:

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

i) Related Parties

Name

Mr. M. B. Gadgil, Executive Director

Relationship

Key Management Personnel

ii) Particulars of Transactions during the year ended 31st March, 2011

(Rs. in Lakh)

Key Management Personnel

Directors' Remuneration

Mr. N. Venkataramani

Mr. M. B. Gadgil

2010-11

2009-10

—

102.72

59.13

75.50

iii) Balance outstanding at the year end

Sundry Creditors

Key Management Personnel

Mr. N. Venkataramani

Mr. M. B. Gadgil

As at 31st
March, 2011

As at 31st
March, 2010

—

55.93

38.46

46.56

14. Previous year's figures have been regrouped or rearranged, wherever necessary.

For PRICE WATERHOUSE

Firm Registration Number - 301112E

Chartered Accountants

(P. LAW)

Partner

Membership No. 51790

Kolkata : 9th May, 2011

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

CONSOLIDATED CASH FLOW STATEMENT
of Graphite India Limited and its subsidiaries for the year ended 31st March, 2011

	2010-11	(Rs. in Lakh) 2009-10
A. Cash Flows from Operating Activities		
Profit before Taxation	27,367.03	36,385.35
Adjustments for :		
Depreciation	4,862.30	4,994.44
Foreign Exchange (Net)	(751.13)	(1,248.15)
Dividend Income	—	(1.40)
Interest Expense	775.32	1,447.17
Interest Income	(318.94)	(1,096.95)
Loss/(Profit) on Disposal of Fixed Assets (Net)	(10.96)	73.34
Bad Debts/Advances Written Off	50.83	323.22
Provision for Doubtful Debts	9.33	51.48
Provision for Doubtful Debts Written Back	(8.71)	(59.98)
Liability no Longer Required Written Back	(398.07)	(338.50)
Profit on Redemption of Investments	(687.41)	(102.52)
Effect of changes in Foreign Currency Translation	339.53	(533.46)
Operating Profit before Working Capital Changes	<u>31,229.12</u>	<u>39,894.04</u>
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	(7,578.32)	875.04
(Increase)/Decrease in Inventories	(18,667.28)	(3,371.77)
Increase/(Decrease) in Trade Payables	4,726.37	(2,296.92)
Cash generated from Operations	<u>9,709.89</u>	<u>35,100.39</u>
Taxes (Paid)/Refund (Net)		
Tax paid including Fringe Benefit Tax	(7,692.49)	(9,675.42)
NET CASH FROM OPERATING ACTIVITIES	<u><u>2,017.40</u></u>	<u><u>25,424.97</u></u>
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(9,753.65)	(2,639.08)
Proceeds on Disposal of Fixed Assets	55.73	12.87
Purchase of Long Term Investments	(5,122.74)	(2,084.26)
Redemption/Sale of Long Term Investments	3,338.95	9,760.16
Purchase of Current Investments	(55,142.78)	(74,004.33)
Redemption of Current Investments	54,050.94	57,793.08
Interest Received	586.73	1,296.19
Dividend Received	—	1.40
NET CASH USED IN INVESTING ACTIVITIES	<u><u>(11,986.82)</u></u>	<u><u>(9,863.97)</u></u>

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

	2010-11	(Rs. in Lakh) 2009-10
C. Cash Flows from Financing Activities		
Proceeds from Borrowings		
Long Term	6,821.06	—
Short Term	13,704.88	3,262.01
Repayment of Borrowings		
Long Term	(455.27)	(7,359.60)
Short Term	(5,024.91)	(13,308.23)
Interest Paid	(858.03)	(1,514.90)
Dividend Paid (including tax thereon Rs.1066.36 Lakh; Previous Year - Rs. 871.71 Lakh)	(7,442.99)	(5,951.20)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	<u>6,744.74</u>	<u>(24,871.92)</u>
D. Exchange Differences on Translation of Foreign Currency		
Cash and Cash Equivalents	21.03	(376.95)
Net Cash Inflow/(Outflow)	(3,203.65)	(9,687.87)
Cash and Cash Equivalents - Opening (Schedule 11)	8,020.44	17,708.31
Cash and Cash Equivalents - Closing (Schedule 11)	4,816.79	8,020.44
Net Cash Inflow/ (Outflow)	<u>(3,203.65)</u>	<u>(9,687.87)</u>

Notes :

1. The above Consolidated 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. Conversion of Bonds into Equity Shares referred to in Note 2 on Schedule 1, being a non-cash transaction, has not been considered for the purpose of the Cash Flow Statement.
3. The Schedules referred to above form an integral part of the Cash Flow Statement.
4. Previous year's figures have been regrouped or rearranged, wherever necessary.

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

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

(P. LAW)
Partner

Membership No. 51790
Kolkata : 9th May, 2011

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

STATEMENT REGARDING SUBSIDIARY COMPANIES

(Rs. in Lakh)											
	Closing exchange rate (Euro) against Indian Rupee as on 31.03.2011	Capital	Reserves	Total Assets	Total Liabilities	Investments (except in case of investment in Subsidiaries)*	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
Carbon Finance Limited	—	530.00	3490.93	4021.40	0.47	1847.35	250.69	216.20	86.90	129.30	—
Graphite International B.V. The Netherlands	63.31	4115.15	36.86	7742.57	3590.56	—	375.26	138.68	40.02	98.66	—
Carbon International Holdings N.V.Netherlands Antilles	63.31	63.31	2714.40	2790.27	12.56	—	109.23	98.85	3.41	95.44	126.62
Subsidiaries of Graphite International B.V.											
Graphite COVA GmbH, Germany	63.31	6280.35	6557.41	28205.44	15367.68	—	31540.55	(608.01)	(4.25)	(603.76)	—
Bavaria Electrodes GmbH, Germany	63.31	63.31	1009.87	3374.54	2301.36	—	9315.29	177.03	51.29	125.74	—
Bavaria Carbon Specialities GmbH,Germany	63.31	63.31	686.20	1179.68	430.17	—	3484.96	142.64	46.12	96.52	—
Bavaria Carbon Holdings GmbH,Germany	63.31	174.10	234.74	953.65	544.81	—	283.67	112.09	18.57	93.52	—

* Details of Investments held by Carbon Finance Limited as at 31st March, 2011

(Rs. in Lakh)				
Particulars	Nature of Investment	Face value Rs.	Number	Amount
Reliance Money Manager Fund- Institutional Option-Growth	Units	1000.00	49366	653.35
JM High Liquidity Fund- Regular Plan Growth Option (13)	Units	10.00	39352	10.00
HDFC Cash Management Fund- Treasury Advantage Plan- Wholesale-Growth	Units	10.00	5570703	1184.00
				1847.35