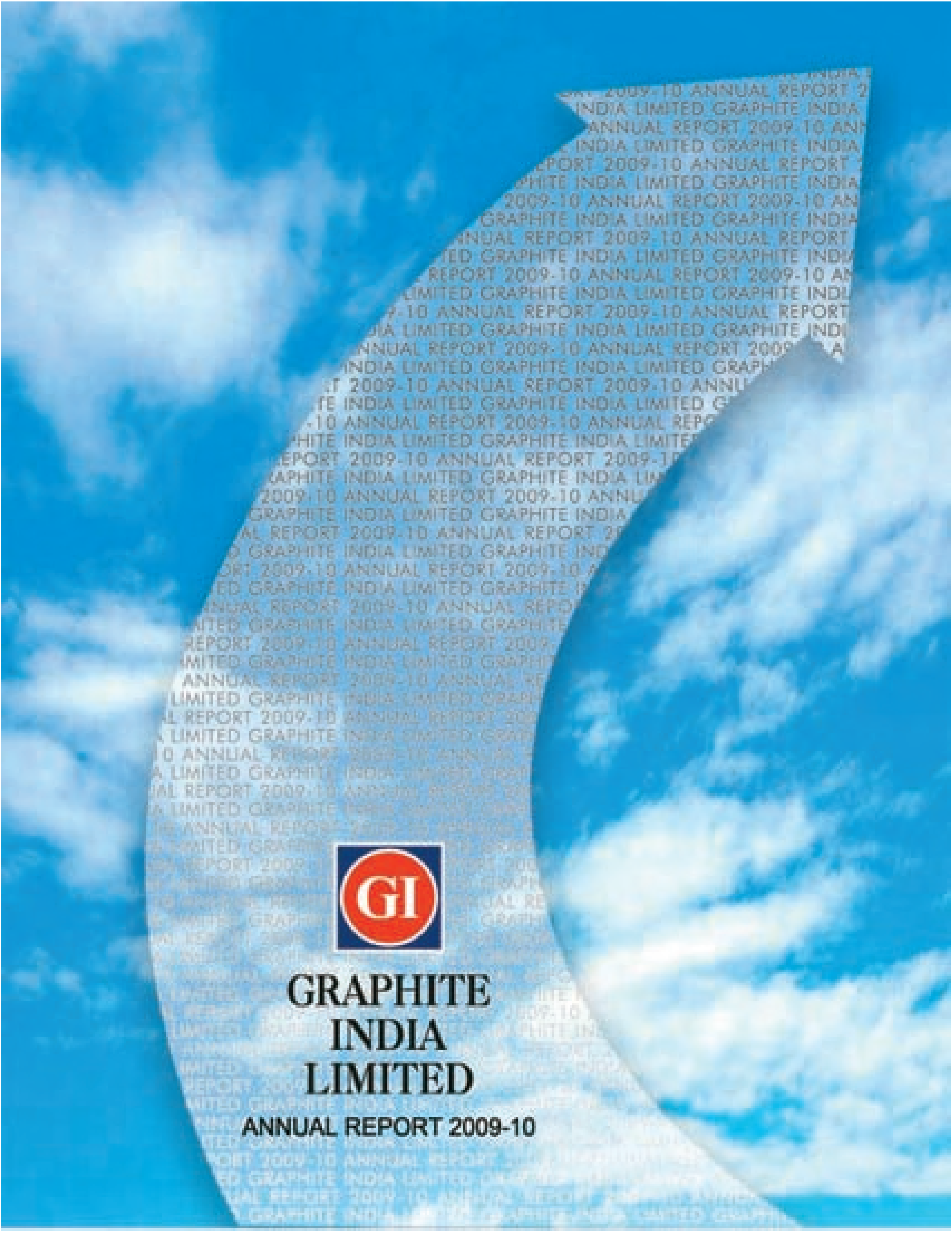


GRAPHITE INDIA LIMITED

ANNUAL REPORT 2009-10

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. Curravala
Mr. N. Venkataramani
Mr. M. B. Gadgil, Executive Director

COMPANY SECRETARY

Mr. B. Shiva

AUDITORS

Price Waterhouse

SOLICITORS

Khaitan & Co.
Orr, Dignam & Co.

BANKERS

Bank of India
Canara Bank
Corporation Bank
Citibank N.A.
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
ING Vysya Bank Limited
Punjab National Bank
State Bank of India
UCO Bank

REGISTERED OFFICE

31, Chowringhee Road, Kolkata 700 016
Ph : (033) 22265755/2334/4942

NOTICE

NOTICE is hereby given that the Thirty Fifth ANNUAL GENERAL MEETING of Graphite India Limited will be held on Thursday, the 29th day of July, 2010 at 10.00 A.M. at Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata- 700 017 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt Directors' Report and Audited Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date.
2. To declare dividend on Equity Shares for the year ended 31st March, 2010.
3. To appoint a Director in place of Mr. D. J. Balaji Rao who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. K. Khaitan who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Sanjiv Goenka 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 13, 2010

B. Shiva
Company Secretary

NOTES :

a. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
b. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
c. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 16th July, 2010 to Thursday, 29th July, 2010 (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. D. J. Balaji Rao, Mr. P. K. Khaitan and Mr. Sanjiv Goenka, 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. D. J. Balaji Rao, aged 70 years, holds a Degree in Mechanical Engineering and PG Diploma in Industrial Engineering. He attended the Advanced Management Program at the European Institute of Business Administration, France in 1990. He pursued his career as an Industrial Engineer for about 8 years before joining erstwhile ICICI Ltd. (since merged with ICICI Bank Ltd) in 1970. After wide ranging responsibilities in different locations, he reached the position of Dy. Managing Director. He subsequently took over as the Vice Chairman and Managing Director of SCICI Ltd., in August 1996. With the merger of SCICI Ltd. with ICICI Ltd., he moved to Infrastructure Development Finance Co. Ltd. (IDFC), as its first Managing Director, which he served till his superannuation in January 2000. He is currently the Chairman of 3M India Limited and also sits on the Board of several well-known companies in India. He does not hold any equity shares in the Company.

   Other Directorships

	Name of the Company	Position
1	Bajaj Auto Ltd.	Director
2	Ashok Leyland Ltd.	Director
3	3 M India Ltd.	Director
4	Hinduja Foundries Ltd	Director
5	J S W Energy Ltd.	Director
6	Bajaj Finserv Ltd.	Director
7	Bajaj Holdings and Investment Ltd.	Director
8	Bajaj Auto Finance Ltd.	Director
9	CMI-FPE Ltd.	Director

Other Committee Memberships -

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

Mr. Pradip Kumar Khaitan aged 69 years, B.Com, L.L.B., Attorney-at-Law (Bell Chambers Gold Medalist) is an eminent legal personality in the country. He is a member of the Bar Council of India, Bar Council of West Bengal and Indian Council of Arbitration, New Delhi. His areas of specialization are Commercial and Corporate Laws, Tax Laws, Arbitration, Intellectual Property, Foreign Collaboration, Mergers and Acquisition, Restructuring and De-mergers. Mr.Khaitan is on the Board of several well-known Companies in India. He is the Chairman of the 'Remuneration Committee' and member of the 'Committee for Borrowings' and "Committee of Directors-FCCB Issue" of the Company. He does not hold any equity shares in the Company.

Other Directorships

	Name of the Company	Position
1	CESC Limited	Director
2	Dalmia Cement (Bharat) Limited	Director
3	Electrosteel Castings Limited	Director
4	Emaar MGF Land Limited	Director
5	Gillanders Arbuthnot & Co. Ltd.	Director
6	Hindustan Motors Limited	Director
7	India Glycols Limited	Director
8	OCL India Limited	Director
9	Pilani Investment & Industries Corpn. Ltd.	Director
10	South Asian Petrochem Ltd.	Director
11	Suzlon Energy Limited	Director
12	Visa Steel Limited	Director
13	Woodlands Medical Centre Limited	Director

Other Committee Memberships

	Name of the Company	Committee	Position
1	CESC Limited	Finance & Forex Committee Remuneration Committee	Member Chairman
2	Emaar MGF Land Limited	Shareholders and Investors Grievance Committee	Member
3	Gillanders Arbuthnot & Co. Limited	Remuneration Committee Shareholders and Investors Grievance Committee	Member Member

	Name of the Company	Committee	Position
4	Hindustan Motors Limited	Executive Committee Investors Grievances Committee Remuneration Committee	Member Member Member
5	Pilani Investment & Industries Corporation Limited	Audit Committee	Member
6	South Asian Petrochem Limited	Remuneration Committee	Member
7	Suzlon Energy Limited	Audit Committee Remuneration Committee Investor Relations Committee	Member Member Member
8	VISA Steel Limited	Remuneration Committee Finance & Banking Committee Selection Committee	Member Member Member

Mr. Sanjiv Goenka aged 49 years, is Vice Chairman of RPG Enterprises, one of India's top industrial group(turnover USD 3 billion), involved in power, transmission, tyres, entertainment, organized retailing, IT, lifescience etc. He has been President of CII and Indian Chamber of Commerce and Chairman, Board of Governors, IIT Kharagpur. Mr Goenka is President of All India Management Association (AIMA). He is member of Indo-French Forum, India-China Eminent Persons Group, National Integration Council and of Board of Governors, International Management Institute, New Delhi. He is Honorary Consul of Canada in Kolkata. He does not hold any equity shares in the Company.

Other Directorships

	Name of the Company	Position
1	RPG Enterprises Ltd.	Vice Chairman
2	CESC Ltd.	Vice Chairman
3	Phillips Carbon Black Ltd.	Chairman
4	Spencer International Hotels Ltd.	Chairman
5	Spencer and Company Ltd.	Chairman
6	Spencer's Travel Services Ltd.	Chairman
7	Harrisons Malayalam Ltd.	Chairman
8	Noida Power Company Ltd.	Director
9	Saregama India Limited.	Director
10	Eveready Industries India Ltd.	Director
11	Woodlands Medical Centre Ltd.	Chairman

Other Committee Memberships

	Name of the Company	Committee	Position
1	CESC Limited	Audit Committee Investor Grievances Committee Finance & Forex Committee	Member Chairman Member
2	Saregama India Ltd.	Shareholders Grievance Committee	Chairman
3	Eveready Industries India Ltd.	Audit Committee Remuneration Committee	Member Member

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 29th July, 2010 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 15th July, 2010 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, 2003 would be transferred to the said fund in the last week of August, 2010.

   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, 2002 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.

By Order of the Board
For Graphite India Limited

Kolkata
May 13, 2010

B. Shiva
Company Secretary

The Directors have pleasure in presenting their Thirty Fifth Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

Rs. in Crore

Particulars	2009-10	2008-09	2009-10	2008-09
	Graphite India Limited		Graphite India Limited Consolidated	
Sales / Income from Operations – (Gross)	1178.22	1182.73	1394.06	1557.86
Profit for the year after charging all expenses but before providing interest, depreciation and tax	409.28	261.04	428.27	332.91
Less : Interest	10.49	25.94	14.47	35.10
Profit before depreciation and tax	398.79	235.10	413.80	297.81
Less : Depreciation	39.54	34.35	49.94	44.04
Profit before taxation	359.25	200.75	363.86	253.77
Less : Provision for taxation -				
Current Tax	116.00	23.50	117.69	34.87
MAT Credit	—	(23.50)	(0.07)	(23.50)
Earlier years	0.08	13.78	0.11	13.79
Deferred	11.00	(7.25)	11.28	(7.56)
Fringe Benefit	—	0.65	—	0.65
Profit for the year	232.17	193.57	234.85	235.52
Add : Balance brought forward from the previous year	44.39	10.83	142.97	67.67
Transfer from Debenture Redemption Reserve	3.90	—	3.90	—
	280.46	204.40	381.72	303.19
Which has been appropriated as under :				
Proposed Dividend on Equity Shares	60.03	51.29	60.03	51.29
Dividend Tax	9.97	8.72	9.97	8.72
Transfer to General Reserve	100.00	100.00	100.00	100.00
Reserve Fund	—	—	0.59	0.21
Balance carried forward	110.46	44.39	211.13	142.97
	280.46	204.40	381.72	303.19

BUSINESS REVIEW

The Indian economy as a whole has shown remarkable resilience in containing the ill-effects of the continuing global economic crisis. While there was a significant decline in the economic activity across the globe, in the year gone by, the major relief however is that the worst of the economic slowdown apparently seems to be behind us. Demand in the domestic economy has witnessed positive growth since the Q2 of current fiscal and is likely to gain further momentum-going forward. The Global recovery too is more pronounced than earlier expectations, bolstered by the emerging and developing economies–especially China, Russia and Brazil — driven mainly by their buoyant internal demand. IMF has projected the US economy to grow by 3% and world economic growth to be around 4% for the year 2010. This augurs well for the year ahead and corporates which had put their plans of capacity expansion "on hold" are once again looking at expansions with renewed hope and vigour.

The Indian GDP Growth rate which had gone down from 9% in 2007-08 to 6.7% in 2008-09 has risen to 7.2% in 2009-10. The real turnaround came in the second quarter of 2009-10, when the economy grew by 7.9 per cent. The industrial and service sectors grew by 8.2 and 8.7 percent respectively, while growth in the manufacturing sector more than doubled from 3.2 per cent in 2008-09 to 8.9 per cent in 2009-10. Riding on the strong industrial growth, India's GDP is expected to grow at 8.5% for the year 2010-2011 and 9% for the year 2011-2012.

GRAPHITE INDIA

In spite of this challenging business scenario, the Company has been able to post a satisfactory performance, primarily as a result of the cost optimization efforts carried out across all product divisions and functions. Despite lower sales volumes, the higher sales realization, lower input costs and reduction in operational costs helped in improving the operating margins of the Company during the year.

Gross sales for 2009-10 were Rs. 1178 crore as against Rs. 1183 crore in the previous year and PAT was Rs. 232 crore for the current year as against Rs.194 crore in the previous year.

The Company's Graphite and Carbon Segment (Graphite Electrodes) continue to be the main source of income and profit for the Company, accounting for about 82% of the total revenues. Though domestic demand recovered from Q2 of the current fiscal, overseas demand continued to be depressed. While sales by volume was lower, both domestic and export price realization were higher, which led to higher profitability.

The Company had raised USD 40 Million by way of Foreign Currency Convertible Bonds in October 2005, of which USD 30.2 Million is outstanding and if not converted will be redeemed in October-2010. FCCB of USD 0.675 mn were converted into 536,973 equity shares at a premium of Rs.53.31 per share, of the Company during the year. Out of FCCB funds, Rs.13.38 crore was utilized to fund various capital expenditure requirements out of proceeds of Bonds during the year.

The German operations have been affected severely by the subdued demand in EU during the year.

DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(i) Industry's structure and developments

A. GRAPHITE ELECTRODE BUSINESS

Capacity utilization of this segment was 52% as compared to the previous year of 85%. Production was attuned to demand, while keeping some buffer stock for across the counter sale. Procurement of key raw materials continued as per commitment made to the suppliers. In these times of unpredictable condition, customers resorted to quarterly purchase cycle, instead of the earlier practice of annual contracts.

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 estimated world capacity for manufacture of Graphite Electrode in EAF is over 1 million metric tonnes. 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 production of steel during 2009 at 1.2 billion metric tonnes, was less by 8.1% as compared to 1.31 billion metric tonnes in 2008.

Thus the relatively weak demand in the steel consuming sectors and a sharp destocking of inventory in the steel supply chain resulted in steep fall in demand of crude steel as well as Graphite Electrodes. Our production plans for Graphite Electrodes were accordingly rationalised across plants to derive the optimal benefit from the respective operating efficiencies and manufacturing costs.

Graphite India signaled its international debut in the 750 mm (30") dia. electrodes by receiving two export orders during the year. Production and sale of Graphite Electrodes, and Speciality Graphite Products in volume terms were lower during the financial year, owing to the weak demand. However, the price realization was higher, resulting in higher revenues.

Though developed economies like Europe, USA & Japan continue to reel under recessionary pressure, steel production and electrode demand in India and some Asian economies have recovered back to pre-recession levels or in some cases, even more. As a result, American, European and Japanese suppliers of graphite electrode are aggressively entering the Indian and other Asian markets to garner volumes. Hence prices in the international as well as domestic market have softened during Q3 & Q4 of 2009-10. It is expected that there will be further softening of electrode prices in Q1 & Q2 of 2010-11 followed by firming up of the prices due to expected recovery in the global steel production.

Due to this limited visibility into FY 2010-11, it is difficult to make a realistic projection of the Company's performance in the next year.

Nevertheless, it is expected that by mid 2011-12 the steel industry would revive to its full potential. As a result the Company has revised its expansion plan at Durgapur from the initial 10,500 MTPA to 20,000 MTPA. The additional capacity of 9,500 MT will be commissioned with a very low incremental cost of Rs. 67.50 crore. This capacity of 20,000 MT will be installed with eco-friendly, 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), Electrode Paste and Tamping Paste is one of the many backward integration initiatives of the Company. Two grades of CPC - aluminium and graphite – are produced here. CPC is a raw material used in the manufacture of regular and high power grade Graphite Electrodes. This is also a critical raw material for fine grained high density graphite used in speciality graphite products and Impervious Graphite Equipment. 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 and Carbon Paste were higher in volume 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 too was under demand pressure due to the low levels of fresh investment in new projects, both within the country and overseas. Majority of projects were kept on hold due to recession. While domestic market is showing some signs of revival, there is no sign of improvement in the export market and the export order book position continues to be around 50% less than the previous year.

Modernisation and expansion work of this division to improve overall manufacturing efficiency has been completed.

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. New regulation formulated by DGFT requiring permissions to be obtained for visits of overseas customers is likely to result in certain impediments in pursuing export business, effectively.

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 which will enable production of pipes up to a diameter of 3000 mm has been commissioned during the year.

D. POWER

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 22% 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 Rs. 9 crore in WPC, is expected to commence later in the year 2010-11.

Multi-fuel generating capacity was not operational for most part of the year due to high cost of generation as well as lower capacity utilization in Graphite Electrode Plants.

Power is a major cost input in the manufacturing of Graphite Electrodes. The cost of power from grid continues to rise year-over-year. The power requirement at Durgapur Plant will go up with the on going expansion. In order to reduce dependence on grid power and ensure availability of quality power at economical rate, the Company is setting up a coal based thermal power plant of 50 MW capacity at Durgapur. This will enable Graphite India to further optimise its cost of production and increase its competitiveness in the global market.

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

The Company's export turnover constituted about 45% 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.

Export sales decreased significantly in volume during the year under review as a result of the worldwide recession which set in since October 2008. Globally, though a glimmer of recovery was apparent since June 2009, the rate of recovery seems to be relatively slow and pegged down by uncertainties.

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 Rs. 1149 crore which incidentally was the same in the previous year.

Aggregate Export Sales of all divisions at Rs. 528 crore were marginally lower as against Rs. 615 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 41,086 MT against 67,813 MT in the previous year.

Production of Calcined Petroleum Coke during the year was 30,781 MT as against 28,348 MT in the previous year.

The price of Needle Coke went up during the year. The cost of energy has also risen steeply. Cost of other inputs has shown a downward trend.

(b) Power Division

Total power generated was 55 million units from Hydel Power Plants and Multi Fuel Power Generating Sets during the period under review, as against 91 million units in the previous year.

(c) Others

Production in the Impervious Graphite Equipment (IGE) Division and spares at 848 MT was higher as compared to that of 686 MT in the previous year.

The Glass Reinforced Plastic Pipes (GRP) Division produced 4,959 MT as against 4,429 MT in the previous year.

(d) Powmex Steels Division (PSD)

Production of HSS and Alloy Steels was 1,675 MT for the year as against 245 MT for the two months of February and March 2010 (as the demerger was effective from 1-February-2009).

(iv) Outlook

The global Graphite Electrode industry is reported to have operated at approximately 50% of its installed capacity in the FY 2009-10 in the backdrop of weak demand due to reduced steel production as well as destocking throughout the value chain of the industry as a result of global recession. While, the global economy is recovering from the crisis, there still persists weak end-user requirement in the steel using sectors, resulting in weak demand for steel. The outlook for FY 2010-11 for this segment is that in spite of growth in demand, steel production may not reach pre-recession level.

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. In view of this situation, Electrode prices of the current year (2009-10) seem unsustainable in the FY 2010-11.

However, the Company is confident of meeting this challenge by virtue of increased sales volume, higher capacity utilization and better operating efficiencies.

(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. Declining prices will affect operating margins.

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.

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 and in time.

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

Sales/Income from Operations recorded Rs.1178 crore as against Rs. 1183 crore in the previous year.

Increase in profit was mainly due to increase in the domestic and export prices of Graphite Electrodes. The average margins have improved because of a shift in product mix coupled with a mid year correction in the prices of key raw materials and appreciation of rupee against USD.

Graphite and Carbon Division contributed 82% to the revenue of the Company while others contributed 18%.

This year-over-year improvement is partly the result of cost optimization efforts across all divisions and functions. Operating profit margin (OPM) increased to 35.60% from 22.60% in 2008-09. EBIDTA was Rs. 413 crore as against Rs. 261 crore in FY 2008-09.

Borrowings declined to Rs. 249 crore during the year as compared to Rs. 352 crore in the previous year, mainly due to lower utilization of capacity of all Divisions.

The Company's long-term debt rating has been reaffirmed 'LAA' (pronounced L double A) by ICRA. This rating 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.

Details of contingent liabilities are given in Schedule.

All commitments relating to repayment of Loan installments were honoured in time.

The Company's capacity expansion plan of Durgapur Plant involves an outlay of Rs. 255 crore. The Company's 50 MW Power Plant involves an outlay of Rs. 214 crore. These investments are proposed to be financed by a judicious mix of internal accruals and debt.

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 aims at utilising its human resource optimally. Towards this objective, the Company has adopted several innovative and need based HRD programs which have helped the Company in ensuring a peaceful industrial scenario and a "think positive" work-force, even during the trying times of a slowdown. Close attention was given in areas of 'TQM' and 'Safety'. The yearly training calendars were maintained as per ISO systems. Job rotation and job enrichment is encouraged to support and meet the work requirements as well as to enhance the human capital across the organisation. SAP has been fully implemented across all divisions of the Company. The Costing module is being fine tuned.

Compelling circumstances lead to rationalization of production across plants to cope with the low demand during the year. A minimal production schedule was drawn for Bangalore Plant, resulting in some bargainable employees being given a 'paid off'.

The total no. of people employed in the Company was 2,334 as on 31 March, 2010.

Employee relations are good and cordial at all locations of the Company. The Board wishes to place on record its appreciation of the contribution made by all the employees in ensuring high levels of performance and growth.

Cautionary Note

Certain statements in the 'Management Discussion and Analysis' section may be more than optimistic, and are 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

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 bench marking, the operational efficiencies of manufacturing facilities at different locations were compared and refining 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 Netherlands Antilles are the wholly owned overseas subsidiaries of the Company.

The overseas subsidiaries recorded a turnover of Euro 39.73 mn as compared to Euro 72.82 mn in the previous period. The profit before tax of these overseas subsidiaries was Euro 1.07 mn and profit after tax was Euro 0.86 mn.

The Company earned by way of Royalty Rs. 3.13 crore during the year, as against Rs. 5.70 crore in the previous year, from overseas subsidiaries.

The Company has obtained exemption from the provisions of Section 212(1) 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. All these subsidiaries are 100% wholly owned by the Company. 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 investor 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

The prescribed Form 'A' relating to conservation of energy in the Company's Powmex Steels Division at Titilagarh in Orissa is annexed.

Information in accordance with clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31 March, 2010 is given in Annexure 'A'.

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, 2010 are given in Annexure 'B'.

DIRECTORS

Life Insurance Corporation of India vide letter dated 30-October-2009 withdrew its nominee Mr. B B Das from the Board of Directors of the Company with immediate effect. The Directors placed on record their sincere appreciation for the valuable services rendered by Mr Das during his tenure as Director of the Company.

Mr. D. J. Balaji Rao, Mr. P. K. Khaitan and Mr. S. Goenka, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Recognition / Award

This year too, the Company received Top Exporter awards: (1) from EEPC for export performance from Eastern Region during 2007-08 and (2) from CAPEXIL for its export performance during 2008-09. The Company also received Dun & Bradstreet Rolta Corporate Award – 2009 for Top Indian Company under Graphite Electrodes segment. 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.

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-2010 and of the profit of the Company for the year ended 31-March-2010.

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.

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 : 13 May, 2010

K. K. Bangur
Chairman

ANNEXURE - A

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 –

Graphite Electrode Division –

Rearranging Finishing machines to optimize use of Dust collector;

Installation of additional HT Capacitor Banks to improve Power factor;

Modifying the Furnace construction to reduce Specific power consumption in Graphitization;

Carried out Energy Audit of Durgapur Plant and implementation is under progress.

Impervious Graphite Equipment Division –

Selective running of air compressor and controlled use of compressed air;

Heat loss during the product curing cycle reduced by improving insulation.

Power Factor maintained at near Unity level there by reducing the line losses.

GRP Division -

Replaced HMSV lamps with more energy efficient and colour compatible Metal Halide Lamps;

Higher rated Pump motors replaced with adequate rated motors.

Steel Division -

3 Nos.- HT Capacitor Bank of 85KVAR in Steel Melt Shop (SMS) EAF were installed to improve the Power Factor (PF) and Voltage stabilization in EAF 2.5 MVA Transformer.

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

Graphite Electrode Division –

Capacity expansion with energy efficient baking as well as graphitizing furnaces;

Replacing energy inefficient Lamps with energy efficient lamps like Metal Halide and LED lamps;

Carrying out Energy audit in Nasik Plant.

GRP Division –

Augmentation of PF control system to achieve near unity Power Factor;

Using Low capacity DG set during holidays to conserve oil.

Steel Division –

It is proposed to install 4 numbers of HT Breakers in Rolling Mill area to improve the Power Factor.

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

The continued focus on energy conservation has helped alleviate the pressures of higher costs of energy to some extent.

(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

Refer Form A attached

B. TECHNOLOGY ABSORPTION

(e) 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 45% of the total turnover of the Company. Initiatives for increasing exports receive constant focus.

(g) Total foreign exchange used and earned	Rs. in lakh
Earnings	52319
Outgo	31802

By Order of the Board

Kolkata
13 May, 2010

K. K. Bangur
Chairman

FORM A

Relating to Steel Division

Form for disclosure of particulars with respect to conservation of energy

(A)	POWER & FUEL CONSUMPTION	CURRENT YEAR ENDED 31-03-2010	PREVIOUS YEAR ENDED 31-03-2009
(1)	Electricity		
	(a) Purchased -		
	Unit (KWH Million)	6.65	0.96 *
	Total Amount (Rs crore)	3.00	0.47 *
	Rate / Unit (Rs)	4.51	4.91
	(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	1,714	251 *
	Total Amount (Rs crore)	5.03	0.70 *
	Average Rate / KL	29,379	28,082
(4)	Others / internal generation (please give details)	Nil	Nil
(B)	Consumption per unit of production (MT)		
	Products (with details) unit		
	Electricity (KWH/MT)		
	Melting	923	1,077
	Black Bar	918	900
	Bright Bar	59	34
	Heat Treatment	155	126
	HSD / FO (LTR/MT)		
	Rolled Product	442	387

*These figures are not comparable as the figures for the year ended 31-03-2009 are only for the months of February and March 2009 in the year 2008-09.

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	• 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	• Increase in operational efficiency; • Cost Reduction; • Introduction of new product.
3.	Future plan of action	• Continue to focus on improving operational efficiencies; • Improve energy utilization.
4.	Expenditure on R&D	
	(a) Capital	—
	(b) Recurring	Rs. 29.62 lakh
	(c) Total	Rs. 29.62 lakh
	(d) Total R&D expenditure as a percentage of total turnover	0.03%

Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

Innovation of process of manufacture is a continual process in all the Divisions of the Company. Specifically -

In Electrode Division - Advanced mixing technology to improve product quality and consistency; and

Tunnel Kiln for re-baking for improved quality and low specific oil consumption.

In IGE Division- optimization of existing special purpose drilling machine to improve productivity.

In GRP Division- Installation of on-line drying of pipe on End Calibration Machine.

In Steel Division, in the Rolling Mill, downtime has been reduced at the

		time of switch over from square and flat section to round section rolling by eliminating roll change. This has been achieved by alteration in the drive mechanism.
2.	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.	Improved quality of the product; Improved productivity; and Reduction in the cost of production.
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 :	NOT APPLICABLE
(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

On behalf of the Board

Kolkata
13 May, 2010

K. K. Bangur
Chairman

ANNEXURE - B

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, 2010

Sl. No.	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
1	2	3	4	5	6	7	8		9
A.	Employed for part of the year –								
1.	Mr. N. Venkataramani	64	Executive Director (up to 30.06.2009)/ Management	59.13	Contractual	B.Sc., B.E., M.Tech	14.06.2001	39	GKW Limited President - Bolt & Nut Division
2.	Mr. V. P. Benjamin	56	Sr. Vice-President– Marketing/ Marketing	17.67	Non-Contractual	B.Sc., Engg. (Met.), M.Tech (S & M)	01.02.2002	29	Ambadi Enterprises (Murugappa Group) Divisional Manager– International Marketing/Trading
B.	Employed for the full year –								
3.	Mr. M. B. Gadgil	57	Executive Director, (wef. 01.07.2009)/ Management	85.17	Contractual	B. Tech (Mech.),MBA (Operation Research)	06.02.1978	34	Motor Industries Company Limited, Bangalore Asst. Officer - Materials Planning
4.	Mr. K. C. Parakh	56	Sr. Vice-President– Finance/ Finance, Accounts and Taxation	25.57	Non-Contractual	B.Com, FCA	02.09.1980	31	Ganapati Exports Pvt. Ltd. Secretary
5.	Mr. B. Shiva	51	Sr. Vice-President (Legal) & Company Secretary/ Legal and Secretarial	25.01	Non-Contractual	B.Com, LLB., FCS	26.07.1993	27	Shree Digvijay Cements Co. Ltd. Joint Company Secretary
6.	S. V. Kshirsagar	53	Sr. Vice-President– IGE Division/ Operation and Marketing	24.35	Non-Contractual	M. Chem. Engg. D.B.M.	01.12.1984	36	Kevin Enterprise Process Design Engineer

Notes : 1. Remuneration has been calculated on the basis of Section 198 of the Companies Act, 1956.
2. None of the employees mentioned is related to any Director, nor hold directly or indirectly 2% or more of the equity shares of the Company.

On behalf of the Board

Kolkata
13 May, 2010

K. K. Bangur
Chairman

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, 2010

The strength of the Board of Directors as on 31st March, 2010 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 *	4	–	1
A. V. Lodha	NED *	3	1	2
Dr. R. Srinivasan	NED *	7	4	8
Bhaskar Mitter	NED *	3	2	5
P. K. Khaitan	NED	13	–	5
Sanjiv Goenka	NED *	11	2	4
D. J. Balaji Rao	NED *	9	4	9
N. Venkataramani	NED	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 30th June, 2009, 31st July, 2009, 23rd October, 2009 and 28th January, 2010. 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 2009 to March 2010		Attended last Annual General Meeting (AGM) held on 31st July, 2009
	Held	Attended	
K. K. Bangur	4	4	Yes
N. S. Damani	4	2	Yes
A. V. Lodha	4	4	Yes
R. Srinivasan	4	4	Yes
Bhaskar Mitter	4	3	Yes
P. K. Khaitan	4	2	No
Sanjiv Goenka	4	1	No
D. J. Balaji Rao	4	3	Yes
B. B. Das	4	2	Yes
N. Venkataramani	4	4	Yes
J. D. Curravala	4	4	Yes
M. B. Gadgil	4	3	Yes

Notes :

1. Mr. N. Venkataramani was Executive Director of the Company till 30.06.09. The Board appointed him as an additional director w.e.f. 01.07.09. The members in the AGM held on 31.07.09 appointed him as director of the Company.
2. Mr. M. B. Gadgil was appointed as an additional director and Executive Director from 01.07.09. The members in the AGM held on 31.07.09 approved and appointed him as director and Executive Director of the Company.
3. Mr. B. B. Das tendered his resignation vide letter dated 22.09.09 and the same was received by us through LIC vide their letter dated 30.09.09 informing us of withdrawal of its nomination of Mr. B B Das from the Board of Directors of the Company.
4. Mr. J. D. Curravala was appointed as an additional director of the Company w.e.f. 30.06.09. The members in the AGM held on 31.07.09 approved and appointed him as director of the Company.

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 (appointed by the Board of Directors w.e.f. 01.07.09) 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 30th June, 2009, 31st July, 2009, 23rd October, 2009 and 28th January, 2010.

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

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 30th June, 2009 to review and approve the draft annual accounts of 2008-2009 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 31st July, 2009.

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 twice during the year on 30th April, 2009 and 30th June, 2009 which were 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, 2010*
	Rs.	Rs.	Rs.	Rs.	Rs.	
K. K. Bangur				3,00,00,000	2,20,000	509550
N. S. Damani				3,00,000	40,000	
A. V. Lodha				4,00,000	2,40,000	
Dr. R. Srinivasan				4,00,000	2,00,000	500
Bhaskar Mitter				4,00,000	2,20,000	

Name	Salary	Contribution to Provident and Other Funds	Other Benefits	Commission*	Sitting Fees *	No. of Shares held as on 31st March, 2010*
	Rs.	Rs.	Rs.	Rs.	Rs.	
P. K. Khaitan				3,00,000	1,00,000	
Sanjiv Goenka				3,00,000	20,000	
D. J. Balaji Rao				3,00,000	60,000	
B. B. Das					40,000	
N. Venkataramani	7,05,000	2,49,077	12,58,991	40,00,000	1,20,000	7000
J. D. Curravala				3,00,000	80,000	5083
M. B. Gadgil	13,50,000	4,76,955	17,22,549	40,00,000		2000

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

None of the Directors hold 1% Convertible Bonds, the only convertible instruments issued by the Company.

Contract period of Mr. N. Venkataramani, Executive Director was one year from the date of appointment with effect from October 19, 2008 with a notice period of three months from either side. Mr. N. Venkataramani requested for early retirement effective from 30th June, 2009 and the Board accepted the request.

Contract period of Mr. M. B. Gadgil, Executive Director – Five years from 01.07.09 with a notice period of three months from either side.

Severance Fees — Three months salary in lieu of notice

Stock Option — No stock option has been given.

V. Shareholders Committee

The Shareholders/Investors Grievances Committee looks into the redressal of shareholders and investors grievances relating to transfer of shares, non-receipt of declared dividend, non-receipt of balance sheet, etc. The Committee comprises - Mr. K. K. Bangur as its Chairman with Mr. Bhaskar Mitter and Mr. M. B. Gadgil (appointed in place of Mr. N. Venkataramani from 01.07.09) as its members.

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

During the year, 52 complaints were received from the shareholders, all of which were attended to. The details of shareholders/investors grievances are placed before the Shareholders Grievances Committee. Four meetings of the Committee were held during the year.

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

VI. General Body Meetings

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

AGM	Year	Venue	Date	Time
34th	2008-2009	Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017	31.07.2009	10.00 a.m.
33rd	2007-2008	Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017	28.07.2008	10.00 a.m.
32nd	2006- 2007	Williamson Magor Hall of The Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Kolkata 700 001	01.08.2007	10.00 a.m.

ii. Special Resolution passed in previous 3 AGMs

AGM	Whether Special Resolution passed	Details of Special Resolution
34th	None	
33rd	None	
32nd	Yes	Payment of Remuneration by way of commission to Directors.

There was no special resolution passed last year through postal ballot.

In the forthcoming AGM, there is no special resolution on the agenda that needs approval through postal ballot.

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

VII. Disclosure

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

However, the related party relationships and transactions as required under Accounting Standard (AS) 18 on Related Party Disclosures prescribed under the Companies Act, 1956 disclosed in Note No. 13 of Schedule 31 to the Accounts for the year ended 31st March, 2010 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	29th July, 2010 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	16th July, 2010 to 29th July, 2010 (both days inclusive)
Dividend Payment Date	By 26th August, 2010
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, 2010 to March, 2011 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

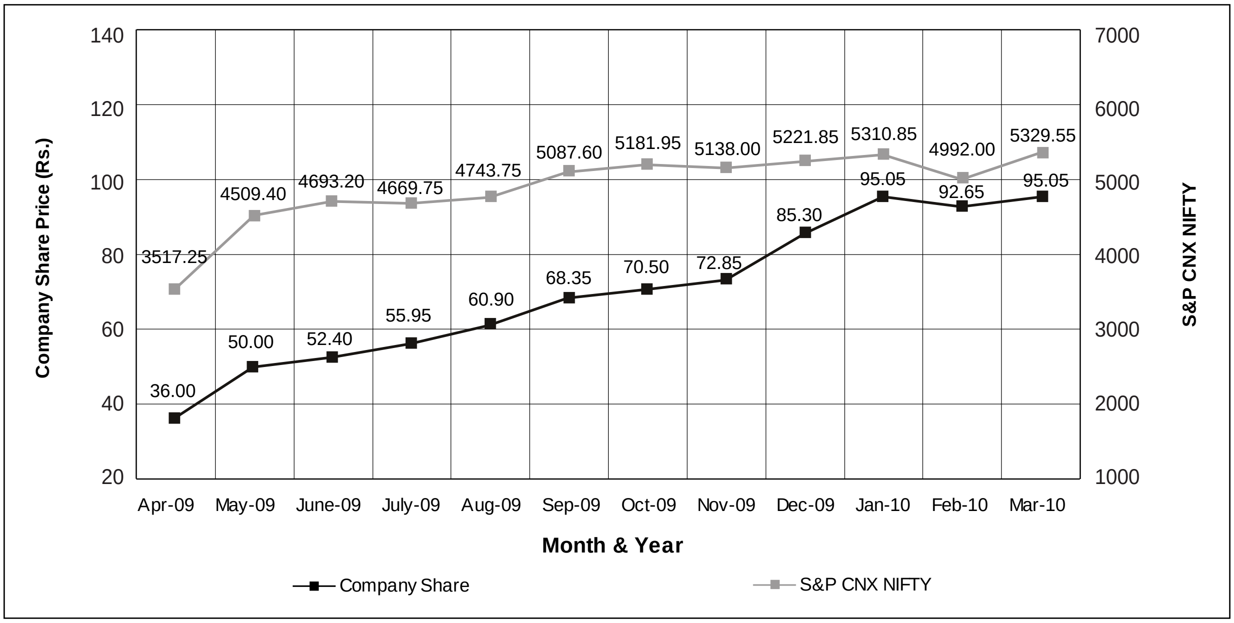
High, Low of market price of the Company's shares traded on National Stock Exchange of India Limited is furnished below:

Period	High	Low	Period	High	Low
	Rs	Rs		Rs	Rs
April, 2009	36.00	24.55	October, 2009	70.50	57.90
May, 2009	50.00	31.60	November, 2009	72.85	59.00
June, 2009	52.40	38.10	December, 2009	85.30	69.00
July, 2009	55.95	47.00	January, 2010	95.05	80.00
August, 2009	60.90	48.00	February, 2010	92.65	76.00
September, 2009	68.35	58.00	March, 2010	95.05	78.50

S&P CNX NIFTY

Period	High	Period	High
April, 2009	3517.25	October, 2009	5181.95
May, 2009	4509.40	November, 2009	5138.00
June, 2009	4693.20	December, 2009	5221.85
July, 2009	4669.75	January, 2010	5310.85
August, 2009	4743.75	February, 2010	4992.00
September, 2009	5087.60	March, 2010	5329.55

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, 2010

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1 – 500	109796	94.08	5727271	3.34
501 – 1000	3500	3.00	2819151	1.64
1001 – 2000	1662	1.42	2506448	1.46
2001 – 3000	598	0.51	1509527	0.88
3001 – 4000	274	0.24	988469	0.58
4001 – 5000	258	0.22	1228701	0.72
5001 – 10000	296	0.25	2189635	1.28
10001 – 30000	178	0.15	3073421	1.79
30001 – 50000	35	0.03	1431854	0.83

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
50001 – 100000	40	0.04	2843022	1.66
100001 and above	70	0.06	147192611	85.82
Total	116707	100.00	171510110	100.00
No. of shareholders in Physical mode	74565	63.89	7593082	4.43
Electronic Mode	42142	36.11	163917028	95.57
Total	116707	100.00	171510110	100.00

Shareholding Pattern as on 31st March, 2010

Category	No. of Shares	%
Promoters' Holding		
Promoters		
Indian Promoters	94001409	54.81
Foreign Promoters	15015450	8.75
Persons acting in concert	—	—
Sub-Total	109016859	63.56
Non-Promoters' Holding		
Institutional Investors	—	—
Mutual Fund and UTI	3286988	1.92
Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/ Non-Government Institutions)	9433280	5.50
FIIs	11470078	6.69
Sub-Total	24190346	14.11
Others		
Private Corporate Bodies	11818680	6.89
Indian Public	24053467	14.02
NRI / OCBs	2430758	1.42
Any Other	—	—
Sub-Total	38302905	22.33
Grand Total	171510110	100.00
Total Foreign Shareholding		
Foreign Promoters	15015450	8.75
FIIs	11470078	6.69
NRIs / OCBs	2430758	1.42
Total	28916286	16.86

Dematerialisation of shares and liquidity

As on 31st March 2010, 163917028 shares of the Company representing 95.57% 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 due for redemption on 20th October, 2010. The Bonds are 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. 30,200 Bonds are outstanding as at 31st March, 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	Village Turla, Taluq - Titilagarh, District Bolangir, Orissa 767033
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: rnt.helpdesk@linktime.co.in

On behalf of the Board

Kolkata
May 13, 2010

K. K. Bangur
Chairman

Declaration

All the Board Members and the Senior management Personnel have as on 31.03.10 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 13, 2010

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, 2010, 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

S. K. Deb
Partner
Membership No. 13390

Place: Kolkata
Date: 13th May, 2010

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

To the members of
Graphite India Limited

1. We have audited the attached Balance Sheet of Graphite India Limited as at 31st March, 2010 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 is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion the frequency of verification is reasonable.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have been confirmed by them. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

(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) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provision of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

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 is regular in depositing 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, 2010, 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, 2010, 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 any financial institution or bank or to debenture holders as at the Balance Sheet date.

xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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 a part of unutilised proceeds of Convertible Bonds, issued in earlier year, lying in bank accounts.

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 created security or charge in respect of debentures issued in earlier year. However, no such debentures are outstanding 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, 2010 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, 2010;

(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

S. K. Deb
Partner
Membership No. 13390

Kolkata
13th May, 2010

(Rs. in Lakh)

	Schedule	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	3,430.37	3,419.63
Reserves and Surplus	2	114,922.21	98,419.37
		118,352.58	101,839.00
LOAN FUNDS			
Secured Loans	3	8,097.82	16,937.61
Unsecured Loans	4	16,827.93	18,286.09
		24,925.75	35,223.70
DEFERRED TAX LIABILITY (NET)	5	7,376.21	6,276.21
TOTAL		150,654.54	143,338.91
APPLICATION OF FUNDS			
FIXED ASSETS	6		
Gross Block		90,006.60	88,548.84
Less : Depreciation		43,413.64	39,583.27
Net Block		46,592.96	48,965.57
Capital Work-in-Progress		1,954.93	1,396.63
		48,547.89	50,362.20
INVESTMENTS	7	25,276.00	16,641.53
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	57,646.40	53,063.22
Sundry Debtors	9	25,058.74	19,991.36
Cash and Bank Balances	10	7,556.78	14,408.99
Other Current Assets	11	640.95	1,057.27
Loans and Advances	12	10,778.93	14,224.82
		101,681.80	102,745.66
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Liabilities	13	15,927.41	18,978.57
Provisions	14	8,923.74	7,431.91
		24,851.15	26,410.48
NET CURRENT ASSETS		76,830.65	76,335.18
TOTAL		150,654.54	143,338.91
Capital Commitments (Net of Advances)			
Estimated amount of contracts remaining to be executed		3,799.26	399.60
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

S. K. Deb
Partner
Membership No. 13390
Kolkata : 13th May, 2010

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, 2010	Year ended 31st March, 2009
			(Rs. in Lakh)
INCOME			
Sales/Income from Operations (Gross)	20	117,822.13	118,273.04
Less: Excise Duty on Sales		4,703.40	5,685.30
Sales/Income from Operations (Net)		113,118.73	112,587.74
Other Income	15	3,058.08	2,890.50
		116,176.81	115,478.24
EXPENDITURE			
Raw Materials Consumed	21	34,168.79	49,576.32
Payments to and Provisions for Employees	16	7,431.06	7,498.72
Other Manufacturing, Selling and Administrative Expenses	17	26,103.18	43,810.58
(Increase)/Decrease in Work-in-Process and Finished Goods	18	7,546.12	(11,511.37)
		75,249.15	89,374.25
PROFIT BEFORE INTEREST AND DEPRECIATION		40,927.66	26,103.99
Interest	19	1,048.76	2,593.44
PROFIT BEFORE DEPRECIATION		39,878.90	23,510.55
Depreciation		3,953.69	3,435.20
PROFIT BEFORE TAXATION		35,925.21	20,075.35
Provision for Taxation			
Current Tax		11,600.00	2,350.00
Less : MAT Credit		—	(2,350.00)
For earlier years		8.78	1,378.42
Fringe Benefit Tax		—	65.00
Deferred Tax		1,100.00	(725.00)
PROFIT AFTER TAXATION		23,216.43	19,356.93
Balance brought forward from earlier year		4,439.51	1,083.48
Transfer from Debenture Redemption Reserve		390.04	—
PROFIT AVAILABLE FOR APPROPRIATION		28,045.98	20,440.41
TRANSFER TO			
General Reserve		10,000.00	10,000.00
Proposed Dividend on Equity Shares		6,002.85	5,129.19
Dividend Tax		997.00	871.71
Balance carried forward		11,046.13	4,439.51
		28,045.98	20,440.41
EARNINGS PER SHARE	22		
Basic (Rs.)		13.58	12.55
Diluted (Rs.)		12.03	12.55
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

S. K. Deb
Partner
Membership No. 13390
Kolkata : 13th May, 2010

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

(Rs. in Lakh)

		As at 31st March, 2010	As at 31st March, 2009
1.	SHARE CAPITAL		
	Authorised		
20,00,00,000	Equity Shares of Rs. 2/- each	4,000.00	4,000.00
		4,000.00	4,000.00
	Issued, Subscribed and Paid-up		
17,15,10,110	(Previous Year - 15,10,84,801) Equity Shares of Rs. 2/- each fully paid up (Notes below)	3,430.20	3,021.70
	Add : Forfeited Shares	0.17	0.17
		3,430.37	3,021.87
	Share Capital Suspense Account		
—	(Previous Year - 1,98,88,336) Equity Shares of Rs. 2/- each to be issued as fully paid up pursuant to a sanctioned Scheme of Arrangement, without payments being received in cash	—	397.76
		3,430.37	3,419.63

Notes :

1. Out of the above Equity Shares, 11,54,58,486 (Previous Year - 9,55,70,150) 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, 5,36,973 (Previous Year - Nil) 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, 2010 upon conversion of 675 Foreign Currency Convertible Bonds aggregating US$ 675,000.

(Rs. in Lakh)

	As at 31st March, 2009	Additions during the year	Withdrawals during the year	As at 31st March, 2010
2. RESERVES AND SURPLUS				
Capital Reserve	45.86	—	—	45.86
Capital Redemption Reserve	575.00	—	—	575.00
Securities Premium Account	7,088.70	286.26 @	—	7,374.96
Debenture Redemption Reserve	7,194.10	—	390.04	6,804.06
General Reserve	79,076.20	10,000.00	—	89,076.20
Profit and Loss Account	4,439.51	6,606.62	—	11,046.13
	98,419.37	16,892.88	390.04	114,922.21

@ Refer Note 2 on Schedule - 1

(Rs. in Lakh)

	As at 31st March, 2010	As at 31st March, 2009
3. SECURED LOANS		
7.21% Secured Redeemable Non-Convertible Debentures (Face Value Rs. 10 Lakh each)	—	1,666.67
Foreign Currency Loan from a Financial Institution	—	190.61
Rupee Term Loans from Banks	—	4,420.83
Working Capital Loans from Banks (includes Foreign Currency Loan Rs. 842.09 Lakh, Previous Year - Rs. 1582.27 Lakh)	8,097.82	10,659.50
	8,097.82	16,937.61

Note :

Working Capital Loans from Banks are 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 chargeholders.

(Rs. in Lakh)

	As at 31st March, 2010	As at 31st March, 2009
4. UNSECURED LOANS		
Short Term Foreign Currency Loans from a Bank	3,219.81	2,592.33
1.00 per cent Convertible Bonds due 2010 of US$ 1000 each ('Bonds') aggregating US$ 30,200,000 (Previous Year - US$ 30,875,000) (Note below)	13,608.12	15,693.76
	16,827.93	18,286.09

Note:

The Bonds are convertible into Equity Shares of the Company at any time before 13th October, 2010 at a price to be determined from time to time in keeping with the Offering Circular dated 18th October, 2005 at the option of the bondholders. The Company also has the option of early redemption of the Bonds at any time as per terms and conditions specified in the said Offering Circular. Outstanding Bonds, if any, will be due for redemption on 20th October, 2010 at 122.116 per cent of the principal amount of US$ 1000 per Bond. During the year, Bonds aggregating US$ 675,000 (Previous Year - Nil) have been converted into Equity Shares and US$ Nil (Previous Year - US$ 3,875,000) have been bought back and cancelled.

	As at 31st March, 2010	As at 31st March, 2009
5. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities and Assets are attributable to the following items		
Liabilities		
Depreciation	7,634.69	7,950.62
Less :		
Assets		
Expenses allowable for tax purpose on payment	204.97	146.03
Unabsorbed Depreciation	—	1,451.96
Provision for Doubtful Debts	44.73	47.62
Unamortised expenditure allowable for tax purpose in subsequent years	8.78	28.80
	258.48	1,674.41
	7,376.21	6,276.21

6. FIXED ASSETS

(Rs. in Lakh)

	GROSS BLOCK – AT COST				DEPRECIATION				NET BLOCK	
Description	As at 31st March, 2009	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31st March, 2010	Up to 31st March, 2009	For the year	On Sales/ Adjustments	Up to 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
TANGIBLE ASSETS										
Freehold Land	2,240.09	—	—	2,240.09	—	—	—	—	2,240.09	2,240.09
Leasehold Land	108.60	—	—	108.60	21.80	7.66	—	29.46	79.14	86.80
Buildings	15,478.44	137.42	—	15,615.86	4,263.94	474.35	—	4,738.29	10,877.57	11,214.50
Plant and Machinery	68,573.12	1,311.51	164.99	69,719.64 (a)	33,977.86	3,286.94	86.05	37,178.75	32,540.89	34,595.26
Machinery Spares	68.19	—	—	68.19	67.65	—	—	67.65	0.54	0.54
Office Equipment	649.18	23.60	10.57	662.21	439.77	47.37	6.90	480.24	181.97	209.41
Furniture and Fittings	630.70	6.39	0.99	636.10	409.53	27.78	0.72	436.59	199.51	221.17
Vehicles	594.51	97.47	32.97	659.01	286.76	51.87	29.65	308.98	350.03	307.75
INTANGIBLE ASSETS										
Computer Softwares acquired	206.01	90.89	—	296.90	115.96	57.72	—	173.68	123.22	90.05
TOTAL	88,548.84	1,667.28	209.52	90,006.60	39,583.27	3,953.69	123.32	43,413.64	46,592.96	48,965.57
Previous Year	76,444.30	14,645.72(d)	2,541.18	88,548.84	27,562.84	12,785.23(e)	764.80	39,583.27		
Add: Capital Work-in-Progress - at cost (b) & (c)									1,954.93	1,396.63
									48,547.89	50,362.20

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, 2010 is Rs.295.09 Lakh (Previous Year - Rs. 329.30 Lakh).

(b) Includes Capital Advances Rs.953.63 Lakh (Previous Year - Rs.146.33 Lakh) - Unsecured, Considered Good.

(c) Includes acquired Intangible Assets - Computer Software under implementation - Rs. Nil (Previous Year - Rs.45 Lakh).

(d) Includes Rs. 13,662.60 Lakh acquired pursuant to a sanctioned Scheme of Arrangement.

(e) Includes Rs. 9,350.03 Lakh incorporated pursuant to a sanctioned Scheme of Arrangement.

7. INVESTMENTS (Rs. in Lakh)

	Number	Unit Face Value	As at 31st March, 2010	As at 31st March, 2009
A. LONG TERM (AT COST OR UNDER)				
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 COMPANY				
Partly paid up Equity Shares				
Wardha Power Company Limited (Refer Note 3 on Schedule 31) Class A Equity Shares, Re. 1 paid up	24,76,558	Rs. 10	24.77	24.77
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				
Fully paid up Non-Convertible Redeemable Taxable Bonds with benefits under Section 54EC of the Income-tax Act, 1961				
National Highways Authority of India	10,000	Rs. 10000	—	1,000.00
Rural Electrification Corporation Limited (Redeemed during the year)	87,000	Rs. 10000	—	8,700.00
0% NABARD 2019 Bonds (Acquired during the year)	20,000	Rs. 8450	2,020.70	—
B. CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)				
UNQUOTED				
OTHER THAN TRADE				
IN MUTUAL FUNDS (Acquired during the year)				
ICICI Prudential Institutional Short Term Plan-Cumulative	80,19,846.45	Rs. 10	1,500.00	—
Reliance Short Term Fund-Retail Plan-Growth Plan	89,16,205.50	Rs. 10	1,500.00	—
IDFC-SSIF-ST-Plan B-Growth	67,66,030.66	Rs. 10	700.00	—
HDFC Floating Rate Income Fund - Short Term Plan-Wholesale Option-Growth	2,23,97,760.43	Rs. 10	3,413.77	—
Reliance Monthly Income Plan-Growth	37,03,559.70	Rs. 10	700.00	—
HSBC Monthly Income Plan-Savings Plan-Growth	26,11,354.59	Rs. 10	450.00	—
ICICI Prudential Income Multiplier Regular Plan Growth	40,07,824.46	Rs. 10	700.00	—
Templeton India Short Term Income Plan Institutional-Growth	1,47,414.76	Rs. 1000	2,100.00	—
HDFC Monthly Income Plan-Long Term-Growth	42,79,513.87	Rs. 10	850.00	—
HDFC Short Term Plan-Growth	1,20,42,040.56	Rs. 10	2,100.00	—
Reliance Regular Saving Fund-Debt Plan-Inst Growth Plan	23,85,837.67	Rs. 10	300.00	—
Templeton India Income Opportunities Fund-Growth	1,94,04,262.34	Rs. 10	2,000.00	—
			25,276.00	16,641.53
AGGREGATE AMOUNT OF UNQUOTED INVESTMENTS :			25,276.00	16,641.53

(Contd.)

7. INVESTMENTS (Contd.)

(Rs. in Lakh)

	Unit Face Value	Number	Cost
Current Investments acquired and sold during the year			
OTHER THAN TRADE			
Units of HDFC Cash Management Fund - Savings Plan – Daily Dividend Reinvestment	Rs. 10	42,43,888.82	451.40
		(94,12,237.12)	(1,001.12)
Units of HDFC Cash Management Fund - Savings Plus Plan -Wholesale – Daily Dividend Reinvestment	Rs.10	—	—
		(19,98,374.96)	(200.47)
Units of HDFC Cash Management Fund - Savings Plan - Growth	Rs. 10	22,81,96,395.59	43,100.00
		(-)	(-)
Units of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	Rs. 10	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
		(-)	(-)

(Figures in bracket relate to previous year)

(Rs. in Lakh)

8. INVENTORIES – AT LOWER OF COST AND NET REALISABLE VALUE	As at 31st March, 2010	As at 31st March, 2009
Stores and Spare Parts	1,230.45	1,099.04
Loose Tools	62.09	78.03
Raw Materials	26,102.39	14,088.56
Work-in-Process (including Contract Work-in-Progress)	23,414.02	25,382.50
Finished Goods	6,837.45	12,415.09
	57,646.40	53,063.22

9. SUNDRY DEBTORS		
Unsecured		
Debts outstanding for a period exceeding six months –		
Considered Good	435.04	2,145.89
Considered Doubtful	131.60	140.10
Other Debts-		
Considered Good	24,623.70	17,845.47
	25,190.34	20,131.46
Less : Provision for Doubtful Debts	131.60	140.10
	25,058.74	19,991.36

10. CASH AND BANK BALANCES		
Cash in hand (includes Cheques in hand Rs. 61.77 Lakh, Previous Year - Rs. Nil)	80.03	21.35
With Scheduled Banks on-		
Current Accounts [Note (a) below]	804.81	629.80
Margin Money Accounts	73.11	150.06
Call Account [Note (a) below]	—	3,076.33
Unpaid Dividend Accounts	149.66	99.96
Fixed Deposit Accounts [Notes (a) and (b) below]	6,361.30	10,430.75
With other Bank on -		
Current Account [Note (c) below]	87.87	0.74
	7,556.78	14,408.99

Notes:

(a) Current Accounts, Call Account and Fixed Deposit Accounts include Rs. 355.84 Lakh (Previous Year - Rs. 22.35 Lakh), Rs. Nil (Previous Year - Rs. 3076.33 Lakh) and Rs. 1351.80 Lakh (Previous Year - Rs. 250.00 Lakh) respectively representing unutilised proceeds of the Convertible Bonds referred to in Schedule - 4.

(b) Includes Rs. 9.36 Lakh (Previous Year - Rs. 30.62 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. 1046.58 Lakh (Previous Year - Rs. 1623.03 Lakh)

(Rs. in Lakh)

		As at 31st March, 2010	As at 31st March, 2009
11.	OTHER CURRENT ASSETS		
	Unsecured - Considered Good		
	Accrued Income on Investments from a Subsidiary Company	—	134.68
	Accrued Interest on Deposits with Banks and Others	222.66	430.57
	Security and other Deposits		
	Deposit with Electricity Authorities	266.82	369.90
	Others	151.47	122.12
		640.95	1,057.27
12.	LOANS AND ADVANCES		
	Unsecured - Considered Good		
	Loans to a Subsidiary Company	786.50	1,212.12
	Advances recoverable in cash or in kind or for value to be received (includes Rs. 90.82 Lakh, Previous Year - Rs. 446.01 Lakh, due from Subsidiary Companies)	8,126.47	8,471.40
	Advance against Investment (Refer Note 3 on Schedule 31)	222.89	222.89
	Accrued Export Entitlement	1,643.07	1,968.41
	MAT Credit Entitlement	—	2,350.00
		10,778.93	14,224.82
13.	LIABILITIES		
	Acceptances *	3,081.89	6,482.55
	Sundry Creditors-		
	Total Outstanding dues of Micro and Small Enterprises [Refer Note 4 (c) on Schedule 31]	278.71	174.30
	Total Outstanding dues of creditors other than Micro and Small Enterprises (includes Rs. 57.88 Lakh, Previous Year - Rs. 62.06 Lakh, due to Subsidiary Companies)	11,756.56	10,761.92
	Advance from Customers	411.98	1,094.56
	Other Liabilities	186.51	217.67
	Investors Education and Protection Fund shall be credited by the following amounts namely:**		
	(a) Unpaid Dividends	149.66	99.96
	(b) Unpaid Matured Deposits	—	0.42
	(c) Unpaid Matured Debentures	—	0.31
	(d) Unpaid Interest on above	0.02	0.24
	Interest Accrued but not due on loans	62.08	146.64
		15,927.41	18,978.57
	* Secured by way of hypothecation of stocks and book debts in favour of the Company's Bankers to the extent of	1,087.18	3,612.11
	** No amount is due for actual credit at the Balance Sheet date		

	As at 31st March, 2010	(Rs. in Lakh) As at 31st March, 2009
14. PROVISIONS (Net of payments)		
Income Tax (Net of MAT Credit Entitlement - Rs. 2,350.00 Lakh, Previous Year - Rs. Nil)	1,879.82	1,386.84
Wealth Tax	7.26	6.50
Fringe Benefit Tax	36.81	37.67
Proposed Dividend	6,002.85	5,129.19
Tax on Dividend	997.00	871.71
	8,923.74	7,431.91

	2009-2010	(Rs. in Lakh) 2008-2009
15. OTHER INCOME		
Income from Investments		
Long Term		
Trade		
Dividend from a Subsidiary Company	—	134.68
Other than Trade		
Interest	194.64	533.73
Profit on Redemption of Investments	—	7.56
Current Investments - Other than Trade		
Dividend	1.40	1.59
Profit on Redemption of Investments	102.52	—
Royalty	312.95	569.54
Interest on loans, deposits etc. *	958.79	659.71
Claims	22.61	23.20
Rent Receipt	0.84	0.73
Liabilities no longer required written back	313.88	355.96
Exchange Differences (Net)	933.16	—
Bad Debts recovery	4.44	11.30
Provision for Doubtful Debts/Advances written back	59.98	53.97
Discount on Buy Back of FCCB	—	414.85
Miscellaneous Receipts	152.87	123.68
	3,058.08	2,890.50
* Includes tax deducted at source	137.67	68.22

16. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages and Bonus	6,487.89	6,493.55
Contribution to Provident and Pension Funds	367.48	327.52
Contribution to Superannuation Fund	161.93	154.89
Contribution to Gratuity Fund	53.92	94.33
Staff Welfare Expenses	359.84	428.43
	7,431.06	7,498.72

(Rs. in Lakh)

	2009-2010	2008-2009
17. OTHER MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES		
Stores and Spare Parts Consumed	7,831.85	14,336.04
Power and Electricity Charges	8,015.21	10,349.76
Repairs and Maintenance -		
Plant and Machinery	718.42	858.34
Buildings	212.06	288.61
Others	222.94	230.01
Rent	106.24	78.72
Rates and Taxes	306.39	96.50
Insurance	347.71	422.01
Commission to Selling Agents	1,434.69	1,920.26
Travelling and Conveyance	453.15	492.53
Directors' Remuneration (other than Executive Director)	343.40	210.00
Auditors' Remuneration - [Refer Note 4(b) on Schedule 31]	36.26	28.95
Sales Tax	99.94	89.56
Excise Duty on Stocks etc. - Charge/(Credit)	(114.04)	266.16
Bad Debts/Advances Written off	209.95	61.90
Provision for Doubtful Debts	51.48	73.94
Freight and Transport	2,128.53	3,886.46
Processing Charges	249.32	241.89
Contractors' Labour Charges	1,253.68	1,411.91
Exchange Differences (Net)	—	6,269.68
Loss on disposal of Fixed Assets [Net of profit on disposal of Fixed Assets Rs. 7.13 Lakh, (Previous Year - Rs. 34.61 Lakh)]	76.41	166.96
Cash Discount	10.77	3.73
Miscellaneous Expenses	2,108.82	2,026.66
	26,103.18	43,810.58

	2009-2010	2008-2009
18. (INCREASE)/DECREASE IN WORK-IN-PROCESS AND FINISHED GOODS		
Work-in-Process (Including Contract Work-in-Progress)		
Closing Stock	23,414.02	25,382.50
Deduct: Opening Stock*	25,382.50	20,994.07
	1,968.48	(4,388.43)
Finished Goods		
Closing Stock	6,837.45	12,415.09
Deduct: Opening Stock*	12,415.09	5,292.15
	5,577.64	(7,122.94)
	7,546.12	(11,511.37)

* Opening Stock of Work-in-Process and Finished Goods include Rs. Nil (Previous Year - Rs. 2336.12 Lakh) and Rs. Nil (Previous Year - Rs. 360.45 Lakh) respectively acquired pursuant to a sanctioned Scheme of Arrangement.

(Rs. in Lakh)

19. INTEREST ON	2009-2010	2008-2009
Debentures/Bonds	194.06	367.12
Term Loans	364.84	541.74
Others	489.86	1,684.58
	1,048.76	2,593.44

20. SALES/INCOME FROM OPERATIONS (GROSS)	2009-2010 M.T.	2009-2010 (Rs. in Lakh)	2008-2009 M.T.	2008-2009 (Rs. in Lakh)
Sales including excise duty				
Graphite Electrodes, Anodes and Miscellaneous Graphite Products	44,144	89,933.88	62,389	98,091.73
Carbon Paste	7,516	1,695.84	5,843	1,948.95
Calcined Petroleum Coke	17,057	3,185.10	13,465	3,963.34
Electricity (MU)	17	722.68	4	163.89
Impervious Graphite Equipment and Spares	848	6,740.15	681	5,001.61
GRP/FRP Pipes and Tanks (including Installations) *	4,155	4,822.43	4,116	4,215.79
High Speed Steel	1,268	6,768.42	156	819.45
Alloy Steel	430	666.84	108	160.38
Others		389.70		570.89
		114,925.04		114,936.03
Processing/Service Charges		79.28		56.87
Export Entitlement		2,817.81		3,280.14
		117,822.13		118,273.04

*Refer Note 7 on Schedule-31

21. RAW MATERIALS CONSUMED	2009-2010 M.T.	2009-2010 (Rs. in Lakh)	2008-2009 M.T.	2008-2009 (Rs. in Lakh)
Raw Petroleum Coke	39,650	3,283.78	33,638	4,862.46
Calcined Petroleum Coke	27,026	19,358.18	50,332	30,110.78
Pitch	14,606	4,192.31	24,299	8,250.98
Extrusion Oil (Kilo Litres)	212	96.53	370	217.84
Furnace Oil (Kilo Litres)	951	159.80	12,139	2,941.85
Fibreglass	1,324	695.40	2,798	781.84
Resin Chemicals	1,867	1,245.77	3,394	1,240.22
Melting Scrap	1,713	2,259.77	300	287.90
Ferro Alloys, fluxes and other materials	350	2,200.29	49	115.85
Stearic Acid	111	51.70	192	84.83
Iron & Ferroic Oxide	521	118.67	757	220.74
Flexifoil, fibre & fabrics	46	46.29	185	143.40
Spun Yarn (Square Metres)	1,760	103.22	—	—
Graphite/Carbon Blanks, Rods and Tubes	468	169.19	18	33.03
Carbon Black	1	0.69	49	35.85
H.S.D. (Kilo Litres)	15	5.53	58	21.50
Steel	176	64.65	207	132.34
Sand	2,798	77.79	2,939	56.17
Polyester Film	143	39.23	151	38.74
		34,168.79		49,576.32

(Rs. in Lakh)

	As at 31st March, 2010	As at 31st March, 2009
22. EARNINGS PER SHARE		
(A) Basic		
(i) Number of Equity Shares at the beginning of the year	170,973,137	151,084,801
(ii) Number of Equity Shares at the end of the year	171,510,110	170,973,137
(iii) Weighted average number of Equity Shares outstanding during the year	170,986,377	154,299,628
(iv) Face value of each Equity Share (Rs.)	2.00	2.00
(v) Profit after Tax available for Equity Shareholders	23,216.43	19,356.93
(vi) Basic Earnings per Share (Rs.) [(v) / (iii)]	13.58	12.55
(B) Diluted		
(i) Weighted average number of dilutive potential Equity Shares resulting from exercise of options outstanding during the year (Refer Note 1 below)	24,548,322	—
(ii) Aggregate of A(iii) and B(i)	195,534,699	154,299,628
(iii) Face value of each Equity Share (Rs.)	2.00	2.00
(iv) Adjusted Profit after Tax (Refer Note 2 below)	23,530.35	19,356.93
(v) Diluted Earnings per Share (Rs.) [(iv) / (ii)]	12.03	12.55

Notes:

1. For 2008-09, the conversion option embedded in Bonds (1.00 per cent Convertible Bonds of US$ 1000 each) as indicated in Schedule 4, was considered as anti dilutive since the average market price was less than applicable conversion price.

2. Adjusted Profit after Tax

Profit after Tax	23,216.43	19,356.93
Add: Interest Expense (Net of tax)	102.61	—
Add: Exchange Gain (Net of tax)	211.31	—
	23,530.35	19,356.93

(Rs. in Lakh)

	2009-2010	2008-2009
23. C.I.F. VALUE OF IMPORTS		
Raw Materials	29,187.98	29,225.36
Components and Spare parts	252.67	86.72
Capital Goods	293.55	—
24. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF		
Travelling	107.43	97.66
Commission	1,121.29	1,649.16
Export Sales Expenses	57.88	109.81
Interest	199.32	398.83
Professional Fees	47.51	112.40
Bank Charges	60.99	62.37
Others	18.66	8.58
25. EARNINGS IN FOREIGN CURRENCY		
Export of Goods on F.O.B. Basis	51,916.87	58,811.47
Royalty	312.95	569.54
Interest	86.39	205.60
Dividend	—	134.68
Service Charges	3.15	5.21
Discount on Buyback of FCCB	—	414.85

	2009-2010		2008-2009	
	(Rs. in Lakh)	%	(Rs. in Lakh)	%
26. CONSUMPTION OF				
a) Raw Materials				
Imported	19,194.97	56	27,519.67	56
Indigenous	14,973.82	44	22,056.65	44
	34,168.79	100	49,576.32	100
b) Stores and Spares				
Imported	248.78	3	85.22	1
Indigenous	7,583.07	97	14,250.82	99
	7,831.85	100	14,336.04	100

	2009-2010	2008-2009
27. AMOUNT REMITTED IN FOREIGN CURRENCY		
On account of Dividend excluding payments to mandatees in India (Rs. in Lakh)	454.92	367.11
Number of shares of Rs. 2/- each held by Non-Resident Shareholders in respect of which dividends were remitted	15,163,950	12,236,850
Number of Non-Resident Shareholders	15	41
The year to which such dividends relate	2008-09	2007-08

28. PARTICULARS REGARDING CAPACITY, PRODUCTION AND STOCKS

	2009-2010 M.T.	2008-2009 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	15,500
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.

	2009-2010 M.T.	2008-2009 M.T.
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	10,000
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 *	41,086	67,813
Carbon Paste	7,390	5,683
Impervious Graphite Equipment and Spares	848	686
GRP/FRP Pipes and Tanks	4,959	4,429
Calcined Petroleum Coke *	30,781	28,348
Electricity (MU) *	55	91
High Speed Steel	1,254	136
Alloy Steel	421	109
* Includes captive consumption		
Graphite Electrodes, Anodes and Miscellaneous Graphite Products	557	1,605
Carbon Paste	—	27
Calcined Petroleum Coke	13,724	14,883
Electricity (MU)	36	90

	2009-2010		2008-2009	
	M.T.	(Rs. in Lakh)	M.T.	(Rs. in Lakh)
iv) Opening Stock				
Graphite Electrodes, Anodes and Miscellaneous Graphite Products	7,891	11,528.82	4,072	4,401.45
Carbon Paste	555	123.00	742	164.54
Impervious Graphite Equipment and Spares	21	34.51	16	67.41
GRP/FRP Pipes and Tanks	797	452.04	484	204.64
Electricity (MU)	5	74.29	8	93.09
High Speed Steel	35	188.51	55	339.01*
Alloy Steel	11	13.22	10	21.44*
Others		0.70		0.57
		12,415.09		5,292.15

*Acquired pursuant to a sanctioned Scheme of Arrangement

(Contd.)

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

	2009-2010 M.T.	2009-2010 (Rs. in Lakh)	2008-2009 M.T.	2008-2009 (Rs. in Lakh)
v) Closing Stock				
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
		6,837.45		12,415.09

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

(Rs. in Lakh)

	2009-2010	2008-2009
Profit before Taxation as per Profit and Loss Account	35,925.21	20,075.35
Add: Managerial Remuneration	478.03	327.86
Provision for Wealth Tax	4.00	4.00
Provision for Doubtful Debts	51.48	73.94
	36,458.72	20,481.15
Less: Capital Profit on sale of Fixed Assets	3.23	20.07
Discount on Buy back of FCCB	—	414.85
Provision for Doubtful Debts written back	59.98	53.97
Profit on Redemption of Investments	102.52	7.56
Net Profit under Section 198	36,292.99	19,984.70

DIRECTORS' REMUNERATION

	2009-2010	2008-2009
Executive Directors		
Salary	20.55	25.20
Commission @ 5% of Net profit under Section 198 Restricted to	77.00	55.00
Contribution to Provident and Other Funds	7.26	8.90
Other Benefits	29.82	28.76
Sub-total	134.63	117.86
Other Directors		
Sitting fees	13.40	13.00
Commission @ 1% of Net profit under Section 198 Restricted to	330.00	197.00
Sub-total	343.40	210.00
Total for the year	478.03	327.86

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

1. REGISTRATION DETAILS

State Code	21
Registration No.	94602
Balance Sheet Date	31st March, 2010

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 *	175,505.69
Total Assets	175,505.69
Sources of Funds	
Paid-up Capital	3,430.37
Reserves and Surplus	114,922.21
Secured Loans	8,097.82
Unsecured Loans	16,827.93
Application of Funds	
Net Fixed Assets	48,547.89
Investments	25,276.00
Net Current Assets	76,830.65
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil

* Includes Owners' Funds - Rs. 118,352.58 Lakh
Deferred Tax Liability (Net) - Rs. 7,376.21 Lakh

4. PERFORMANCE OF COMPANY (AMOUNT IN RUPEES LAKH)

Turnover (including Other Income)	116,176.81
Total Expenditure	80,251.60
Profit before Tax	35,925.21
Profit after Tax	23,216.43
Earnings per share	
Basic (Rs.)	13.58
Diluted (Rs.)	12.03
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

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.

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.

31. NOTES ON ACCOUNTS (contd.)

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. PRIOR PERIOD AND EXTRA ORDINARY ITEMS:

Prior period and extra ordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

L. MATERIAL EVENTS:

Material events occurring after Balance Sheet date, if any, are taken into cognisance.

M. PROVISIONS AND CONTINGENT LIABILITIES:

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that 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.

N. 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).

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/ advanced Rs.247.66 Lakh in the Class A Equity Shares [Rs.24.77 Lakh shown under Investments (Schedule 7) and Rs.222.89 Lakh shown under Loans and Advances (Schedule 12)] and Rs.312.34 Lakh in 0.01% Class A Redeemable Preference Shares (shown under Investments in Schedule 7) of WPCL 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.

31. NOTES ON ACCOUNTS (contd.)

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 and Bonus Rs. 8.31 Lakh (Previous Year - Rs. Nil), Contribution to Provident and Pension Funds Rs. 0.52 Lakh (Previous Year - Rs. Nil), Other Repair Rs. 0.15 Lakh (Previous Year - Rs. Nil), Contractors' Labour Charges Rs. Nil (Previous Year - Rs. 3.41 Lakh), Staff Welfare Expenses Rs. 0.01 Lakh (Previous Year - Rs. Nil), Travelling and Conveyance Rs. 0.74 Lakh (Previous Year - Rs. Nil), Rates and Taxes Rs. Nil (Previous Year - Rs. 12.59 Lakh), Professional Charges Rs. 32.27 Lakh (Previous Year - Rs. 46.81 Lakh), Stores and Spares Parts Consumed Rs. 18.59 Lakh (Previous Year - Rs. 16.28 Lakh)and Miscellaneous Expenses Rs.0.84 Lakh (Previous Year - Rs. 0.11 Lakh).

b) Auditors' Remuneration (Schedule 17) include –

	2009-10	2008-09
(i) Statutory Auditors		
- As Audit Fee	20.00	15.00
- For Certificate and Other Matters	15.25	13.50
- Out of Pocket Expenses	0.59	0.45
- Service Tax and Education Cess	5.23	3.58
	41.07	32.53
Less: Cenvat Credit of Service Tax and Education Cess Availed	5.23	3.58
	35.84	28.95
(ii) Cost Auditors		
- As Fee	0.40	—
- Out of Pocket Expenses	0.02	—
- Service Tax and Education Cess	0.04	—
	0.46	—
Less: Cenvat Credit of Service Tax and Education Cess Availed	0.04	—
	0.42	—
Total	36.26	28.95

c) Information relating to Micro and Small Enterprises (MSEs) –

(Rs. in Lakh)

	As at 31st March, 2010	As at 31st March, 2009
(i) The Principal amount and interest due thereon remaining unpaid to any supplier		
Principal	278.70	160.59
Interest (accrued during the year)	0.01	13.71
(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	2.74	56.29
Interest	13.71	—

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 and pursuant to amendment of Schedule VI to the Companies Act, 1956 (the Act) vide Notification dated 16th November, 2007 issued by the Central Government of India.

31. NOTES ON ACCOUNTS (contd.)

5. Contingent Liabilities not provided in respect of –

	As at 31st March, 2010	As at 31st March, 2009
		(Rs. in Lakh)
I) Claims not acknowledged as debts		
(i) Disputed Excise Duty for which appeals are pending	398.42	423.57
(ii) Disputed Customs Duty for which appeals are pending	1068.97	999.62
(iii) Disputed Service Tax for which appeals are pending	304.89	309.76
(iv) Disputed Sales Tax for which appeals are pending	491.64	455.95
(v) Disputed Entry Tax for which appeals are pending	246.04	246.04
(vi) Others	390.04	172.22
II) Corporate Guarantees given to banks to secure the financial assistance/ accommodation extended to Subsidiary Companies	4537.50	5723.90

6. Research and Development Expenditure of revenue nature of Rs. 29.62 Lakh (Previous Year - Rs. 22.19 Lakh)

7. Particulars relating to Construction Contracts:

	2009-10	2008-09
		(Rs. in Lakh)
a) Contract revenues recognised as revenue	1639.03	1396.44
	As at 31st March, 2010	As at 31st March, 2009
b) Other information relating to Contract Work-in-Progress		
i) Aggregate amount of cost incurred and recognised profits	2810.43	2230.34
ii) The amount of retentions due from customers	6.99	—
iii) Gross amount due from customers for contract work as an asset (i.e. Contract Work-in-Progress)	392.02	276.13

8. Employee Benefits

(I) Post Employment Defined Benefit Plans

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 (LICI), 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.

Provident Fund

Certain employees of the Company receive benefits from provident fund, which is a defined benefit plan and administered by the 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.

31. NOTES ON ACCOUNTS (contd.)

The following Table sets forth the particulars in respect of the Defined Benefit Plans (funded) of the Company for the year ended 31st March, 2010:

(Rs. in Lakh)

	2009-10	2008-09	2007-08	2006-07
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	1686.02	1577.53	1418.28	1214.10
Addition pursuant to a sanctioned Scheme of Arrangement	—	67.27	—	—
Current Service Cost	88.22	92.61	95.82	77.09
Interest Cost	122.12	112.24	112.43	84.41
Actuarial (Gains) / Losses	(12.02)	16.55	142.20	219.97
Benefits Paid	(318.95)	(180.18)	(191.20)	(177.29)
Present Value of Obligation at the end of the year	1565.39	1686.02	1577.53	1418.28
(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	1613.39	1417.70	1416.64	1217.00
Addition pursuant to a sanctioned Scheme of Arrangement	—	51.19	—	—
Expected Return on Plan Assets	129.07	114.16	113.33	97.36
Actuarial Gains / (Losses)	15.33	12.91	20.25	29.75
Contributions	94.25	197.61	58.68	249.82
Benefits Paid	(318.95)	(180.18)	(191.20)	(177.29)
Fair Value of Plan Assets at the end of the year	1533.09	1613.39	1417.70	1416.64
(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	1565.39	1686.02	1577.53	1418.28
Fair Value of Plan Assets at the end of the year	1533.09	1613.39	1417.70	1416.64
Assets/(Liabilities) recognised in the Balance Sheet	(32.30)	(72.63)	(159.83)	(1.64)
(d) Expense recognised in the Profit and Loss Account				
Current Service Cost	88.22	92.61	95.82	77.09
Interest Cost	122.12	112.24	112.43	84.41
Expected Return on Plan Assets	(129.07)	(114.16)	(113.33)	(97.36)
Actuarial (Gains)/ Losses	(27.35)	3.64	121.95	190.22
Total Expense recognised	53.92	94.33	216.87	254.36
(e) Category of Plan Assets :				
Fund with LICI	1469.02	1558.09	1410.00	1373.57
Others (including bank balances)	64.07	55.30	7.70	43.07
Total	1533.09	1613.39	1417.70	1416.64
(f) Actual Return on Plan Assets	144.40	127.07	133.58	127.11
(g) Principal Actuarial Assumptions				
Discount Rate	8.00%	7.50%/6.90%	8.50%	7.50%
Salary Escalation	5.00%	5.00%	6.00%	5.00%
Inflation Rate	5.00%	5.00%	6.00%	5.00%
Expected Return on Asset	8.00%	8.00%	8.00%	8.00%

31. NOTES ON ACCOUNTS (contd.)

(Rs. in Lakh)

	2009-10	2008-09	2007-08	2006-07
PROVIDENT 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	803.18	823.64	720.58	655.58
Current Service Cost *	77.82	81.57	91.26	90.70
Interest Cost	60.37	68.21	63.02	55.72
Actuarial (Gains) / Losses	(27.60)	(46.39)	(1.50)	(1.99)
Benefits Paid	(185.84)	(123.85)	(49.72)	(79.43)
Present Value of Obligation at the end of the year	727.93	803.18	823.64	720.58
(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	840.86	821.28	722.97	660.53
Expected Return on Plan Assets	67.27	65.70	57.84	52.84
Actuarial Gains / (Losses)	0.98	(3.84)	(1.07)	(1.67)
Contributions *	77.82	81.57	91.26	90.70
Benefits Paid	(185.84)	(123.85)	(49.72)	(79.43)
Fair Value of Plan Assets at the end of the year	801.09	840.86	821.28	722.97
(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	727.93	803.18	823.64	720.58
Fair Value of Plan Assets at the end of the year	801.09	840.86	821.28	722.97
Assets/(Liabilities) recognised in the Balance Sheet	73.16	37.68	(2.36)	2.39
(d) Expense recognised in the Profit and Loss Account				
Current Service Cost *	77.82	81.57	91.26	90.70
Interest Cost	60.37	68.21	63.02	55.72
Expected Return on Plan Assets	(67.27)	(65.70)	(57.84)	(52.84)
Actuarial (Gains)/ Losses	(28.58)	(42.55)	(0.43)	(0.32)
Total Expense recognised	42.34	41.53	96.01	93.26
*Includes employees' statutory contributions, voluntary contributions etc.				
(e) Category of Plan Assets:				
Central Government Securities	186.66	176.91	160.39	121.69
State Government Securities	122.29	133.87	151.69	124.66
Bonds / Term Deposits	217.81	249.60	208.81	162.81
Special Deposit Schemes	205.97	249.13	262.40	286.15
Others (including bank balances)	68.36	31.35	37.99	27.66
Total	801.09	840.86	821.28	722.97
(f) Actual Return on Plan Assets	68.25	61.86	56.77	51.17
(g) Principal Actuarial Assumptions				
Expected Return on Asset	8.00%	8.00%	8.00%	8.00%

Notes:

(a) The expenses for the above mentioned benefits have been disclosed under the following line items:-

Gratuity – under 'Contribution to Gratuity Fund'

Provident Fund – under 'Contribution to Provident and Pension Funds' other than employees' statutory contributions, voluntary contributions etc. which are recovered from their salaries, as included under 'Salaries, Wages and Bonus'.

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

(c) The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Company's policy for plan asset management and other relevant factors.

31. NOTES ON ACCOUNTS (contd.)

(II) Post Employment Defined Contribution Plans

During the year an amount of Rs. 497.56 Lakh (Previous Year - Rs. 450.83 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, 2010	Rs. 786.50 Lakh (Rs. 1212.12 Lakh)
Rate of interest on above	Euribor plus 250 basis point
Maximum amount outstanding during the year ended 31st March, 2010	Rs. 1262.70 Lakh (Rs. 1229.94 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, 2010 is Rs.140.61 Lakh (Previous Year - Rs.161.61 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, 2010 on account of disputes –

	Name of statute	Amount (Rs.in Lakh)	Forum where dispute is pending
I	Central Excise Act	27.24	Assistant/ Deputy Commisioner of Central Excise
		36.89	Commissioner, Central Excise & Customs (Appeals)
		380.56	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)
		31.07	High Court
II	Central and State Sales Tax Acts	6.34	Assistant Commissioner of Commercial Taxes
		5.33	Joint Commissioner of Commercial Taxes
		0.25	Additional Commissioner of Commercial Taxes
		231.62	Sales Tax Tribunal
		54.76	High Court
III	Customs Act	64.51	Assistant Commissioner of Customs
		869.52	Commissioner of Customs
		120.85	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)
IV	Service Tax	7.98	Joint Commissioner Central Excise, Bolpur
		5.18	Additional Commissioner Service Tax Commissionerate, Kolkata
		212.24	The Commissioner (Appeals)
		235.50	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)

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

(Rs. in Lakh)

	2009-10	2008-09
Expansion and modernisation of existing production units	1337.92	594.79
Buyback of FCCB	—	1560.63

31. NOTES ON ACCOUNTS (contd.)

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.

iii) Segment Revenues, Results and Other Information as at / for the year ended 31st March, 2010

(Rs. in Lakh)

	Graphite and Carbon		Power		Steel		Others		Total of Reportable Segments	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Sales / Income from Operations (Gross)										
External Sales	95,204.52	104,574.91	722.68	163.89	7,435.26	979.83	11,562.57	9,217.40	114,925.03	114,936.03
Inter Segment Sales	1,084.57	2,235.80	2,136.27	5,831.80	—	—	0.42	111.87	3,221.26	8,179.47
Income from Operations(External)	2,803.73	3,290.45	—	—	—	—	93.37	46.56	2,897.10	3,337.01
Segment Revenues	99,092.82	110,101.16	2,858.95	5,995.69	7,435.26	979.83	11,656.36	9,375.83	121,043.39	126,452.51
Segment Results	31,259.62	23,724.86	1,810.54	1,708.88	(340.65)	(154.21)	3,305.16	1,898.20	36,034.67	27,177.73
Segment Assets	114,964.89	103,721.66	7,043.09	7,568.46	18,570.22	20,266.26	10,414.90	11,806.72	150,993.10	143,363.10
Segment Liabilities	10,800.28	12,758.60	1,080.08	1,033.65	1,139.35	1,682.47	1,987.11	2,607.70	15,006.82	18,082.42
Capital Expenditure	1,149.17	1,168.89	—	—	64.57	0.41	834.61	193.81	2,048.35	1,363.11
Depreciation and Amortisation	2,415.79	2,395.02	618.69	618.91	659.11	104.42	199.19	256.78	3,892.78	3,375.13
Non-cash Expenses other than Depreciation and Amortisation (Net)	97.14	214.65	—	—	149.22	—	95.32	115.73	341.68	330.38

Reconciliation of Reportable Segments with the Financial Statements

	Revenues		Results Net Profit		Assets		Liabilities*	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Total of Reportable Segments	121,043.39	126,452.51	36,034.67	27,177.73	150,993.10	143,363.10	15,006.82	18,082.42
Corporate - Unallocated / Others (Net)	—	—	939.30	(4,508.94)	24,512.59	26,386.29	42,146.29	49,827.97
Inter Segment Sales	(3,221.26)	(8,179.47)	—	—	—	—	—	—
Interest Expenses	—	—	(1,048.76)	(2,593.44)	—	—	—	—
Taxes (Net)	—	—	(12,708.78)	(718.42)	—	—	—	—
	117,822.13	118,273.04	23,216.43	19,356.93	175,505.69	169,749.39	57,153.11	67,910.39

* Excluding Shareholders Funds

B. Secondary Segment (Geographical)

	Domestic		Export		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenues-Gross	64,985.71	56,777.91	52,836.42	61,495.13	117,822.13	118,273.04
Total Assets	150,993.10	143,363.10	—	—	150,993.10	143,363.10
Capital Expenditure	2,048.35	1,363.11	—	—	2,048.35	1,363.11

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. N. Venkataramani, Executive Director (Up to 30.06.2009)	Key Management Personnel
	Mr. M. B. Gadgil, Executive Director (w.e.f. 01.07.2009)	Key Management Personnel

ii) Particulars of Transactions during the year ended 31st March, 2010 –

	2009-10	2008-09
A. Key Management Personnel		
a. Directors' Remuneration		
Mr. N. Venkataramani	59.13	117.86
Mr. M. B. Gadgil	75.50	—
B. Subsidiary Companies		
a. Sale of Goods		
Graphite Cova GmbH	5412.58	9916.54
b. Purchase of Goods		
Graphite Cova GmbH	156.35	461.32
c. Sale of Fixed Assets		
Carbon Finance Limited	—	1573.82
d. Royalty Income		
Graphite Cova GmbH	312.95	569.54
e. Interest Income		
Graphite International B.V.	56.78	91.69
f. Dividend Income		
Carbon International Holdings N.V.	—	134.68
g. Rent Paid		
Carbon Finance Limited	87.00	71.25
h. Recoveries/(Reimbursement) of Expenses (Net)		
Graphite Cova GmbH	(1.24)	(41.53)
Carbon Finance Limited	—	0.57
i. Investment in Shares		
Carbon Finance Limited	—	1610.00

31. NOTES ON ACCOUNTS (contd.)

	As at 31st March, 2010	As at 31st March, 2009
iii) Balance outstanding at the year end		
Sundry Debtors		
Graphite Cova GmbH	1200.47	2592.75
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
Other Current Assets		
Carbon International Holdings N.V.	—	134.68
Loans and Advances (including Charges Recoverable)		
Graphite International B.V.	801.79	1284.60
Graphite Cova GmbH	75.53	373.53
Sundry Creditors		
Key Management Personnel		
Mr. N. Venkataramani	38.46	60.45
Mr. M. B. Gadgil	46.56	—
Graphite Cova GmbH	57.88	62.06
Outstanding Corporate Guarantees in favour of		
Graphite International B.V.	—	673.40
Graphite International B.V. & its subsidiaries, i.e., Graphite Cova GmbH, Bavaria Electrodes GmbH, Bavaria Carbon Holdings GmbH and Bavaria Carbon Specialities GmbH	4537.50	5050.50

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. 99.00 Lakh (Previous Year - Rs. 71.25 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

S. K. Deb
Partner
Membership No. 13390
Kolkata : 13th May, 2010

K. C. Parakh	B. Shiva	M. B. Gadgil	K. K. Bangur
Sr. Vice President-Finance	Company Secretary	Executive Director	Chairman

CASH FLOW STATEMENT for the year ended 31st March, 2010

		2009-2010	2008-2009
			(Rs. in Lakh)
A.	Cash Flows from Operating Activities		
	Profit before Taxation	35,925.21	20,075.35
	Adjustments for :		
	Depreciation	3,953.69	3,435.20
	Foreign Exchange (Net)	(1,158.79)	3,755.77
	Dividend Income	(1.40)	(136.27)
	Interest Expense	1,048.76	2,593.44
	Interest Income	(1,153.43)	(1,193.44)
	Loss on Disposal of Fixed Assets (Net)	76.41	166.96
	Bad Debts/Advances Written Off	209.95	61.90
	Provision for Doubtful Debts	51.48	73.94
	Provision for Doubtful Debts Written Back	(59.98)	(53.97)
	Liabilities no Longer Required Written Back	(313.88)	(355.96)
	Profit on Redemption of Investments	(102.52)	(7.56)
	Discount on Buy Back of FCCB	—	(414.85)
	Operating Profit before Working Capital Changes	38,475.50	28,000.51
	Adjustments for :		
	(Increase)/Decrease in Trade and Other Receivables	(5,058.02)	19,459.05
	(Increase)/Decrease in Inventories	(4,583.18)	(15,133.15)
	Increase/(Decrease) in Trade Payables	(2,690.35)	(4,706.86)
	Cash generated from Operations	26,143.95	27,619.55
	Taxes (Paid)/Refund (Net)		
	Tax paid including Fringe Benefit Tax	(8,766.67)	(3,456.34)
	NET CASH FROM OPERATING ACTIVITIES	17,377.28	24,163.21
B.	Cash Flows from Investing Activities		
	Purchase of Fixed Assets	(2,135.83)	(1,558.93)
	Proceeds on Disposal of Fixed Assets	9.80	1,609.42
	Repayment of Loans by Subsidiaries	336.70	—
	Advance against Investments	—	(222.89)
	Purchase of Long Term Investments	(2,020.70)	(337.11)
	Redemption of Long Term Investments	9,700.00	20.43
	Purchase of Current Investments	(74,004.33)	(1,201.59)
	Redemption of Current Investments	57,793.08	1,201.59
	Investment in Subsidiaries	—	(1,610.00)
	Interest Received	1,361.34	1,198.27
	Dividend Received	136.08	127.85
	NET CASH USED IN INVESTING ACTIVITIES	(8,823.86)	(772.96)

		2009-2010	2008-2009
			(Rs. in Lakh)
C.	Cash Flows from Financing Activities		
	Proceeds from Borrowings		
	Short Term	3,262.01	2,449.77
	Repayment of Borrowings		
	Long Term	(6,278.11)	(4,672.98)
	Short Term	(5,139.87)	(13,339.02)
	Interest Paid	(1,133.32)	(2,668.67)
	Dividend Paid (including tax thereon Rs.871.71 Lakh; Previous Year - Rs 770.31 Lakh)	(5,951.20)	(5,274.70)
	NET CASH USED IN FINANCING ACTIVITIES	(15,240.49)	(23,505.60)
D.	Exchange Differences on Translation of Foreign Currency		
	Cash and Cash Equivalents	(165.14)	(30.53)
	Net Cash Inflow/(Outflow)	(6,852.21)	(145.88)
	Cash and Cash Equivalents - Opening (Schedule 10)	14,408.99	4,836.41
	Add:Cash and Cash Equivalents taken over pursuant to a sanctioned Scheme of Arrangement	—	9,718.46
		14,408.99	14,554.87
	Cash and Cash Equivalents - Closing (Schedule 10)	7,556.78	14,408.99
	Net Cash Inflow/ (Outflow)	(6,852.21)	(145.88)

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 Schedule referred to above forms 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

S. K. Deb
Partner
Membership No. 13390
Kolkata : 13th May, 2010

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

FINANCIAL DATA

(Rs. in Lakh)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Sales/Income from Operations	117822	118273	115587	90001	64940	54597	54930	41008	36844
Sales(excluding Excise Duty)	110222	109251	106404	82682	58560	48258	47868	35264	31896
Operating Profit	37870	23213	23998	16546	11147	8265	8518	7117	7535
Other Income	3058	2891	3621	3833	1728	1167	1360	827	762
Interest	1049	2594	3570	3215	2001	1063	1284	2316	2797
Gross Profit	39879	23510	24049	17164	10874	8369	8594	5628	5500
Depreciation	3954	3435	3350	2993	2476	2069	2057	1986	1751
Provision for Taxation	12709	718	7335	4408	2103	1500	1405	303	379
Profit after Tax before Non-recurring Item	23216	19357	13364	9763	6295	4800	5132	3339	3370
Non-recurring Item	—	—	—	9624	—	—	—	—	—
Profit after Non- recurring Item	23216	19357	13364	19387	6295	4800	5132	3339	3370
Equity Dividend per Share - (Rs.)	3.50	3.00	3.00	3.00	1.20	0.90	0.80	0.50	0.50
Equity Dividend Amount (including Dividend Tax)	7000	6001	5303	5069	2010	1507	1326	829	734
EPS -Basic (excluding Non-recurring Item)-(Rs.)	13.58	12.55	9.03	7.38	4.29	3.27	3.48	2.24	2.25
Debt Equity Ratio (Long Term Debt)	0.11:1	0.22:1	0.34:1	0.52:1	0.67:1	0.31:1	0.18:1	0.29:1	0.39:1
Debt Equity Ratio (Total Debt)	0.21:1	0.35:1	0.68:1	0.98:1	1.16:1	0.62:1	0.43:1	0.52:1	0.64:1
Fixed Assets	48548	50362	49827	51788	47349	41475	35244	35452	36417
Investments	25276	16641	14707	14707	5007	2886	1407	1434	1445
Current Assets	101682	102746	87899	77624	67552	39400	31936	28123	25114
Total Assets	175506	169749	152433	144119	119908	83761	68587	65009	62976
Loan Funds	24926	35224	47304	58180	52493	25867	16230	18067	20377
Current Liabilites	24851	26410	28337	20139	17346	12912	10984	9340	7151
Deferred Tax Liability	7377	6276	7001	6381	4683	3590	3256	3051	3063
Share Capital									
Equity	3430	3420	3022	2938	2938	2938	2938	2938	2938
Preference	—	—	—	—	—	—	—	250	500
Reserves and Surplus (Net of Misc.Expenditure)	114922	98419	66769	56481	42448	38454	35179	31363	28947
Total Liabilities	175506	169749	152433	144119	119908	83761	68587	65009	62976
Net Worth	118352	101839	69791	59419	45386	41392	38117	34301	31885
Number of Employees	2334	2614	2961	2653	2651	2240	2306	2257	2294

RATIOS

Key Ratios	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
EBIDT/Total Income -percent	35.23	22.61	24.33	22.94	20.40	17.94	18.47	20.05	23.23
Interest/Total Income -percent	0.90	2.25	3.14	3.62	3.17	2.02	2.40	5.84	7.83
Net Profit/Total Income -percent	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	28.57	19.05	23.59	17.33	13.15	14.02	18.15	15.07	15.07
Interst cover-times	39.02	10.07	7.74	6.34	6.43	8.87	7.69	3.43	2.97
Debt-Equity (Long Term Debt)	0.11	0.22	0.34	0.52	0.67	0.31	0.18	0.29	0.39
Book value per share-Rs.	69.01	59.56	46.19	40.45	30.90	28.18	25.95	23.35	21.70
EPS- Basic (excluding Non-recurring Item)-Rs.	13.58	12.55	9.03	7.38	4.29	3.27	3.48	2.24	2.25
Cash-EPS (excluding Non-recurring Item)-Rs.	15.89	14.77	11.29	9.42	5.97	4.68	4.88	3.59	3.44
Financial Performance Ratios	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Domestic Turnover/Total Sales	54.03	46.50	40.70	43.09	44.15	46.88	42.88	45.01	41.79
Export Turnover/Total Sales	45.97	53.50	59.30	56.91	55.85	53.12	57.12	54.99	58.21
Other Income/Total Income	2.63	2.50	3.19	4.32	2.74	2.22	2.54	2.09	2.13
Raw material costs/Net Sales	31.00	45.38	44.55	46.63	45.35	41.00	38.20	42.71	42.77
Manpower costs/Total Income	6.40	6.49	6.69	7.14	7.81	8.27	7.83	9.37	9.85
Excise Duty/Gross Sales	4.09	4.95	5.07	5.72	5.70	6.17	5.53	5.89	5.60
Interest/Total Income	0.90	2.25	3.14	3.62	3.17	2.02	2.40	5.84	7.83
PBDT/Total Income	34.33	20.36	21.18	19.32	17.23	15.91	16.07	14.20	15.40
Depreciation/Total Income	3.40	2.97	2.95	3.37	3.92	3.93	3.84	5.01	4.90
Net Profit/Total Income	19.98	16.76	11.77	10.99	9.97	9.13	9.60	8.43	9.44
Cash Flow/Total Income	23.39	19.74	14.72	14.36	13.89	13.06	13.44	13.44	14.34
RONW/(PAT/Net Worth)	19.62	19.01	19.15	16.43	13.87	11.60	13.46	9.73	10.56
Balance Sheet Ratios									
Debtors Turnover-days	78	63	118	107	128	111	103	87	81
Inventory Turnover - days	181	166	108	128	127	108	87	141	148
Per-Share data Ratios									
Earnings (excluding Non-recurring Item)-Rs.	13.58	12.55	9.03	7.38	4.29	3.27	3.48	2.24	2.25
Cash earnings-Rs.	15.89	14.77	11.29	9.42	5.97	4.68	4.88	3.59	3.44
Dividend-Rs.	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, 2010, 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. 29,529.86 Lakh and net assets of Rs. 18,680.28 Lakh as at 31st March, 2010, total revenue of Rs. 27,534.33 Lakh, net profit of Rs. 5,804.21 Lakh and net cash outflows amounting to Rs. 2,835.66 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, 2010;

   (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

S. K. Deb
Partner
Membership No. 13390

Kolkata
13th May, 2010

CONSOLIDATED BALANCE SHEET
of Graphite India Limited and its subsidiaries as at 31st March, 2010

(Rs. in Lakh)

	Schedule	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	3,430.37	3,419.63
Reserves and Surplus	2	124,854.81	108,456.94
		128,285.18	111,876.57
LOAN FUNDS			
Secured Loans	3	15,605.89	34,560.91
Unsecured Loans	4	16,827.93	18,286.09
		32,433.82	52,847.00
DEFERRED TAX LIABILITY (NET)	5	7,376.21	6,276.21
TOTAL		168,095.21	170,999.78
APPLICATION OF FUNDS			
FIXED ASSETS	6		
Gross Block		100,423.82	99,461.82
Less : Depreciation		47,913.16	43,549.75
Net Block		52,510.66	55,912.07
Capital Work-in-Progress		1,954.93	1,396.63
		54,465.59	57,308.70
INVESTMENTS	7	18,735.20	10,097.33
DEFERRED TAX ASSET	8	26.17	57.39
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	9	72,857.42	69,485.65
Sundry Debtors	10	29,123.17	31,817.49
Cash and Bank Balances	11	8,020.44	17,708.31
Other Current Assets	12	1,120.90	1,393.87
Loans and Advances	13	11,881.08	13,189.06
		123,003.01	133,594.38
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Liabilities	14	19,347.61	22,009.77
Provisions	15	8,787.15	8,048.25
		28,134.76	30,058.02
NET CURRENT ASSETS		94,868.25	103,536.36
TOTAL		168,095.21	170,999.78
Capital Commitments (Net of Advances)			
Estimated amount of contracts remaining to be executed		3,799.26	399.60
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

S. K. Deb
Partner
Membership No. 13390
Kolkata : 13th May, 2010

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, 2010

(Rs. in Lakh)

	Schedule	Year ended 31st March, 2010	Year ended 31st March, 2009
INCOME			
Sales/Income from Operations (Gross)		139,406.08	155,786.16
Less: Excise Duty on Sales		4,703.40	5,685.30
Sales/Income from Operations (Net)		134,702.68	150,100.86
Other Income	16	3,222.40	2,531.42
		137,925.08	152,632.28
EXPENDITURE			
Raw Materials Consumed		40,478.73	57,731.54
Payments to and Provisions for Employees	17	12,160.94	13,499.48
Other Manufacturing, Selling and Administrative Expenses	18	34,952.45	57,099.50
(Increase)/Decrease in Work-in-Process, Finished Goods and Trading Items	19	7,506.00	(8,988.89)
		95,098.12	119,341.63
PROFIT BEFORE INTEREST AND DEPRECIATION		42,826.96	33,290.65
Interest	20	1,447.17	3,510.14
PROFIT BEFORE DEPRECIATION		41,379.79	29,780.51
Depreciation		4,994.44	4,403.64
PROFIT BEFORE TAXATION		36,385.35	25,376.87
Provision for Taxation			
Current Tax		11,769.38	3,486.68
Less: MAT Credit		(7.00)	(2,350.00)
For earlier years		10.61	1,378.73
Fringe Benefit Tax		—	65.00
Deferred Tax (Net)		1,128.21	(755.60)
PROFIT AFTER TAXATION		23,484.15	23,552.06
Balance brought forward from earlier year		14,297.94	6,767.83
Transfer from Debenture Redemption Reserve		390.04	—
PROFIT AVAILABLE FOR APPROPRIATION		38,172.13	30,319.89
TRANSFER TO			
General Reserve		10,000.00	10,000.00
Reserve Fund		59.50	21.05
Proposed Dividend on Equity Shares		6,002.85	5,129.19
Dividend Tax		997.00	871.71
Balance carried forward		21,112.78	14,297.94
		38,172.13	30,319.89
EARNINGS PER SHARE	21		
Basic (Rs.)		13.73	15.26
Diluted (Rs.)		12.17	15.26
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

S. K. Deb
Partner
Membership No. 13390
Kolkata : 13th May, 2010

K. C. Parakh
Sr. Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

(Rs. in Lakh)

		As at 31st March, 2010	As at 31st March, 2009
1. SHARE CAPITAL			
Authorised			
20,00,00,000	Equity Shares of Rs. 2/- each	4,000.00	4,000.00
		4,000.00	4,000.00
Issued, Subscribed and Paid-up			
17,15,10,110	(Previous Year - 15,10,84,801) Equity Shares of Rs. 2/- each fully paid up (Notes Below)	3,430.20	3,021.70
	Add: Forfeited Shares	0.17	0.17
		3,430.37	3,021.87
Share Capital Suspense Account			
—	(Previous Year - 1,98,88,336) Equity Shares of Rs. 2/- each to be issued as fully paid up pursuant to a sanctioned Scheme of Arrangement, without payments being received in cash	—	397.76
		3,430.37	3,419.63

Notes :

1. Out of the above Equity Shares, 11,54,58,486 (Previous Year- 9,55,70,150) 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, 5,36,973 (Previous Year-Nil) 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, 2010 upon conversion of 675 Foreign Currency Convertible Bonds aggregating US$ 675,000.

(Rs. in Lakh)

	As at 31st March, 2009	Additions during the year	Withdrawals during the year	As at 31st March, 2010
2. RESERVES AND SURPLUS				
Capital Reserve	45.86	—	—	45.86
Capital Redemption Reserve	575.00	—	—	575.00
Securities Premium Account	7,088.70	286.26@	—	7,374.96
Debenture Redemption Reserve	7,194.10	—	390.04	6,804.06
Reserve Fund	130.80	59.50	—	190.30
General Reserve	79,076.20	10,000.00	—	89,076.20
Foreign Currency Translation Adjustment Account	48.34	(372.69)	—	(324.35)
Profit and Loss Account	14,297.94	6,814.84	—	21,112.78
	108,456.94	16,787.91	390.04	124,854.81

@ 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

(Rs. in Lakh)

	As at 31st March, 2010	As at 31st March, 2009
3. SECURED LOANS		
7.21% Secured Redeemable Non-Convertible Debentures (Face Value Rs. 10 Lakh each)	—	1,666.67
Term Loan from a Financial Institution	—	190.61
Term Loan from Banks	1,452.00	7,114.44
Term Loans from others	6.07	12.74
Working Capital Loans from Banks	14,147.82	25,576.45
	15,605.89	34,560.91
4. UNSECURED LOANS		
Short Term Loan from Banks	3,219.81	2,592.33
Other Loans from		
1.00 per cent Convertible Bonds due 2010 of US$ 1000 each ('Bonds') aggregating US$ 30,200,000 (Previous Year - US$ 30,875,000) (Note below)	13,608.12	15,693.76
	16,827.93	18,286.09

Note :

The Bonds are convertible into Equity Shares of the Company at any time before 13th October, 2010 at a price to be determined from time to time in keeping with the Offering Circular dated 18th October, 2005 at the option of the bondholders. The Company also has the option of early redemption of the Bonds at any time as per terms and conditions specified in the said Offering Circular. Outstanding Bonds, if any, will be due for redemption on 20th October, 2010 at 122.116 per cent of the principal amount of US$ 1000 per Bond. During the year, Bonds aggregating US$ 675,000 (Previous Year - Nil) have been converted into Equity Shares and US$ Nil (Previous Year - US$ 3,875,000) have been bought back and cancelled.

	As at 31st March, 2010	As at 31st March, 2009
5. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities and Assets are attributable to the following items		
Liabilities		
Depreciation	7,634.69	7,950.62
Less:		
Assets		
Expenses allowable for tax purpose on payment	204.97	146.03
Unabsorbed Depreciation	—	1,451.96
Provision for Doubtful Debts	44.73	47.62
Unamortised expenditure allowable for tax purpose in subsequent years	8.78	28.80
	258.48	1,674.41
	7,376.21	6,276.21

6. FIXED ASSETS

(Rs. in Lakh)

	Description	GROSS BLOCK – AT COST				DEPRECIATION				NET BLOCK	
		As at 31st March, 2009	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31st March, 2010	Up to 31st March, 2009	For the year	On Sales/ Adjustments	Up to 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
A.	Tangible Assets										
	Freehold Land	2,524.49	122.27	—	2,646.76	—	—	—	—	2,646.76	2,524.49
	Leasehold Land	108.60	—	—	108.60	21.80	7.66	—	29.46	79.14	86.80
	Buildings	17,517.04	149.12	—	17,666.16	4,373.19	525.38	10.94	4,887.63	12,778.53	13,143.85
	Plant and Machinery	76,348.20	745.16	165.06	76,928.30 (a)	37,405.20	4,173.48	526.47	41,052.21	35,876.09	38,943.00
	Machinery Spares	68.19	—	—	68.19	67.65	—	—	67.65	0.54	0.54
	Office Equipment	1,271.90	(29.14)	13.23	1,229.53	787.10	135.48	53.38	869.20	360.33	484.80
	Furniture and Fittings	630.70	6.39	0.99	636.10	409.53	27.78	0.72	436.59	199.51	221.17
	Vehicles	637.85	93.07	32.97	697.95	299.61	57.89	31.54	325.96	371.99	338.24
	Total Tangible Assets	99,106.97	1,086.87	212.25	99,981.59	43,364.08	4,927.67	623.05	47,668.70	52,312.89	55,742.89
B.	Intangible Assets										
	Goodwill (arising on consolidation)	67.75	—	—	67.75	—	—	—	—	67.75	67.75
	Patent (h)	6.73	(0.68)	—	6.05	6.23	0.50	0.68	6.05	—	0.50
	Trademark (h)	33.68	(3.42)	—	30.26	31.17	2.50	3.41	30.26	—	2.51
	Computer Software (h)	246.69	91.48	—	338.17	148.27	63.77	3.89	208.15	130.02	98.42
	Total Intangible Assets	354.85	87.38	—	442.23	185.67	66.77	7.98	244.46	197.77	169.18
	TOTAL	99,461.82	1,174.25 (b)	212.25	100,423.82	43,549.75	4,994.44	631.03 (c)	47,913.16	52,510.66	55,912.07
	Previous Year	83,447.57	16,989.11 (f)	974.86	99,461.82	30,344.77	13,753.67 (g)	548.69	43,549.75		
	Add : Capital Work-in-Progress - at cost (d) & (e)									1,954.93	1,396.63
										54,465.59	57,308.70

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, 2010 is Rs. 295.09 Lakh (Previous Year - Rs. 329.30 Lakh).

(b) Includes Rs. 996.28 Lakh (Previous Year - Rs.535.79 Lakh) on account of foreign exchange adjustment.

(c) Includes Rs.504.99 Lakh (Previous Year - Rs. 220.73 Lakh) on account of foreign exchange adjustment.

(d) Includes Capital Advances Rs.953.63 Lakh (Previous Year- Rs.146.33 Lakh) - Unsecured, Considered Good.

(e) Includes acquired intangible assets - Computer Software under implementation - Rs. Nil (Previous Year -Rs.45 Lakh).

(f) Includes Rs. 13,662.60 Lakh acquired pursuant to a sanctioned scheme of arrangement.

(g) Includes Rs. 9,350.03 Lakh incorporated pursuant to a sanctioned scheme of arrangement.

(h) Represents acquired assets.

7. INVESTMENTS

(Rs. in Lakh)

	As at 31st March, 2010	As at 31st March, 2009
A. LONG TERM (AT COST OR UNDER)		
Fully paid up Equity Shares in a Company	—	7.48
Partly paid up Equity Shares in a Company (Refer Note 4 on Schedule 22)	24.77	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		
Fully paid up Non-Convertible Redeemable Taxable Bonds		
National Highways Authority of India	—	1,000.00
Rural Electrification Corporation Limited	—	8,700.00
0% NABARD 2019 Bonds	2,020.70	—
In Mutual Funds	63.56	52.68
B. CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)		
In Mutual Funds	16,313.77	—
	18,735.20	10,097.33
AGGREGATE AMOUNT OF INVESTMENTS :		
Quoted	—	7.48
Unquoted	18,735.20	10,089.85
	18,735.20	10,097.33
AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS	—	172.06
NET ASSET VALUE OF UNITS OF MUTUAL FUNDS	16,924.96	52.62

(Rs. in Lakh)

		As at 31st March, 2010	As at 31st March, 2009
8.	DEFERRED TAX ASSET		
	Pertaining to a foreign Subsidiary on account of carried forward tax benefit	26.17	57.39
	Note :		
	Deferred Tax charge (Net) for the year includes Rs 3.01 Lakh (Previous Year - Rs.2.70 Lakh) on account of exchange fluctuations due to reinstatement of aforesaid deferred tax asset		
9.	INVENTORIES - AT LOWER OF COST AND NET REALISABLE VALUE		
	Stores and Spare Parts	1,517.43	1,511.71
	Loose Tools	62.09	78.03
	Raw Materials	30,518.69	19,630.70
	Work-in-Process (including Contract Work-in-Progress)	29,333.33	30,041.93
	Finished Goods	10,511.60	17,171.69
	Trading Goods	914.28	1,051.59
		72,857.42	69,485.65
10.	SUNDRY DEBTORS		
	Unsecured		
	Debts outstanding for a period exceeding six months-		
	Considered Good	530.31	2,303.46
	Considered Doubtful	131.60	140.10
	Other Debts-		
	Considered Good	28,592.86	29,514.03
		29,254.77	31,957.59
	Less : Provision for Doubtful Debts	131.60	140.10
		29,123.17	31,817.49
11.	CASH AND BANK BALANCES		
	Cash in hand	82.96	23.83
	With Banks on-		
	Current Accounts	1,353.41	2,727.38
	Margin Money Account	73.11	150.06
	Call Account	—	3,076.33
	Unpaid Dividend Accounts	149.66	99.96
	Fixed Deposit Accounts (includes Rs. 9.36 Lakh, Previous Year - Rs. 30.62 Lakh lodged with Government Authority/Others)	6,361.30	11,630.75
		8,020.44	17,708.31
12.	OTHER CURRENT ASSETS		
	Unsecured - Considered Good		
	Accrued Interest on Deposits with Banks and Others	251.66	450.90
	Security and other Deposits		
	Deposit with Electricity Authorities	266.82	369.90
	Others	602.42	573.07
		1,120.90	1,393.87

(Rs. in Lakh)

	As at 31st March, 2010	As at 31st March, 2009
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	8,508.12	8,647.76
Advance against Investment (Refer Note 4 on Schedule 22)	222.89	222.89
Accrued Export Entitlement	1,643.07	1,968.41
MAT Credit Entitlement	7.00	2,350.00
	11,881.08	13,189.06
14. LIABILITIES		
Acceptances	3,081.89	6,482.55
Sundry Creditors	15,139.95	13,774.99
Advance from Customers	512.95	1,181.45
Other Liabilities	342.88	281.86
Investors Education and Protection Fund shall be credited by the following amounts namely:		
(a) Unpaid Dividends	149.66	99.96
(b) Unpaid Matured Deposits	—	0.42
(c) Unpaid Matured Debentures	—	0.31
(d) Unpaid Interest on above	0.02	0.24
Interest Accrued but not due on loans	120.26	187.99
	19,347.61	22,009.77
15. PROVISIONS (Net of Payments)		
Income Tax (Net of MAT Credit Entitlement Rs. 2,350.00 Lakh, Previous Year - Rs. Nil)	1,743.14	2,000.08
Wealth Tax	7.35	9.60
Fringe Benefit Tax	36.81	37.67
Proposed Dividend	6,002.85	5,129.19
Tax on Dividend	997.00	871.71
	8,787.15	8,048.25

	2009-10	2008-09
16. OTHER INCOME		
Income from Investments		
Long Term (Other than Trade)		
Interest	194.64	533.73
Profit on Redemption of Investments	—	7.56
Current Investments (Other than Trade)		
Dividend	1.40	1.59
Profit on Redemption of Investments	102.52	—
Interest on loans, deposits etc.	902.31	599.13
Claims	22.61	23.20
Rent Receipt	168.84	133.34
Liabilities no longer required written back	338.50	387.93
Exchange Differences (Net)	991.28	—
Bad Debts recovery	4.44	12.16
Provision for Doubtful Debts / Advances written back	59.98	53.97
Discount on Buyback of FCCB	—	414.85
Miscellaneous Receipts	435.88	363.96
	3,222.40	2,531.42

(Rs. in Lakh)

	2009-10	2008-09
17. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages and Bonus	10,325.22	11,475.97
Contribution to Provident and Pension Funds	1,153.56	1,220.07
Contribution to Superannuation Fund	161.93	154.89
Contribution to Gratuity Fund	53.92	94.33
Staff Welfare Expenses	466.31	554.22
	12,160.94	13,499.48

	2009-10	2008-09
18. OTHER MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES		
Stores and Spare Parts Consumed	9,340.93	18,033.58
Power and Electricity Charges	11,640.51	15,922.73
Repairs and Maintenance -		
Plant and Machinery	1,333.63	1,833.71
Buildings	286.39	372.83
Others	225.99	232.35
Rent	217.33	197.53
Rates and Taxes	367.62	158.89
Insurance	606.90	664.97
Commission to Selling Agents	2,067.55	3,064.46
Travelling and Conveyance	481.72	558.31
Directors' Remuneration (other than Executive Director)	343.45	210.04
Sales Tax	99.94	89.56
Excise Duty on Stocks etc. - Charge/(Credit)	(114.04)	266.16
Bad Debts/Advances Written off	323.22	62.89
Provision for Doubtful Debts	51.48	73.94
Freight and Transport	2,614.53	4,806.03
Processing Charges	252.37	247.87
Contractors' Labour Charges	1,253.68	1,411.91
Exchange Differences (Net)	—	5,667.44
Loss on Disposal of Fixed Assets [Net of profit on disposal of Fixed Assets Rs. 10.20 Lakh, (Previous Year- Rs. 48.22 Lakh)]	73.34	154.21
Cash Discount	10.77	3.73
Miscellaneous Expenses	3,475.14	3,066.36
	34,952.45	57,099.50

(Rs. in Lakh)

	2009-10	2008-09
19. (INCREASE)/DECREASE IN WORK-IN-PROCESS, FINISHED GOODS AND TRADING ITEMS		
Work-in-Process (including Contract Work-in-Progress)		
Closing Stock	29,333.33	30,041.93
Deduct: Opening Stock*	30,041.93	26,865.24
	708.60	(3,176.69)
Finished Goods		
Closing Stock	10,511.60	17,171.69
Deduct: Opening Stock*	17,171.69	11,108.99
	6,660.09	(6,062.70)
Trading Items		
Closing Stock	914.28	1,051.59
Deduct: Opening Stock	1,051.59	1,302.09
	137.31	250.50
	7,506.00	(8,988.89)

* Opening Stock of Work-in-Process and Finished Goods includes Rs.Nil (Previous Year-Rs. 2,336.12 Lakh) and Rs. Nil (Previous Year -Rs. 360.45 Lakh) respectively acquired pursuant to a sanctioned Scheme of Arrangement

	2009-10	2008-09
20. INTEREST ON		
Debentures/Bonds	194.06	367.12
Term Loans	458.78	619.49
Others	794.33	2,523.53
	1,447.17	3,510.14

(Rs. in Lakh)

		As at 31st March, 2010	As at 31st March, 2009
21. EARNINGS PER SHARE			
(A) Basic			
	(i) Number of Equity Shares at the beginning of the year	170,973,137	151,084,801
	(ii) Number of Equity Shares at the end of the year	171,510,110	170,973,137
	(iii) Weighted average number of Equity Shares outstanding during the year	170,986,377	154,299,628
	(iv) Face value of each Equity Share (Rs.)	2.00	2.00
	(v) Profit after Tax available for Equity Shareholders	23,484.15	23,552.06
	(vi) Basic Earnings per Share (Rs.) [(v) / (iii)]	13.73	15.26
(B) Diluted			
	(i) Weighted average number of dilutive potential Equity Shares resulting from exercise of options outstanding during the year. (Refer Note 1 below)	24,548,322	—
	(ii) Aggregate of A(iii) and B(i)	195,534,699	154,299,628
	(iii) Face value of each Equity Share (Rs.)	2.00	2.00
	(iv) Adjusted Profit after Tax (Refer Note 2 below)	23,798.07	23,552.06
	(v) Diluted Earnings per Share (Rs.) [(iv) / (ii)]	12.17	15.26

Notes :

1. For 2008-09, the conversion options embedded in Bonds (1.00 per cent Convertible Bonds of US$ 1000 each) as indicated in Schedule 4, was considered as anti dilutive since the average market price was less than applicable conversion price.

2. Adjusted Profit after Tax

	As at 31st March, 2010	As at 31st March, 2009
Profit after Tax	23,484.15	23,552.06
Add : Interest Expense (Net of tax)	102.61	—
Add : Exchange Gain (Net of tax)	211.31	—
	23,798.07	23,552.06

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. Patent and Trade Marks are amortised over a period of five years. 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.

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.

22. NOTES ON ACCOUNTS (contd.)

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. PRIOR PERIOD AND EXTRA ORDINARY ITEMS:

Prior period and extra ordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

M. MATERIAL EVENTS:

Material events occurring after Balance Sheet date, if any, are taken into cognisance.

N. 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, requires 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.

O. 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.

P. CONSOLIDATION:

(a) Consolidated financial statements relate to Graphite India Limited, the Parent Company and its subsidiaries (the ‘Group’). The consolidated financial statements are in conformity with the Accounting Standard – 21 on Consolidated Financial Statements prescribed under the Companies Act, 1956 of India (the ‘Act’) and are prepared as set out below:

i) The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after adjustments/elimination of inter-company balances, transactions including unrealised profits on inventories etc.

22. NOTES ON ACCOUNTS (contd.)

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 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 has invested/ advanced Rs.247.66 Lakh in the Class A Equity Shares [Rs.24.77 Lakh shown under Investments (Schedule 7) and Rs.222.89 Lakh shown under Loans and Advances (Schedule 13)] and Rs.312.34 Lakh in 0.01% Class A Redeemable Preference Shares (shown under Investments in Schedule 7) of WPCL 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. Contingent Liabilities not provided in respect of

(Rs. in Lakh)

	As at 31st March, 2010	As at 31st March, 2009
I) Claims not acknowledged as debts		
a) Disputed Income Tax demand for which appeals are pending	13.44	12.71
b) Disputed Excise Duty for which appeals are pending	398.42	423.57
c) Disputed Customs Duty for which appeals are pending	1068.97	999.62
d) Disputed Service Tax for which appeals are pending	304.89	309.76
e) Disputed Sales Tax for which appeals are pending	491.64	455.95
f) Disputed Entry Tax for which appeals are pending	246.04	246.04
g) Others	390.04	172.22
II) Potential Obligation under Public law of Germany in respect of environment	1470.23	1829.31

22. NOTES ON ACCOUNTS (contd.)

6. Particulars relating to Construction Contracts:

(Rs. in Lakh)

	2009-10	2008-09
a) Contract revenues recognised as revenue	1639.03	1396.44
	As at 31st March, 2010	As at 31st March, 2009
b) Other information relating to Contract Work-in-Progress		
i) Aggregate amount of cost incurred and recognised profits	2810.43	2230.34
ii) The amount of retentions due from customers	6.99	—
iii) Gross amount due from customers for contracts work as an asset (i.e. Contract Work-in-Progress)	392.02	276.13

7. Employee Benefits

(I) Post Employment Defined Benefit Plans

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 (LICI), 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.

Provident Fund

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

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, 2010:

(Rs. in Lakh)

	2009-10	2008-09	2007-08	2006-07
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	1,686.02	1,577.53	1,418.28	1,214.10
Addition pursuant to a sanctioned Scheme of Arrangement	—	67.27	—	—
Current Service Cost	88.22	92.61	95.82	77.09
Interest Cost	122.12	112.24	112.43	84.41
Actuarial (Gains) / Losses	(12.02)	16.55	142.20	219.97
Benefits Paid	(318.95)	(180.18)	(191.20)	(177.29)
Present Value of Obligation at the end of the year	1,565.39	1,686.02	1,577.53	1,418.28

22. NOTES ON ACCOUNTS (contd.)

(Rs. in Lakh)

	2009-10	2008-09	2007-08	2006-07
(b) Reconciliation of the Opening and Closing balances of the Fair Value of Plan Assets				
Fair Value of Plan Assets at the beginning of the year	1,613.39	1,417.70	1,416.64	1,217.00
Addition pursuant to a sanctioned Scheme of Arrangement	—	51.19	—	—
Expected Return on Plan Assets	129.07	114.16	113.33	97.36
Actuarial Gains / (Losses)	15.33	12.91	20.25	29.75
Contributions	94.25	197.61	58.68	249.82
Benefits Paid	(318.95)	(180.18)	(191.20)	(177.29)
Fair Value of Plan Assets at the end of the year	1,533.09	1,613.39	1,417.70	1,416.64
(c) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets				
Present Value of Obligation at the end of the year	1,565.39	1,686.02	1,577.53	1,418.28
Fair Value of Plan Assets at the end of the year	1,533.09	1,613.39	1,417.70	1,416.64
Assets/(Liabilities) recognised in the Balance Sheet	(32.30)	(72.63)	(159.83)	(1.64)
(d) Expense recognised in the Profit and Loss Account				
Current Service Cost	88.22	92.61	95.82	77.09
Interest Cost	122.12	112.24	112.43	84.41
Expected Return on Plan Assets	(129.07)	(114.16)	(113.33)	(97.36)
Actuarial (Gains)/ Losses	(27.35)	3.64	121.95	190.22
Total Expense recognised	53.92	94.33	216.87	254.36
(e) Category of Plan Assets :				
Fund with LICI	1,469.02	1,558.09	1,410.00	1,373.57
Others (including bank balances)	64.07	55.30	7.70	43.07
Total	1,533.09	1,613.39	1,417.70	1,416.64
(f) Actual Return on Plan Assets	144.40	127.07	133.58	127.11
(g) Principal Actuarial Assumptions				
Discount Rate	8.00%	7.50%/6.90%	8.50%	7.50%
Salary Escalation	5.00%	5.00%	6.00%	5.00%
Inflation Rate	5.00%	5.00%	6.00%	5.00%
Expected Return on Asset	8.00%	8.00%	8.00%	8.00%
PROVIDENT 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	803.18	823.64	720.58	655.58
Current Service Cost *	77.82	81.57	91.26	90.70
Interest Cost	60.37	68.21	63.02	55.72
Actuarial (Gains) / Losses	(27.60)	(46.39)	(1.50)	(1.99)
Benefits Paid	(185.84)	(123.85)	(49.72)	(79.43)
Present Value of Obligation at the end of the year	727.93	803.18	823.64	720.58
(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	840.86	821.28	722.97	660.53
Expected Return on Plan Assets	67.27	65.70	57.84	52.84
Actuarial Gains / (Losses)	0.98	(3.84)	(1.07)	(1.67)
Contributions *	77.82	81.57	91.26	90.70
Benefits Paid	(185.84)	(123.85)	(49.72)	(79.43)
Fair Value of Plan Assets at the end of the year	801.09	840.86	821.28	722.97

22. NOTES ON ACCOUNTS (contd.)

(Rs. in Lakh)

		2009-10	2008-09	2007-08	2006-07
(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	727.93	803.18	823.64	720.58
	Fair Value of Plan Assets at the end of the year	801.09	840.86	821.28	722.97
	Assets/(Liabilities) recognised in the Balance Sheet	73.16	37.68	(2.36)	2.39
(d)	Expense recognised in the Profit and Loss Account				
	Current Service Cost *	77.82	81.57	91.26	90.70
	Interest Cost	60.37	68.21	63.02	55.72
	Expected Return on Plan Assets	(67.27)	(65.70)	(57.84)	(52.84)
	Actuarial (Gains)/ Losses	(28.58)	(42.55)	(0.43)	(0.32)
	Total Expense recognised	42.34	41.53	96.01	93.26
	*Includes employees' statutory contributions, voluntary contributions etc.				
(e)	Category of Plan Assets:				
	Central Government Securities	186.66	176.91	160.39	121.69
	State Government Securities	122.29	133.87	151.69	124.66
	Bonds / Term Deposits	217.81	249.60	208.81	162.81
	Special Deposit Schemes	205.97	249.13	262.40	286.15
	Others (including bank balances)	68.36	31.35	37.99	27.66
	Total	801.09	840.86	821.28	722.97
(f)	Actual Return on Plan Assets	68.25	61.86	56.77	51.17
(g)	Principal Actuarial Assumptions				
	Expected Return on Asset	8.00%	8.00%	8.00%	8.00%
PENSION (Unfunded)					
(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	109.15	108.39	109.88	103.72
	Exchange Rate Adjustment	(14.85)	7.00	8.53	7.60
	Current Service Cost	3.14	3.31	3.32	3.73
	Interest Cost	6.51	6.12	4.95	4.72
	Actuarial (Gains) / Losses	27.93	(15.67)	(18.29)	(9.89)
	Benefits Paid	—	—	—	—
	Present Value of Obligation at the end of the year	131.88	109.15	108.39	109.88
(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	131.88	109.15	108.39	109.88
	Fair Value of Plan Assets at the end of the year	—	—	—	—
	Assets/(Liabilities) recognised in the Balance Sheet	(131.88)	(109.15)	(108.39)	(109.88)
(c)	Expense recognised in the Profit and Loss Account				
	Current Service Cost	3.14	3.31	3.32	3.73
	Interest Cost	6.51	6.12	4.95	4.72
	Expected Return on Plan Assets	—	—	—	—
	Actuarial (Gains)/ Losses	27.93	(15.67)	(18.29)	(9.89)
	Exchange Rate Adjustment	—	7.00	—	—
	Total Expense recognized	37.58	0.76	(10.02)	(1.44)

22. NOTES ON ACCOUNTS (contd.)

(Rs. in Lakh)

	2009-10	2008-09	2007-08	2006-07
(d) Principal Actuarial Assumptions				
Discount Rate	4.65%	6.00%	4.60%	4.25%
Salary Escalation	2.00%	2.00%	1.75%	1.75%

Notes:

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

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

(c) The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Company's policy for plan asset management and other relevant factors.

(II) Post Employment Defined Contribution Plans

During the year an amount of Rs.1,246.07 Lakh (Previous Year – Rs.1,349.63 Lakh) has been recognised as expenditure towards defined contribution plan of the Group.

8. 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. 99.00 Lakh (Previous Year - Rs. 71.25 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)

	2009-10	2008-09
i) Not later than one year	187.34	256.17
ii) Later than one year but not later than five year	428.33	632.83
iii) Later than five years	3.89	—
Total	619.56	889.00

b) The lease expenses recognised during the year amounted to Rs. 188.72 Lakh (Previous Year- Rs.175.02 Lakh).

9. Depreciation for the year and year end accumulated depreciation includes Rs. 1,024.91 Lakh (Previous Year- Rs. 954.86 Lakh) and Rs.4,482.80 Lakh (Previous Year- Rs.3,965.62 Lakh) respectively, computed by certain subsidiaries applying different depreciation rate as indicated in Note 1(A)(b) above.

10. Research and Development Expenditure of revenue nature of Rs.29.62 Lakh (Previous Year- Rs.22.19 Lakh)

11. 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.

22. NOTES ON ACCOUNTS (contd.)

iii) Segment Revenues, Results and Other Information as at/ for the year ended 31st March, 2010

	Graphite and Carbon		Power		Steel		Others		Total of Reportable Segments	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Sales/Income from Operations (Gross)										
External Sales	116,536.53	142,125.15	722.68	163.89	7,435.26	979.83	11,521.80	9,073.13	136,216.27	152,342.00
Inter Segment Sales	1,084.57	2,235.80	2,136.27	5,831.80	—	—	41.19	256.14	3,262.03	8,323.74
Income from Operations(External)	2,803.73	3,290.45	—	—	—	—	386.08	153.71	3,189.81	3,444.16
Segment Revenues	120,424.83	147,651.40	2,858.95	5,995.69	7,435.26	979.83	11,949.07	9,482.98	142,668.11	164,109.90
Segment Results	32,260.65	30,717.85	1,810.54	1,708.88	(340.65)	(154.21)	3,524.78	1,861.86	37,255.32	34,134.38
Segment Assets	139,328.26	139,845.83	7,043.09	7,568.46	18,570.22	20,266.26	14,168.45	15,268.37	179,110.02	182,948.92
Segment Liabilities	21,728.38	33,379.82	1,080.08	1,033.65	1,139.35	1,682.47	1,987.30	2,583.58	25,935.11	38,679.52
Capital Expenditure	1,652.41	2,507.65	—	—	64.57	0.41	834.61	366.92	2,551.59	2,874.98
Depreciation and Amortisation	3,429.33	3,338.51	618.69	618.91	659.11	104.42	226.40	281.72	4,933.53	4,343.56
Non-cash Expenses other than Depreciation and Amortisation (Net)	210.41	215.64	—	—	149.22	—	95.32	115.73	454.95	331.37

Reconciliation of Reportable Segments with the Financial Statements

	Revenues		Results Net Profit		Assets		Liabilities *	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Total of Reportable Segments	142,668.11	164,109.90	37,255.32	34,134.38	179,110.02	182,948.92	25,935.11	38,679.52
Corporate - Unallocated / Others (Net)	—	—	577.20	(5,247.37)	17,119.95	18,108.88	42,009.68	50,501.71
Inter Segment Sales	(3,262.03)	(8,323.74)	—	—	—	—	—	—
Interest Expenses	—	—	(1,447.17)	(3,510.14)	—	—	—	—
Taxes (Net)	—	—	(12,901.20)	(1,824.81)	—	—	—	—
	139,406.08	155,786.16	23,484.15	23,552.06	196,229.97	201,057.80	67,944.79	89,181.23

* Excluding Shareholders Funds

B. Secondary Segment (Geographical)

	Domestic		Export		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenues	65,278.42	56,885.06	74,127.66	98,901.10	139,406.08	155,786.16
Total Assets	153,364.13	144,044.43	25,745.89	38,904.49	179,110.02	182,948.92
Capital Expenditure	2,048.35	1,536.22	503.24	1,338.76	2,551.59	2,874.98

12. Related Party disclosures:
(In accordance with Accounting Standard - 18 prescribed under the Act.)

i) Related Parties

Name	Relationship
Mr. N. Venkataramani, Executive Director (up to 30.06.2009)	Key Management Personnel
Mr. M. B. Gadgil, Executive Director (w.e.f. 01.07.2009)	Key Management Personnel

ii) Particulars of Transactions during the year ended 31st March, 2010 (Rs. in Lakh)

	2009-10	2008-09
Key Management Personnel		
Directors' Remuneration		
Mr. N. Venkataramani	59.13	117.86
Mr. M. B. Gadgil	75.50	—

iii) Balance outstanding at the year end

	As at 31st March, 2010	As at 31st March, 2009
Sundry Creditors		
Key Management Personnel		
Mr. N. Venkataramani	38.46	60.45
Mr. M. B. Gadgil	46.56	—

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

For PRICE WATERHOUSE
Firm Registration Number - 301112E
Chartered Accountants

S. K. Deb
Partner
Membership No. 13390
Kolkata : 13th May, 2010

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, 2010

		2009-10	2008-09
			(Rs. in Lakh)
A.	Cash Flows from Operating Activities		
	Profit before Taxation	36,385.35	25,376.87
	Adjustments for :		
	Depreciation	4,994.44	4,403.64
	Foreign Exchange (Net)	(1,248.15)	3,765.34
	Dividend Income	(1.40)	(1.59)
	Interest Expense	1,447.17	3,510.14
	Interest Income	(1,096.95)	(1,132.86)
	Loss on Disposal of Fixed Assets (Net)	73.34	154.21
	Bad Debts/Advances Written Off	323.22	62.89
	Provision for Doubtful Debts	51.48	73.94
	Provision for Doubtful Debts Written Back	(59.98)	(53.97)
	Liabilities no Longer Required Written Back	(338.50)	(387.93)
	Profit on Redemption of Investments	(102.52)	(7.56)
	Discount on Buy Back of FCCB	—	(414.85)
	Effect of changes in Foreign Currency Translation	(533.46)	815.69
	Operating Profit before Working Capital Changes	39,894.04	36,163.96
	Adjustments for :		
	(Increase)/Decrease in Trade and Other Receivables	875.04	12,319.12
	(Increase)/Decrease in Inventories	(3,371.77)	(11,931.84)
	Increase/(Decrease) in Trade Payables	(2,296.92)	(5,193.11)
	Cash generated from Operations	35,100.39	31,358.13
	Taxes (Paid)/Refund (Net)		
	Tax paid including Fringe Benefit Tax	(9,675.42)	(5,563.17)
	NET CASH FROM OPERATING ACTIVITIES	25,424.97	25,794.96
B.	Cash Flows from Investing Activities		
	Purchase of Fixed Assets	(2,639.08)	(3,366.48)
	Proceeds on Disposal of Fixed Assets	12.87	51.23
	Advance against Investments	—	(222.89)
	Purchase of Long Term Investments	(2,084.26)	(387.11)
	Redemption/Sale of Long Term Investments	9,760.16	870.43
	Purchase of Current Investments	(74,004.33)	(1,201.59)
	Redemption of Current Investments	57,793.08	1,201.59
	Interest Received	1,296.19	1,117.36
	Dividend Received	1.40	1.59
	NET CASH USED IN INVESTING ACTIVITIES	(9,863.97)	(1,935.87)

(Rs. in Lakh)

	2009-10	2008-09
C. Cash Flows from Financing Activities		
Proceeds from Borrowings		
Long Term	—	1,949.70
Short Term	3,262.01	3,774.94
Repayment of Borrowings		
Long Term	(7,359.60)	(5,329.58)
Short Term	(13,308.23)	(13,988.92)
Interest Paid	(1,514.90)	(3,694.94)
Dividend Paid (including tax thereon Rs.871.71 Lakh; Previous Year -Rs 770.31 Lakh)	(5,951.20)	(5,274.70)
NET CASH USED IN FINANCING ACTIVITIES	(24,871.92)	(22,563.50)
D. Exchange Differences on Translation of Foreign Currency		
Cash and Cash Equivalents	(376.95)	56.17
Net Cash Inflow/(Outflow)	(9,687.87)	1,351.76
Cash and Cash Equivalents - Opening (Schedule 11)	17,708.31	6,638.09
Add: Cash and Cash Equivalents taken over pursuant to a sanctioned Scheme of Arrangement	—	9,718.46
	17,708.31	16,356.55
Cash and Cash Equivalents - Closing (Schedule 11)	8,020.44	17,708.31
Net Cash Inflow/ (Outflow)	(9,687.87)	1,351.76

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 Schedule referred to above forms 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

S. K. Deb
Partner
Membership No. 13390
Kolkata : 13th May, 2010

K. C. Parakh	B. Shiva	M. B. Gadgil	K. K. Bangur
Sr. Vice President-Finance	Company Secretary	Executive Director	Chairman

(Rs. in Lakh)

	Closing exchange rate (Euro) against Indian Rupee as on 31.03.2010	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	3361.63	3891.90	0.27	63.56	379.94	346.53	50.08	296.45	—
Graphite International B.V. The Netherlands	60.50	3932.50	(59.05)	7308.68	3435.23	—	312.52	41.06	25.39	15.67	—
Carbon International Holdings N.V. Netherlands Antilles	60.50	60.50	2623.71	2722.63	38.42	—	292.17	253.54	1.53	252.01	—
Subsidiaries of Graphite International B.V.											
Graphite COVA GmbH, Germany	60.50	6001.60	6843.33	26203.55	13358.62	—	24848.60	25.23	20.43	4.80	—
Bavaria Electrodes GmbH, Germany	60.50	60.50	844.89	2178.61	1273.22	—	7985.22	146.43	41.90	104.53	—
Bavaria Carbon Specialities GmbH, Germany	60.50	60.50	563.51	915.81	291.80	—	3150.01	124.11	34.29	89.82	—
Bavaria Carbon Holdings GmbH, Germany	60.50	166.38	134.95	827.78	526.45	—	346.22	85.53	13.53	72.00	—

* Details of Investments held by Carbon Finance Limited as at 31st March, 2010

(Rs. in Lakh)

Particulars	Nature of Investment	Face value Rs.	Number	Amount
Sundaram BNP Paribas Select Midcap - Dividend	Units	10.00	21243	3.56
Reliance Money Manager Fund - Institutional Option - Growth	Units	1000.00	4807	60.00
				63.56