Graphite India Limited

ANNUAL REPORT 2017-18

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr K K Bangur, Chairman

Mr P K Khaitan

Mr N S Damani

Mr A V Lodha

Dr R Srinivasan

Mr N Venkataramani

Mr J D Curravala

Mr Gaurav Swarup

Mrs Shalini Kamath

Mr M B Gadgil, Executive Director

COMPANY SECRETARY

Mr B Shiva

AUDITORS

S R Batliboi & Co. LLP

SOLICITORS

Khaitan & Co.

BANKERS

Bank of India

Canara Bank

Citibank N. A.

Corporation Bank

HDFC Bank Limited

ICICI Bank Limited

IDBI Bank Limited

Kotak Mahindra Bank Limited

State Bank of India

UCO Bank

REGISTERED OFFICE

31, Chowringhee Road, Kolkata 700 016

Phone No. : +9133 22265755/2334/4942, 40029600

Fax No. : (033)22496420

CIN : L10101WB1974PLC094602

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www.graphiteindia.com

GRAPHITE INDIA LIMITED

Regd. Off: 31, Chowringhee Road, Kolkata 700 016
CIN : L10101WB1974PLC094602 Website : www.graphiteindia.com

NOTICE is hereby given that the Forty Third ANNUAL GENERAL MEETING of the members of Graphite India Limited will be held on Monday, the 6th day of August, 2018 at 2.00 pm at Kala Kunj Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata - 700 017 to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt:
   a. the Audited Financial Statement of the Company for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon; and
   b. the Audited Consolidated Financial Statement of the Company for the financial year ended 31st March, 2018 and the Report of the Auditors thereon.
2. To confirm payment of interim dividend and declare final dividend on equity shares for the financial year ended 31st March 2018.
3. To appoint a Director in place of Mr. K K Bangur, (DIN 00029427) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

   RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions if any, of the Companies Act, 2013 ("the Act") or any modification or re-enactment thereof, the Company hereby authorizes, payment of remuneration by way of commission at the discretion of the Board of Directors of the Company ("the Board") to one or more or all the Directors who are neither Managing directors nor Whole-time Directors of the Company, for a period of five financial years commencing from 1st April, 2018.

   FURTHER RESOLVED THAT the managerial remuneration to be distributed as commission to such directors along-with the managerial remuneration payable to the Managing Director, Whole Time Director and Manager in respect of any financial year shall not exceed eleven percent of the net profits of the company for that financial year computed in the manner laid down in Section 198 of the Act.

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

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

   RESOLVED THAT pursuant to the provisions of Section 148 (3) and other applicable provisions, if any of the Companies Act, 2013 and Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) / or re-enactment (s) thereof for the time being in force) the remuneration payable to the Cost Auditors of the various divisions / plants of the Company to conduct the audit of the cost accounting records maintained for the financial year ending March 31, 2018 as approved by the Board of Directors of the Company, on the recommendation of the Audit Committee and as detailed hereunder be and is hereby ratified.

Name of Cost Auditors/ Firm Registration No.	Location	@Remuneration in Rs.
Shome & Banerjee Kolkata Reg. No. 000001	(i) Durgapur, Bangalore Plant (including captive power generation facility in Mysore) (ii) 1.5 MW Link Canal Power plant at Mandya	3,00,000 30000
DBK Associates Pune Reg. No. 00325	Satpur (including captive power generation facilities), Ambad, Gonde & Captive Power Plants	200000
B G Chowdhury & Co. Kolkata Reg. No. 000064	Barauni	50000
N Radhakrishnan & Co.Kolkata Reg. No. 00056	Mini Steel Plant of Powmex Steels division	40000

@ plus GST and reimbursement of out of pocket expenses.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :-

RESOLVED THAT pursuant to Section 42 and 71 of Companies Act, 2013 and Companies (Prospectus & Allotment of Securities Rules), 2014 and other applicable provisions / rules of the Companies Act, 2013 and subject to, wherever required, the guidelines and / or approval of the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and subject to such other approvals and consents of the concerned authorities as required by law, and subject to such conditions, modifications and stipulations as may be imposed under the said approvals, permissions and consents and in terms of the Articles of Association of the Company, the Board of Directors of the Company (Board) be and is hereby authorised to issue and allot secured/ unsecured, redeemable, cumulative/ non-cumulative, non-convertible debentures/ Bonds upto Rs. 2,000 Crore or equivalent in one or more tranches/ series, through private placement, in domestic and/ or in international markets i.e. in Indian rupees and/or in foreign currency for subscription for cash at par on terms and conditions based on evaluation by the Board of market conditions as may be prevalent from time to time as may be determined and considered proper and most beneficial to the Company including without limitation as to when the aforesaid securities are to be issued, consideration, mode of payment, coupon rate, redemption period, utilisation of the issue proceeds and all matters connected therewith or incidental thereto; provided that the said borrowing shall be within the overall borrowing limits of the Company.

FURTHER RESOLVED THAT for the purpose of giving effect to this Special Resolution, the Board be and is hereby authorised to issue such directions as it may think fit and proper, including directions for settling all questions and difficulties that may arise in regard to the creation, offer, issue, terms and conditions of issue, allotment of the aforesaid securities, nature of security, if any, appointment of Trustees and do all such acts, deeds, matters and things of whatsoever nature as the Board, in its absolute discretion, consider necessary, expedient, usual or proper.

FURTHER RESOLVED THAT the Board shall have the right at any time to modify, amend any of the terms and conditions contained in the Offer Documents, Application Forms etc. not-withstanding the fact that approval of the concerned authorities in respect thereof may have been obtained subject, however, to the condition that on any such change, modification or amendment being decided upon by the Board, obtaining requisite approval, permission, authorities etc. from the concerned authorities is required.

FURTHER RESOLVED THAT all or any of the powers as conferred on the Board by the above resolutions be exercised by the Board or any Committee or by any Director as the Board may authorise in this behalf.

By Order of the Board
For Graphite India Limited

Kolkata B. Shiva
May 11, 2018 Company Secretary

NOTES :

a. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and the additional information pursuant to Regulation 36(3) of SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 in respect of Director proposed for re-appointment at the meeting are 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. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.

c. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.

d. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 28th day of July, 2018 to Monday, the 6th day of August, 2018 (both days inclusive).

e. Final Dividend on Equity Shares when sanctioned will be made payable to those shareholders whose names stand on the Company's Register of Members on 28th July, 2018 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 furnished by the depositories for this purpose. Final Dividend on equity shares, if declared at the meeting will be paid/despatched by 21st August, 2018.

f. (i) 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.

Unclaimed/un-encashed dividend declared by the Company for the year ended 31st March, 2011 would be transferred to the said fund in the third week of September, 2018.

Shareholders are advised to send all the unencashed dividend warrants to the Registered Office / office of the Company for revalidation and encash them immediately. Unclaimed/ Unencashed dividend upto the years ended 31st March, 2010 have already been transferred to the IEPF.

(ii) Further, pursuant to the provision of Section 124(6) of the Companies Act 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the demat account of the Investor Education and Protection Fund authority ('IEPF Authority') The Members/claimants whose shares, unclaimed dividend, etc. have been transferred to the IEPF Authority may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on iepf.gov.in) as per the procedure prescribed in the IEPF Rules.

g. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 04, 2017 (date of last Annual General Meeting) on the website of the Company (www.graphiteindia.com) as also on the Ministry of Corporate Affairs website (www.mca.gov.in)

h. Members/Proxies should fill in the Attendance Slip for attending the meeting and bring their Attendance Slips along with their copy of the Annual Report to the Meeting. Members are requested to affix their signature at the space provided in the attendance slip with complete details including the Folio No. annexed to the proxy form and hand over the slip at the entrance of the place of meeting.

i. Members are requested to notify change in their address, if any, immediately to the Company's Registrar, Link Intime India Pvt. Ltd., C 101, 247 Park, L B S Marg, Vikhroli (W), Mumbai 400 083 or to their Kolkata office at 59C, Chowringhee Road, 3rd Floor, Kolkata 700 020.

j. All the documents referred in the accompanying notice will be available for inspection at the Registered Office of the Company between 10:00 a.m. and 2:00 p.m. on all working days till the date of this Annual General Meeting.

k. **Voting through electronic means**

I The Company is pleased to provide members, facility to exercise their right to vote on resolutions proposed to be considered at the 43rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("e-voting") will be provided by Central Depository Services Limited (CDSL).

II The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by e-voting shall be able to exercise their right at the meeting through ballot paper.

III **The instructions for shareholders voting electronically are as under:**

(i) The voting period begins on 3rd August, 2018 – from 9.00 a.m. (IST) and ends on 5th August, 2018 – at 5.00 p.m. (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (30th July, 2018) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below :

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for GRAPAHITE INDIA LIMITED on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

(IV) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date (30th July, 2018) only shall be entitled to avail the facility of e-voting as well as voting at the AGM through ballot paper.

(V) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "e-voting" or "Ballot Paper" or "Poll Paper" for all those members who are present at the AGM but have not cast their votes by availing the e-voting facility.

(VI) Mrs. Swati Bajaj, Partner, M/s. P.S. & Associates, Practicing Company Secretaries, Kolkata has been appointed as the Scrutinizer to scrutinize the e-voting process and voting through Ballot Paper or Poll Paper, in a fair and transparent manner.

(VII) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

(VIII) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company (www.graphiteindia.com) and on Service Provider's website (www.evotingindia.com) immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited.

By Order of the Board
For Graphite India Limited

Kolkata
May 11, 2018

B. Shiva
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

ITEM NO. 4

The members of the Company in the 42nd Annual General Meeting held on 04th August 2017 had by way of an ordinary resolution approved and authorised the Board of Directors of the Company to pay commission exceeding one percent of the net profits of the Company as prescribed in Section 197 (1) of the Act in such proportion and to such one or more directors who are neither the managing director nor the whole-time director, as the Board in its discretion may decide for a period of five financial years commencing from 1st April 2017, but within the overall ceiling of eleven percent to all directors (including whole-time directors), subject to approvals wherever necessary.

The Companies (Amendments) Act 2017, has amended Section 197 of the Act, which provides for approval of the members of the Company, by way of a special resolution instead of an ordinary resolution. Applicability of the said amendment has not been notified yet.

However, as an enabling measure, approval from members is sought by way of a special resolution for payment of remuneration by way of commission to directors of the Company who are not managing director or whole time director of the Company, exceeding one percent of the net profits of the Company for a period of five financial years, commencing from 1st April 2018. The special resolution set out in Item no. 4 is commended for approval by the members

A copy of the Articles of Association of the Company is available for inspection at its Registered Office between 10.00 a.m. and 2.00 p.m. on any working day of the Company till the date of this Annual General Meeting.

All the directors (except Executive Director, the other Key Managerial personnel and their relatives) may be deemed to be concerned or interested in the resolution.

ITEM NO. 5.

Upon the recommendation of Audit Committee, the Board of Directors of the Company approved appointment of the cost auditors for the various divisions/plants of the Company on remuneration as detailed in the resolution. Ratification is sought from the members of the Company for payment of remuneration as approved by the Board and detailed in the resolution, pursuant to Rule 14 (a) (ii) of Companies (Audit and Auditors) Rules, 2014.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

ITEM No. 6

In order to arrange funds for capital expenditure/long term/short term working capital, organic and inorganic growth opportunities/general corporate purposes, the Board could consider issue of secured/unsecured, redeemable, cumulative/non-cumulative/non-convertible debentures/bonds upto Rs. 2000 crore (Rupees Two Thousand crore) or equivalent in one or more tranches/series, through private placement in domestic or in international markets i.e. in Indian rupees and/or in foreign currency.

Pursuant to the provisions of Section 42 of Companies Act, 2013 read with Rules 14(2) (a) of Companies (Prospectus & Allotment of Securities) Rules, 2014, members approval by way of a special resolution would be sufficient for all offers or invitation for such debentures for a year. The resolution placed before the members is thus an enabling resolution giving authority to the Board of Directors/Committee thereof to decide upon the issue on such terms and conditions as may be prevalent from time to time for a year from the date of passing this resolution.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Special Resolution set out at Item No.6 of the Notice for approval by the members.

By Order of the Board
For Graphite India Limited

Kolkata — B. Shiva
May 11, 2018 — Company Secretary

Profile of Director being re-appointed

Mr. K. K. Bangur aged 57 years, Chairman is an industrialist of repute. He has been exposed to business and industry at an early age and has around 35 years of experience in managing the affairs of companies and its business activities. He has been a director of the Company since July 1998 and Chairman since July 1993. He is a past President of All India Organization of Employers (AIOE) and Member, Board of Governors of Indian Institute of Social Welfare and Business Management (IISWBM) and a past Chairman of Council of Indian Employers (CIE). He is a past President of Indian Chamber of Commerce, Kolkata and Executive Committee member of FICCI. He is Chairman of the 'Stakeholders Relationship Committee', 'Committee for Borrowings', and 'Investment Committee' of the Company. As per Company records, he holds 19,07,726 shares of the Company including 50500 equity shares held as Karta of HUF & 199505 equity shares on behalf of Family Welfare Trust.

Directorships in other Companies

1	Emerald Company Pvt. Ltd.	Chairman
2	Shree Laxmi Agents Ltd.	Chairman
3	Innovative Properties Pvt. Ltd.	Chairman
4	Carbon Finance Ltd.	Chairman
5	Matrix Commercial Pvt. Ltd.	Director
6	The Marwar Textiles (Agency) Pvt. Ltd.	Director
7	West Bengal Properties Ltd.	Director

Committee Membership in other Companies - NIL

By Order of the Board
For Graphite India Limited

Kolkata
May 11, 2018

B. Shiva
Company Secretary

DIRECTORS' REPORT

The Directors have pleasure in presenting their Forty Third Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2018.

Financial Results **Rs. in Crore**

Particulars	2017-18	2016-17	2017-18	2016-17
	Graphite India Limited		Graphite India Limited Consolidated	
Revenue from Operations (Gross)	2983	1392	3291	1554
Profit for the year after charging all Expenses but before providing Finance Costs, Depreciation, Tax and other Comprehensive Income	**1441**	**159**	**1533**	**126**
Finance Costs	6	6	8	8
Profit before Depreciation, Exceptional Item and Tax	**1435**	**153**	**1525**	**118**
Depreciation and Amortisation Expense	46	42	52	46
Profit before Tax	**1389**	**111**	**1473**	**72**
Tax Expense for the Current Year				
Current Tax	465	3	475	6
Deferred Tax	10	(4)	(34)	(4)
Profit for the Year	**914**	**112**	**1032**	**70**
Other Comprehensive Income (net of tax)	1	(2)	7	(1)
Total Comprehensive Income	**915**	**110**	**1039**	**69**

REVIEW OF THE ECONOMY

Global growth strengthened in 2017 to 3.8 percent, with a notable rebound in global trade, driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, upswing in emerging Europe and signs of recovery in several commodity exporting countries. Resurgent investment spending in advanced economies and an end to the investment decline in some commodity-exporting markets and developing economies were important drivers of the uptick in global GDP growth and manufacturing activity.

Global growth is expected to touch 3.9 percent this year and the next, supported by strong momentum, favorable market sentiment, positive financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the United States. The partial recovery in commodity prices should allow conditions in commodity exports to gradually improve.

On the upside, the cyclical rebound could prove stronger in the near term as the pickup in activity and easier financial conditions reinforce each other. On the downside, rich asset valuations could dampen growth and confidence. A possible trigger could be a faster-than-expected increase in advanced economy core inflation and interest rates as demand accelerates.

As per Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation, the Indian GDP has grown at 7.2% in Q3 2017-18 backed by 6.5% in Q2 2017-18 and 5.7% in Q1 2017-18. In the second advanced estimates, released in February 2018 by CSO, the Indian economy is expected to grow by 6.6% in the full year 2017-18.

The reform measures undertaken in 2017-18 are expected to strengthen and reinforce growth momentum. The prospect for Indian economy for the year 2018-19 needs to be assessed in the light of emerging global and domestic developments. Indicators show that global economic growth is expected to pick up. This is expected to provide further boost to India's exports, which has already shown strong growth in the current financial year. On the other hand, the increasing global prices of oil and other key commodities may exert an upward pressure on the value of imports. There are signs of revival of investment activity in the economy and the recent pick up in the growth of fixed investment is expected to maintain momentum in the coming year.

Various economic reforms were undertaken in the year which includes: implementation of the Goods and Service Tax (GST), announcement of bank recapitalization, push to infrastructure development by giving infrastructure status to affordable housing, higher allocation of funds for highway construction and greater focus on coastal connectivity. Medium-term macro outlook remains bright against the background of implementation of GST, green shoots in the global economy, relatively stable prices and improvement in indicators of external sector. According to IMF World Economic Outlook Update April 2018, Indian economy is expected to grow at 7.4% during 2018 and further accelerate to 7.8% during 2019.

GRAPHITE INDIA

The Company recorded an impressive performance during the year. Revenue from operations increased by 114% to Rs. 2,983 crore for FY 2017-18 as against Rs. 1,392 crore in the previous year. The increase was primarily driven by higher sales price realization and sale volume. The continued consistent slide in the selling prices witnessed during last few years reversed midway during the current year with better balancing of demand-supply imbalance. The global demand for graphite electrodes was strong owing to – (1) demand revival in some of the steel producing nations with higher EAF capacities; (2) consolidation in electrode industry which saw approximately 2,00,000 tons of capacity being shut down and (3) closure of significant steel capacities in highly polluting induction furnaces and blast furnaces in China which are gradually being replaced by environment friendly electric arc furnaces. China also closed down some of its electrode manufacturing capacities.

The PBT of Rs. 1,389 crore for current year was higher in comparison to Rs. 111 crore of previous year which also includes investment income of Rs. 52 crore as against Rs. 47 crore in the last year.

The Company's Graphite and Carbon Segment continues to be the main source of revenue and profit for the Company, accounting for about 95% of the total revenue.

OVERSEAS SUBSIDIARIES

The performance of the German subsidiaries has turned around and shown sharp improvement during the year with recovery in electrode demand as well as prices during the year.

DIVIDEND

The Directors are pleased to recommend declaration of final dividend @ Rs. 12 per equity share on 19,53,75,594 equity shares for the financial year ended 31st March 2018 in addition to the Interim dividend @ Rs. 5 per equity share, already paid.

MANAGEMENT DISCUSSION AND ANALYSIS

(i) Industry's structure and developments

A. Graphite and Carbon Segment

Graphite Electrodes

Graphite Electrode is used in electric arc furnace based steel mills for conducting current that melts scrap iron and steel and is a consumable item for the steel industry. The principal manufacturers are based in USA, Europe, India, China, Malaysia and Japan.

Graphite Electrode demand is primarily linked with the global production of steel in electric arc furnaces. The two basic methods for steel production are - (1) Blast Furnace (BF); and (2) Electric Arc Furnace (EAF). According to the World Steel Association (WSA), EAFs accounted for 45%, or 367 million Mt, of global crude steel production (excluding China) in 2016. Between 1984 and 2011, EAF steelmaking was the fastest-growing segment of the steel sector, with production increasing at an average rate of 3.5% per year, based on WSA data. Historically, EAF steel production has grown faster than the overall steel production due to its greater resilience, variable cost structure, less capital intensive, less polluting and more environment friendly nature. This growth trend was reversed between 2011 and 2015 due to global overcapacity in steel production driven largely by Chinese BF steel production. Beginning 2016, focused efforts by the Chinese government to restructure China's domestic steel industry have led to clamping restrictions on Chinese BF steel production and lowering of export volumes. In addition, developed economies, which typically have much larger EAF steel industries, have instituted a number of protective trade policies to protect its domestic steel producers. As a result, since 2016, the EAF steel production has resurged and reiterated its strong growth trajectory. This revival in EAF steel production has resulted in increased demand for graphite electrodes.

Calcined Petroleum Coke and Paste

The Coke Division in Barauni, Bihar, is engaged in the manufacturing of Calcined Petroleum Coke (CPC), Carbon Paste and Electrically Calcined Anthracite Paste and is one of the several backward integration initiatives of the Company. Two grades of CPC - aluminium and graphite – are produced. CPC is primarily used in manufacture of anodes for use in aluminium smelters, manufacture of graphite electrodes and also used as carburiser in steel. The division also manufactures four grades of Paste i.e. Electrode Paste based on either CPC or Electrically Calcined Anthracite Coal (ECAC) & Tamping Paste based on either CPC or ECAC. Electrode Paste is used in Ferro Alloy Smelters and Tamping Paste is used as a lining material in submerged arc furnaces.

This division's performance was better due to higher realization. However, supply constraints in getting its basic raw material i.e. Green / Raw Petroleum Coke was the major hurdle faced during the year.

Impervious Graphite Equipment

The Impervious Graphite Equipment (IGE) Division is engaged in design, manufacture and supply of Impervious Graphite Heat and Mass transfer equipment and Turnkey systems. The product range includes Graphite Heat Exchangers in Shell & tube type and Poly-Block type construction, Turnkey systems like HCL Synthesis units and Dry Gas generation units, Absorbers and Absorption systems, Graphite Columns, H2SO4 Dilution and Cooling units, Vacuum Ejector systems, Graphite Bursting Discs and accessories.

Impervious graphite is an ideal material of construction for corrosive "process fluids" and finds wide application in industries like Chloro-Alkali, Chlorinated Organic Chemicals, Phosphoric Acid, Fertilizers, Steel Pickling, Metal Processing, Polymers like VCM, Polycarbonate and Caprolactum, Drug Intermediates, etc.

Over the years, the Company has built this product line into a reliable brand with a reputation for prompt service, good quality and consistent performance by investing in strengthening its core competencies. Domestic chemical industry is very vibrant currently and many new projects and expansions are taking off in chloro-alkali, drugs / pharma, agrochemicals and fine chemicals sectors. Domestic order booking was quite robust compared to last year, with product mix leaning more towards block type equipment. Export business was modest and order booking was lower in comparison to last year. Recently mono-block design was developed as required by Japanese customers and demand for this item is expected to grow.

Captive Power

Power constitutes one of the major costs of Electrode production. For captive consumption, the Company has an installed capacity of 18 MW of power generation through Hydel route. Power generation through Hydel Power Plant was 36.36 million units as against 33.75 million units in the previous year.

B. Other Segments

Glass Reinforced Plastic Pipes (GRP)

GRP Division is engaged in manufacturing of large diameter Glass Fibre Reinforced Plastic Pipes and Pipe-liners for rehabilitation of old pipes. Product is manufactured by continuous filament winding process with computerized advanced technology comparable to other plants worldwide. These pipes find application in diverse fields such as bulk water supply projects, power plants, sewerage disposal schemes, industrial effluent disposal etc. For sea water, it is the most suitable recommended alternative. Government is embarking on infrastructure development in a big way with stress on irrigation and sanitation. For irrigation, instead of open canal/waterways closed pipe canals are being considered. This has opened up a new window for large diameter pipes and opportunities for use of GRP pipes in this field.

The Company has a good track record of supplying large diameter pipes and their successful commissioning. Its pipes are in use for many years in several infrastructure projects in private as well as in public sector. However project cost overruns, delay in completion of projects, disputes on contractual defaults and non-receipt of receivables have still remained as inherent risks in the business. The Company's policy of picking up orders selectively and insistence on payment security before manufacturing has paid off and the unit has performed better than previous year on these parameters but margins are still under pressure.

Steel Segment

Powmex Steels Division (PSD) is engaged in the business of manufacturing high speed steel and alloy steel having its plant at Titilagarh in the State of Orissa. PSD is the single largest manufacturer of High Speed Steel (HSS) in the country. HSS is used in the manufacture of cutting tools such as drills, taps, milling cutters, reamers, hobs, broaches and special form tools. HSS cutting tools are essentially used in – (a) automotive; (b) machine tools; (c) aviation; and (d) retail market. The industry is characterised by one good quality manufacturer of HSS viz. PSD and several other small manufacturers who cater to the lower end of the quality spectrum in the retail segment. On the demand side, the industry is broadly divided into large and small cutting tool manufacturers who use both domestic and imported HSS. Demand for HSS products in PSD's range remained subdued during first half of the year under review which picked up in the subsequent quarters. PSD faces competition from small domestic producers and cheap imports from overseas manufacturers. PSD is taking various measures to meet the increasing competition from imports. PSD also had to contend with steep increase in raw material input prices during the year.

Development of new grades of HSS has been successfully undertaken which is likely to benefit the division in the medium term.

1.5 MW Hydel Power Facility

Power generated from this facility is sold to Karnataka Power Grid under a Power Purchase Agreement. Generation of power is entirely dependent on monsoon.

(ii) *Opportunities and threats*

India was the third largest steel producer in 2017. India's crude steel production grew by 5.87% year-on-year to 101.2 million tons in 2017. India's steel exports grew 102% year-on-year to 8.24 milliion tons in 2016-2017, while steel imports declined 37% year-on-year to 7.4 million tons. Total consumption of finished steel stood at 8.9 million tons during April 2017 – February 2018. India is expected to become the second largest steel producer in the world by 2018, based on increased capacity addition in anticipation of upcoming demand. The new steel policy that has been approved by the Union Cabinet in May 2017 is expected to further boost India's steel production. Huge growth potential indicators are - India's comparatively low per capita steel consumption, expected rise in steel consumption due to increased infrastructure construction and the thriving automobile and railways sectors. Moreover Government of India's focus on infrastructure and restarting road projects is further boosting demand for steel. Also, further likely acceleration in rural economy and infrastructure is expected to increase the demand for steel.

The WSA expects the demand for steel will reach 1,616.1 Mt in 2018, an increase of 1.8% over 2017. In 2019, it is forecast that global steel demand will grow by 0.7% to reach 1,626.7 Mt. Steel demand in China is expected to remain flat in 2018 but is expected to gradually replace the closed BF with EAF. Overall steel demand will get a boost from higher demand in USA, India, Middle East and Africa. Increased demand from these countries would lead to higher steel production through EAF route, as production through the EAF method is higher in these countries as compared to the BF route. We expect EAF steel production to grow at a CAGR of 5% during 2018-2020 to reach 520 Mt by 2020 on an estimated basis.

The Company is currently witnessing positive impact of the consolidation in the Graphite Electrode sector coupled with increase in demand and realisation.

Volumes and business prospects, in general, would be impacted by factors like: (a) sustainability of the global economic recovery in 2018-19; (b) pace of recovery in Euro zone and China; (c) sustainability of recovery in steel demand and production; (d) rising costs of key inputs; (e) sustainability of recent surge in commodity and oil prices; and (f) pace of hike in interest rates in the United States.

While the Company is quite optimistic of future prospects of the electrode industry, it is well equipped and geared to face any unforeseen reversal in trend.

(iii) Segment-wise Performance

Revenue of the Company

The revenue from operations amounted to Rs. 2,983 crore as against Rs. 1,392 crore in the previous year.

Aggregate Export Revenue of all divisions together was Rs. 919 crore as against Rs. 527 crore in the previous year.

Graphite and Carbon Segment

The performance of the segment was satisfactory in F.Y. 2017-18 considering overall positive environment for the industry.

Production of Graphite Electrodes and Other Miscellaneous Carbon and Graphite Products during the year under review was 90,882 Mt against 73,756 Mt in the previous year.

Production of Calcined Petroleum Coke during the year was 22,954 Mt as against 24,007 Mt in the previous year.

Production of Carbon Paste during the year was 3,513 Mt against 3,886 Mt in the previous year.

Production of Impervious Graphite Equipment (IGE) and spares at 1,721 Mt was higher as compared to that of 1,505 Mt in the previous year.

Power generated from captive Hydel Power Plant of 18 MW capacity amounted to 36.36 million units during the year as against 33.75 million units in the previous year.

The segment revenue increased to Rs. 2,833 crore from Rs. 1257 crore in the previous year with a surge in Domestic and Export sales (both volume and realization). The profitability of the segment increased to Rs. 1,377 crore in FY 2017-18 from Rs. 53 crore in FY 2016-17.

Other Segments

GRP division produced 12,124 Mt pipes as against 6,760 Mt in the previous year.

Production of HSS and Alloy Steels was 1,481 Mt during the year as against 1,374 Mt in the previous year.

Sale of power from 1.5 MW Link Canal facility was 1.20 million units as against 0.88 million units in the previous year.

(iv) *Outlook*

World crude steel production reached 1,691.2 million tons for the year 2017, up by 5.3% compared to 2016. Annual production for Asia was 1,162.5 million tons of crude steel in 2017, an increase of 5.4% compared to 2016. India's crude steel production for 2017 was 101.4 million tons, up by 6.2% on 2016.

The year 2018 and 2019 is expected to see a continuation of cyclical upturn in steel demand with a continuing recovery in the developed economies and an accelerating growth momentum in the emerging and developing economies. The graphite electrode industry has historically followed the growth of the EAF steel industry and, to a lesser extent, the steel industry as a whole, which has been highly cyclical and affected significantly by general economic conditions. WSA estimated global steel production outside of China would grow by 2.6% over 2016 levels to 856 million Mt in 2017 and by 3.0% to 882 million Mt in 2018. WSA noted that both advanced and developing economies exhibited stronger economic momentum in 2017.

Other recent macroeconomic indicators and industry trends have projected significant increases in demand for graphite electrodes. Beginning 2016, efforts by the Chinese government to eliminate inefficient and polluting steelmaking production capacities and improve environmental and health conditions have led to clamping limits on Chinese BF steel production, including the closure of over 200 million Mt of its polluting steel production capacity, based on data from S&P Global Platts and the Ministry of Commerce of the People's Republic of China. In 2017, Chinese steel exports fell by more than 30% compared to 2016, including 17 consecutive months of year-on-year declines, according to the National Bureau of Statistics of China. With the reduction in steel production capacity through BF route and replacing the same with EAF route, the historical growth trend of EAF steelmaking in relation to the overall steel manufacturing, have led to increased demand for graphite electrodes. At the same time, ongoing consolidation and rationalization of graphite electrode production capacity has limited the ability of graphite electrode producers to meet this growing demand. Prior to this improvement in demand, the electrode industry experienced an extended, five-year downturn, resulting in closure of production capacity outside of China of approximately 200,000 Mt (or approximately 20%) since the beginning of 2014.

According to general consensus, the upturn in the global economy is expected to continue in 2018, as long as the prevailing crisis and risks do not escalate. This includes the unstable situation in the Middle East and Korea, protectionism, Brexit, and structural deficits in many countries. In addition, significant corrections to asset values (such as shares, real estate, or cryptocurrencies) could lead to turbulence on the capital markets and put a strain on the global economy.

Economically, demand is strong in industrialized countries, particularly in the US and the Eurozone, and has a very broad basis with positive employment growth, as well as capital investment owing to increasingly higher capacity utilization. Emerging economies are benefitting from lively global trade, in addition to higher prices for oil and raw materials. The economic upswing in the US will benefit the corporate sector, in addition to increased private consumption. Huge tax cuts may create additional short-term momentum for the US economy.

Europe continues to be faced with significant political challenges (including Brexit, EU reorganization, partial structural deficits, and the Spain/Catalonia conflict), though the economic pre-requisites for a robust upswing are still intact. Private consumption is strong and the willingness to invest is high, thanks to the buoyancy of the world economy. The ECB is reducing bond purchases but keeping interest rates low. According to the IMF, the Eurozone will grow by 2.2% in 2018. The German economy is currently experiencing a boom and despite increased capital expenditure (and a shortage of skilled professionals) operating at close to full capacity. Nevertheless, the IMF continues to predict strong GDP growth of 2.3% for Germany in 2018. Following its recent, surprisingly strong expansion, China's growth rate should flatten off to 6.6%, according to the IMF. The reasons for that are structural changes in favour of domestic demand, services and high technology. In addition, more emphasis is likely to be placed on stemming debt increases. India's economy will overcome its short-term reform slowdown and regain its dynamism in 2018. In the wake of the buoyant global economy, the ASEAN-5 countries will continue their rapid expansion, while Russia and Brazil are also set for robust growth.

With better economics of EAF steel as compared to BF route, coupled with its inherent advantages like low capital requirement and low emission levels, it is expected that EAF steel production will steadily grow. This has resulted in higher electrode demand during 2017-18. It is expected that this will sustain and grow.

With its competitive cost structure and a well diversified customer base, the Company is well geared to enhance its presence in the global Graphite Electrode market and benefit from the upturn in the industry.

(v) *Risks and Concerns*

The Company is exposed to the threat of the cyclical nature of the steel demand / production through EAF route as also to the risks arising from the volatility in the cost of input materials.

The Company sells its products primarily to the EAF steel manufacturing industry. Steel industry historically has been highly cyclical and is affected significantly by general economic conditions. Major customers for the steel industry include companies in the automotive, construction, appliance, machinery, equipment and transportation industries, which are industries that were negatively affected by the general economic downturn and the deterioration in financial markets, including severely restricted liquidity and credit availability, in the recent past. In particular, EAF steel production declined approximately 17% from 2008 to 2009 as a result the general economic downturn and deterioration in financial markets. In addition, EAF steel production declined approximately 10% from 2011 to 2015 due to global steel production overcapacity driven largely by Chinese BF steel production. Since 2016, however, the EAF steel market has rebounded strongly and resumed its medium to long-term growth trajectory. Customers, including major steel producers, have in the past experienced and may again experience downturns or financial distress that could adversely impact the Company.

An increase in global graphite electrode production capacity that outpaces an increase in demand for graphite electrodes could adversely affect the price of graphite electrodes. Excess production capacity may result in manufacturers producing and exporting electrodes at prices that are lower than prevailing domestic prices, and sometimes at or below their cost of production.

Petroleum needle coke is the primary raw material used in the production of graphite electrodes. Supply of petroleum needle coke has been limited starting in the second half of 2017 as the demand has outpaced supply due to increasing demand for production of lithium-ion batteries used in electric vehicles. Similarly the availability and price of other materials may impact the operations and/or margins of the Company.

Disproportionate increase in taxes and other levies imposed periodically by the Central and State Governments, especially on essential inputs, may increase the cost of manufacture and reduce the profit margins. However implementation of Goods & Service Tax (GST) is expected to bring in stability in this area.

Exports to specific regions may get severely affected by trade barriers in the form of crippling import duties or anti dumping duties or countervailing duties or sanctions as the case may be and our export volumes to specific markets could get majorly affected by such protectionist/ restrictive impositions. Devaluation or appreciation of currency may impact business prospects.

The Company has a mixed exposure of exports and imports and is a net foreign exchange earner. So, volatility in foreign currency market directly impacts the company's prospects. Inherent natural hedge of various balancing exposures may mitigate the risk up to an extent.

Due to rapid urbanization close to the industrial zones, the Pollution Control Authorities are imposing strict conditions resulting in additional capital expenditure.

(vi) *Internal control systems and their adequacy*

The Company has proper and adequate systems of internal controls. Internal audit is conducted by outside auditing firms. The Internal audit reports are reviewed by the top management and the Audit Committee and timely remedial measures are ensured.

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

Revenue from Operations recorded Rs. 2,983 crore as against Rs. 1,392 crore in the previous year.

Profit after tax was Rs. 914 crore as against Rs. 112 crore in the previous year. Profit before tax was higher at Rs. 1,389 crore as compared to Rs. 111 crore in the previous year.

Borrowing at Rs. 155 crore was higher than Rs. 127 crore in the previous year and the Finance Cost remained flat at Rs. 6 crore for both years.

Capital expenditure during the year amounted to Rs. 50 crore as against Rs. 84 crore in the previous year. The Company is a net foreign exchange earner.

ICRA has reaffirmed the long term rating at [ICRA] 'AA+' (pronounced ICRA double A plus) which indicates that the outlook on the long term rating is stable. The short-term debt programme rating has been reaffirmed at [ICRA] 'A1+' (pronounced ICRA A one plus). This rating indicates highest-credit-quality. The retention of these ratings reflects comfortable financial risk profile characterized by low gearing, strong coverage indicators and the financial flexibility emanating from large liquid investment portfolio.

Details of contingent liabilities are given in Note 35 to the Financial Statements.

(viii) *Material developments in Human Resources / Industrial Relations front, including number of people employed*

The HRD policies and practices focus on contemporary and pragmatic people centric initiatives, aligning it with business vision and objectives, which primarily help in creating robust organisational structure and aims at optimum utilisation of resources.

The Training & Development Programmes encompassing the competency building initiatives amongst employees continues to be an ongoing process. Besides, the leadership building at senior and middle management level, the succession planning for critical positions continue to be a focus area. The involvement of employees in the operational initiatives at the manufacturing plants of the Company continues to be high.

The total number of permanent employees in the Company is 2022 as on 31st March, 2018.

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

Pollution Matter – Bangalore

Appeal filed by complainants before the Hon'ble National Green Tribunal South Zone at Chennai against the majority order dated 22.06.2013 passed in favour of the Company by the Hon'ble Karnataka State Appellate Authority at Bangalore is pending.

Research & Development

The Company's R&D is committed towards continual improvement, development of technology and development of import substitute materials.

R&D initiatives are in the area of new product development, raw materials, productivity, process development, reduction in carbon emission etc.

Continuous efforts are made to develop import substitute materials for Aeronautical, Aerospace, Railway and other industrial applications. Continual process development activities are towards producing superior version of carbon brake pads for aircrafts and helicopters.

Subsidiary Companies

Carbon Finance Limited is a wholly owned Indian subsidiary. Graphite International B.V. in The Netherlands is a wholly owned overseas subsidiary Company which is the holding Company of four subsidiaries in Germany (viz) Graphite Cova GmbH, Bavaria Electrodes GmbH, Bavaria Carbon Specialities GmbH, Bavaria Carbon Holdings GmbH.

The overseas subsidiaries recorded a turnover of Euro 51.88 Mn as compared to Euro 32.51 Mn in the previous year. The subsidiaries have performed well during the year with favourable demand conditions and consequent increase in prices and have turned around to a profit of Euro 14.86

mn as against loss of Euro 5.18 mn in the previous year (including Graphite International B.V.).

The Company earned by way of Royalty Rs. 4.60 crore during the year, as against Rs. 2.32 crore in the previous year, from overseas subsidiary.

Statement containing salient features of the financial statements of subsidiaries is enclosed - **Annexure 1**

No Company has ceased to be a subsidiary of the Company during the year. The Company does not have any joint venture or associate companies.

The Consolidated Financial Statements of the Company along with those of its subsidiaries prepared as per Ind AS 110 forms a part of this Annual Report.

Audit Committee

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

All recommendations of the Audit Committee were accepted by the Board.

Information pursuant to Section 134 of the Companies Act, 2013

a. Extract of the annual return as provided under Section 92 (3) of Companies Act, 2013 is enclosed - **Annexure 2**

b. Four meetings of the Board of Directors of the Company were held during the year on 18th May 2017, 4th August 2017, 23rd October 2017 and 30th January 2018.

c. All the Independent Directors of the Company have furnished declarations that they satisfy the requirement of Section 149 (6) of the Companies Act, 2013.

d. Relevant extracts of the Company's policy on directors appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided in section 178(3) of Companies Act, 2013 is enclosed - **Annexure 3**

e. There is no qualification, reservation or adverse remark or disclaimer made by the statutory auditor in his audit report and by Company Secretary in practice in the secretarial audit report and hence no explanations or comments by the Board are required.

f. Particulars of loans, guarantees or investments under Section 186 of Companies Act, 2013 is enclosed - **Annexure 4**

g. Particulars of contracts or arrangements with related parties referred to in Section 188(1) of Companies Act, 2013 is enclosed - **Annexure 5**

h. Details of conservation of energy, technology absorption, foreign exchange earnings and outgo as prescribed vide Rule 8(3) of Companies (Accounts) Rules 2014 is enclosed - **Annexure 6**

i. Risk management policy has been developed and implemented. The Board is kept informed of the risk mitigation measures being taken through half yearly risk mitigation reports / Operations Report. There are no current risks which threaten the existence of the Company.

j. **Corporate Social Responsibility (CSR)**

As part of its CSR activities, the Company has initiated projects aimed at promoting education, employment enhancing vocational skills and livelihood enhancement projects and healthcare initiatives through B D Bangur Endowment. The CSR policy has been displayed on company website www.graphiteindia.com and can be viewed on **http://www.graphiteindia.com/View/investor_relation.aspx**

The CSR annual report for the year ended 31st March, 2018 is attached separately and forms part of this report - **Annexure 7**

k. Formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors on the basis of a set of criterias framed and approved by the Nomination & Remuneration Committee / Board.

l. The Company has adopted a Vigil Mechanism which has been posted on the Company's website and can be viewed on **http://www.graphiteindia.com/View/investor_relation.aspx**

m. The Company does not accept deposits from public.

n. There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

Disclosures pursuant to Section 197(12) of Companies Act, 2013 read with Rule 5(1), Rule 5(2) and Rule 5(3) of Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 are contained in **Annexures 8 and 9**.

o. Dividend Distribution Policy is enclosed - **Annexure 10**. The same can also be viewed on **http://www.graphiteindia.com/View/investor_relation.aspx**

DIRECTORS

Mr. K. K. Bangur retires by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

No director is related inter-se to any other director of the Company.

Recognition/Award

The Company continues to enjoy the status of a Star Trading House.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors state that-

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed;

(b) The directors 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 at the end of the financial year and of the profit and loss of the Company for that period;

(c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The directors have prepared the annual accounts on a going concern basis;

(e) The directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Corporate Governance Report

A Report on Corporate Governance along with a Certificate of Compliance from the Auditors forms part of this Report - **Annexure 11**

Business Responsibility Report (BRR)

The Listing Regulations mandate the inclusion of the BRR as part of Annual Report for top 500 listed entities based on market capitalisation. In compliance with the Listing Regulations, we have incorporated BRR into our Annual Report.

Auditors

S. R. Batliboi & Co. LLP, Chartered Accountants, were appointed as Auditors of the Company, for a period of five (5) years at the 42nd AGM held on 4th August, 2017. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

Cost Auditors

The Company had appointed following Cost Auditors for FY 2017-18 who conducted cost audit as detailed below :

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

Consolidated Cost Audit Report for FY 2016-17 was filed with the Ministry of Corporate Affairs, Government of India, on 29th August, 2017.

The said Cost Auditors have been appointed to conduct cost audit for the same divisions as mentioned above for FY 2018-19. The firm "DBK & Associates" name has now been changed to "Deodhar-Joshi & Associates".

Secretarial Audit Report

The Board appointed M/s. P. S. & Associates, Practicing Company Secretaries, to conduct Secretarial Audit for FY 2017-18. The Secretarial Audit Report is annexed herewith **- Annexure 12**

The Company is in compliance of all applicable Secretarial Standards as specified by the Institute of Company Secretaries of India.

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
May 11, 2018

K. K. Bangur
Chairman

Annexure 1

Form AOC - 1

{Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014}

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

Figures in Eur'000
Figures in Rs. Lakhs

Sl. No.	Name of the Subsidiary	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation/ (Write back)	Profit after Taxation	Proposed Dividend	% of shareholding
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	Carbon Finance Limited, India	INR	530	5,166	1,498	5	4,203	426	370	100	270	-	100%
2	Graphite International B.V., The Netherlands	EURO	17,300	630	18,141	211	-	574	452	117	335	-	100%
		INR	13,946	508	14,624	170	-	463	364	94	270	-	
3	Graphite COVA GmbH, Germany	EURO	16,320	(4,044)	38,795	26,519	-	52,674	9,528	(4,812)	14,340	-	100%
		INR	13,156	(3,260)	31,273	21,377	-	42,460	7,680	(3,879)	11,559	-	
4	Bavaria Electrodes GmbH, Germany	EURO	100	3,013	6,939	3,826	-	15,129	299	83	216	-	100%
		INR	81	2,429	5,594	3,084	-	12,195	241	67	174	-	
5	Bavaria Carbon Specialities GmbH,, Germany	EURO	100	2,378	3,164	686	-	6,621	250	63	187	-	100%
		INR	81	1,917	2,551	553	-	5,337	202	51	151	-	
6	Bavaria Carbon Holdings GmbH, Germany	EURO	275	339	1,726	1,112	-	593	(274)	(52)	(222)	-	100%
		INR	222	273	1,391	896	-	478	(221)	(42)	(179)	-	

Note :
1. The reporting period of all the subsidiaries is the same as that of the Holding Company
2. Part B of the Statement AOC-1 has not been produced because the Company did not have any associates/joint ventures during the Financial Year.
3. Exchange Rate as on the last date of the Financial Year, i.e. 31st March,2018 has been taken @ 1 Eur= Rs.80.61

Kolkata	**S.W.Parnerkar**	**B.Shiva**	**M.B.Gadgil**	**K.K.Bangur**
11th May, 2018	Sr.Vice President-Finance	Company Secretary	Executive Director	Chairman

Annexure 2

Form No. MGT 9

EXTRACT OF ANNUAL RETURN as on financial year ended 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L10101WB1974PLC094602
ii)	Registration Date	2nd May, 1974
iii)	Name of the Company	Graphite India Limited
iv)	Category / Sub-category of the Company	Public Company / Limited by shares
v)	Address of the Registered office and contact details	31, Chowringhee Road, Kolkata 700016 Phone -033 -40029600 Fax- 033 -40029676 E-mail -gilro@graphiteindia.com
vi)	Whether listed company	Yes
vii)	Name , Address and Contact details of Registrar and Transfer Agents, if any	Link Intime India Pvt. Ltd. C 101, 247 Park, LBS Marg, Vikhroli (W) Mumbai 400083 Phone 022-49186270 Fax 022-49186060 E-mail - rnt.helpdesk@linkintime.co.in

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10% or more of the total turnover of the Company -

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company#
1.	Manufacturing of Graphite Electrodes and Miscellaneous Graphite Products on the basis of Gross Turnover	3297 - Manufacture of graphite products n.e.c.	87.45

On the basis of Gross Turnover

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATES COMPANIES

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
1	Emerald Company Pvt. Ltd. 31, Chowringhee Road, Kolkata 700 016	U99999WB1940PTC12811	Holding	61.20	2(46)
2	Carbon Finance Ltd. 31, Chowringhee Road, Kolkata 700016	U51909WB1992PLC055850	Subsidiary	100	2(87)(ii)
3	Graphite International B V, Schiphol Boulevard 231, 1118BH Schiphol, The Netherlands	–	Subsidiary	100	2(87)(ii)
4	Graphite COVA Gmbh, Grünthal 1-6, D-90552 Röthenbach an der Pegnitz	–	Subsidiary	100	2(87)(ii)
5	Bavaria Electrodes Gmbh, Grünthal 1-6, D-90552 Röthenbach an der Pegnitz	–	Subsidiary	100	2(87)(ii)
6	Bavaria Carbon Specialities Gmbh, Grünthal 1-6, D-90552 Röthenbach an der Pegnitz	–	Subsidiary	100	2(87)(ii)
7	Bavaria Carbon Holdings Gmbh, Grünthal 1-6, D-90552 Röthenbach an der Pegnitz	–	Subsidiary	100	2(87)(ii)

IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

	Category of Shareholders	Shareholding at the beginning of the year - 01.04.2017				Shareholding at the end of the year - 31.03.2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Shareholding of Promoter and Promoter Group**									
[1]	**Indian**									
	a) Individuals / Hindu Undivided Family	723017	2005	725022	0.37	723017	2005	725022	0.37	0.00
	b) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
	c) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
	d) Any Other (Specify)									
	Bodies Corporate	124850064	250	124850314	63.90	124850064	250	124850314	63.90	0.00
	Sub Total (A)(1)	**125573081**	**2255**	**125575336**	**64.27**	**125573081**	**2255**	**125575336**	**64.27**	**0.00**
[2]	**Foreign**									
	a) Individuals (Non-Resident Individuals / Foreign Individuals)	1842647	0	1842647	0.94	1842647	0	1842647	0.94	0.00
	b) Government	0	0	0	0.00	0	0	0	0.00	0.00
	c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
	d) Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
	e) Any Other (Specify)									
	Sub Total (A)(2)	**1842647**	**0**	**1842647**	**0.94**	**1842647**	**0**	**1842647**	**0.94**	**0.00**
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**127415728**	**2255**	**127417983**	**65.22**	**127415728**	**2255**	**127417983**	**65.22**	**0.00**
B	**Public Shareholding**									
[1]	**Institutions**									
	a) Mutual Funds / UTI	9554284	53569	9607853	4.92	10404924	34005	10438929	5.34	0.43
	b) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
	c) Alternate Investment Funds	0	0	0	0.00	36300	0	36300	0.02	0.02
	d) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
	e) Foreign Portfolio Investor	24546121	20013	24566134	12.57	8952117	0	8952117	4.58	-7.99
	f) Financial Institutions / Banks	37544	26615	64159	0.03	123151	16479	139630	0.07	0.04
	g) Insurance Companies	6751415	1750	6753165	3.46	5973485	0	5973485	3.06	-0.40
	h) Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
	i) Any Other (Specify)									
	Sub Total (B)(1)	**40889364**	**101947**	**40991311**	**20.98**	**25489977**	**50484**	**25540461**	**13.07**	**-7.91**
[2]	**Central Government/ State Government(s)/ President of India**									
	Sub Total (B)(2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
[3]	**Non-Institutions**									
	a) Individuals									
	i) Individual shareholders holding nominal share capital upto Rs. 1 lakh.	11333335	2480190	13813525	7.07	20003733	1600708	21604441	11.06	3.99
	ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	641160	0	641160	0.33	2064981	0	2064981	1.06	0.73
	b) NBFCs registered with RBI	0	0	0	0.00	0	0	0	0.00	0.00
	c) Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
	d) Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
	e) Any Other (Specify)									
	IEPF	0	0	0	0.00	922058	0	922058	0.47	0.47
	Trusts	19960	32	19992	0.01	28389	32	28421	0.01	0.00
	Foreign Nationals	0	37530	37530	0.02	0	14955	14955	0.01	-0.01
	Hindu Undivided Family	512414	59	512473	0.26	885871	41	885912	0.45	0.19
	Non Resident Indians (Non Repat)	160301	5156	165457	0.08	143766	2922	146688	0.08	-0.01
	Other Directors	5083	9000	14083	0.01	5083	9000	14083	0.01	0.00
	Non Resident Indians (Repat)	1676604	254841	1931445	0.99	1610967	173745	1784712	0.91	-0.08
	Foreign Portfolio Investor (Individual)	0	0	0	0.00	10000	0	10000	0.01	0.01
	Clearing Member	135463	0	135463	0.07	964457	0	964457	0.49	0.42
	Bodies Corporate	9614671	80501	9695172	4.96	13915692	60750	13976442	7.15	2.19
	Sub Total (B)(3)	**24098991**	**2867309**	**26966300**	**13.80**	**40554997**	**1862153**	**42417150**	**21.71**	**7.90**
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	**64988355**	**2969256**	**67957611**	**34.78**	**66044974**	**1912637**	**67957611**	**34.78**	**0.00**
	Total (A)+(B)	**192404083**	**2971511**	**195375594**	**100.00**	**193460702**	**1914892**	**195375594**	**100.00**	**0.00**
	C. Non Promoter - Non Public									
	[1] Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
	[2] Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
Total (A)+(B)+(C)		**192404083**	**2971511**	**195375594**	**100.00**	**193460702**	**1914892**	**195375594**	**100.00**	

IV (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year - 01.04.2017			Shareholding at the end of the year - 31.03.2018			% change in shareholding during the year
		No.of shares held	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No.of shares held	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1	Emerald Company Private Limited	119579419	61.20	0	119579419	61.20	0	0
2	G K W Limited	4000000	2.05	0	4000000	2.05	0	0
3	Krishna Kumar Bangur (Fwt)	199505	0.10	0	199505	0.10	0	0
4	Krishna Kumar Bangur (Huf)	50500	0.03	0	50500	0.03	0	0
5	Shree Laxmi Agents Limited	884000	0.45	0	884000	0.45	0	0
6	Carbo-Ceramics Limited	386645	0.20	0	386645	0.20	0	0
7	Manjushree Bangur	248391	0.13	0	248391	0.13	0	0
8	Krishna Kumar Bangur	1656386	0.85	0	1656386	0.85	0	0
9	Aparna Daga	186261	0.10	0	186261	0.10	0	0
10	Divya Bangur	169333	0.09	0	169333	0.09	0	0
11	Rukmani Devi Bangur	55288	0.03	0	55288	0.03	0	0
12	Krishna Kumar Bangur	830	0.00	0	830	0.00	0	0
13	Manjushree Bangur	670	0.00	0	670	0.00	0	0
14	Krishna Kumar Bangur	335	0.00	0	335	0.00	0	0
15	The Bond Company Ltd	250	0.00	0	250	0.00	0	0
16	Krishna Kumar Bangur	170	0.00	0	170	0.00	0	0
	Total	**127417983**	**65.22**	**0**	**127417983**	**65.22**	**0**	**0**

IV (iii) Change in Promoters Shareholding

Sl. No.	Name & type of transaction	Shareholding at the beginning of the year 01.04.2017		Transactions during the year		Cumulative shareholding at the end of the year 31.03.2018	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
1	Emerald Company Private Limited	119579419	61.20	–	–	119579419	61.20
2	G K W Limited	4000000	2.04	–	–	4000000	2.04
3	Krishna Kumar Bangur (FWT)	199505	0.10	–	–	199505	0.10
4	Krishna Kumar Bangur (HUF)	50500	0.03	–	–	50500	0.03
5	Shree Laxmi Agents Limited	884000	0.45	–	–	884000	0.45
6	Carbo-Ceramics Limited	386645	0.20	–	–	386645	0.20
7	Manjushree Bangur	248391	0.13	–	–	248391	0.13
8	Krishna Kumar Bangur	1656386	0.85	–	–	1656386	0.85
9	Aparna Daga	186261	0.10	–	–	186261	0.10
10	Divya Bangur	169333	0.09	–	–	169333	0.09
11	Rukmani Devi Bangur	55288	0.03	–	–	55288	0.03
12	Krishna Kumar Bangur	830	0.00	–	–	830	0.00
13	Manjushree Bangur	670	0.00	–	–	670	0.00
14	Krishna Kumar Bangur	335	0.00	–	–	335	0.00
15	The Bond Company Limited	250	0.00	–	–	250	0.00
16	Krishna Kumar Bangur	170	0.00	–	–	170	0.00

IV (iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters)

Sl. No.	Name & type of transaction	Shareholding at the beginning of the year 01.04.2017		Transactions during the year		Cumulative shareholding at the end of the year 31.03.2018	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
1	**L AND T MUTUAL FUND TRUSTEE LTD-L AND T INDIA PRUDENCE FUND**	3065513	1.57			3065513	1.57
	Transfer			14 Apr 2017	50000	3115513	1.59
	Transfer			28 Apr 2017	33300	3148813	1.61
	Transfer			05 May 2017	71400	3220213	1.65
	Transfer			26 May 2017	132854	3353067	1.72
	Transfer			02 Jun 2017	125331	3478398	1.78
	Transfer			09 Jun 2017	62500	3540898	1.81
	Transfer			16 Jun 2017	46600	3587498	1.84
	Transfer			23 Jun 2017	50000	3637498	1.86
	Transfer			07 Jul 2017	163222	3800720	1.95
	Transfer			04 Aug 2017	15000	3815720	1.95
	Transfer			11 Aug 2017	163501	3979221	2.04
	Transfer			22 Sep 2017	12000	3991221	2.04
	Transfer			29 Sep 2017	1421345	5412566	2.77
	Transfer			06 Oct 2017	(162221)	5250345	2.69
	Transfer			13 Oct 2017	122400	5372745	2.75
	Transfer			20 Oct 2017	128100	5500845	2.82
	Transfer			27 Oct 2017	484600	5985445	3.06
	Transfer			03 Nov 2017	(659000)	5326445	2.73
	Transfer			10 Nov 2017	(552000)	4774445	2.44
	Transfer			17 Nov 2017	807500	5581945	2.86
	Transfer			24 Nov 2017	491641	6073586	3.11
	Transfer			01 Dec 2017	594279	6667865	3.41
	Transfer			08 Dec 2017	237057	6904922	3.53
	Transfer			15 Dec 2017	103300	7008222	3.59
	Transfer			05 Jan 2018	45000	7053222	3.61
	Transfer			12 Jan 2018	59100	7112322	3.64
	Transfer			26 Jan 2018	14200	7126522	3.65
	Transfer			02 Feb 2018	(495009)	6631513	3.39
	Transfer			09 Feb 2018	288621	6920134	3.54
	Transfer			16 Feb 2018	589179	7509313	3.84
	Transfer			23 Feb 2018	60000	7569313	3.87
	Transfer			02 Mar 2018	284789	7854102	4.02
	Transfer			09 Mar 2018	115200	7969302	4.08
	Transfer			16 Mar 2018	254036	8223338	4.21
	Transfer			23 Mar 2018	217257	8440595	4.32
	At the end of the year					8440595	4.32
2	**LIFE INSURANCE CORPORATION OF INDIA**	**3650377**	**1.87**			**3650377**	**1.87**
	At the end of the year					3650377	1.87

Sl. No.	Name & type of transaction	Shareholding at the beginning of the year 01.04.2017		Transactions during the year		Cumulative shareholding at the end of the year 31.03.2018	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
3	**THE NEW INDIA ASSURANCE COMPANY LIMITED**	3055890	1.56			3055890	1.56
	Transfer			02 Jun 2017	(24227)	3031663	1.55
	Transfer			09 Jun 2017	(175967)	2855696	1.46
	Transfer			16 Jun 2017	(99806)	2755890	1.41
	Transfer			14 Jul 2017	(25000)	2730890	1.40
	Transfer			21 Jul 2017	(99678)	2631212	1.35
	Transfer			28 Jul 2017	(125322)	2505890	1.28
	Transfer			01 Sep 2017	(77899)	2427991	1.24
	Transfer			27 Oct 2017	(120031)	2307960	1.18
	Transfer			03 Nov 2017	(30000)	2277960	1.17
	At the end of the year					2277960	1.17
4	**SOCIETE GENERALE**	0	0.00			0	0.00
	Transfer			11 Aug 2017	91344	91344	0.05
	Transfer			18 Aug 2017	(91344)	0	0.00
	Transfer			10 Nov 2017	41519	41519	0.02
	Transfer			17 Nov 2017	(41519)	0	0.00
	Transfer			22 Dec 2017	377796	377796	0.19
	Transfer			05 Jan 2018	272	378068	0.19
	Transfer			12 Jan 2018	(376017)	2051	0.00
	Transfer			16 Feb 2018	172505	174556	0.09
	Transfer			23 Feb 2018	15925	190481	0.10
	Transfer			02 Mar 2018	372406	562887	0.29
	Transfer			09 Mar 2018	363651	926538	0.47
	Transfer			16 Mar 2018	699975	1626513	0.83
	Transfer			23 Mar 2018	383906	2010419	1.03
	Transfer			31 Mar 2018	53933	2064352	1.06
	At the end of the year					2064352	1.06
5	**GLOBAL IVY VENTURES LLP**	0	0.00			0	0.00
	Transfer			02 Jun 2017	16392	16392	0.01
	Transfer			09 Jun 2017	419810	436202	0.22
	Transfer			16 Jun 2017	1068798	1505000	0.77
	Transfer			23 Jun 2017	866260	2371260	1.21
	Transfer			01 Dec 2017	182000	2553260	1.31
	Transfer			02 Feb 2018	(194781)	2358479	1.21
	Transfer			09 Feb 2018	(658479)	1700000	0.87
	At the end of the year					1700000	0.87
6	**BELLONA HOSPITALITY SERVICES LTD**	1748449	0.89			1748449	0.89
	Transfer			23 Feb 2018	(77000)	1671449	0.86
	Transfer			23 Mar 2018	(92449)	1579000	0.81
	Transfer			31 Mar 2018	(110000)	1469000	0.75
	At the end of the year					1469000	0.75

Sl. No.	Name & type of transaction	Shareholding at the beginning of the year 01.04.2017		Transactions during the year		Cumulative shareholding at the end of the year 31.03.2018	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
7	**MORGAN STANLEY (FRANCE) S.A.**	0	0			0	0.00
	Transfer			05 May 2017	5257	5257	0.00
	Transfer			12 May 2017	3748	9005	0.00
	Transfer			19 May 2017	1745	10750	0.01
	Transfer			26 May 2017	6437	17187	0.01
	Transfer			02 Jun 2017	4950	22137	0.01
	Transfer			16 Jun 2017	933	23070	0.01
	Transfer			30 Jun 2017	63605	86675	0.04
	Transfer			07 Jul 2017	18243	104918	0.05
	Transfer			14 Jul 2017	110024	214942	0.11
	Transfer			21 Jul 2017	41428	256370	0.13
	Transfer			28 Jul 2017	1223886	1480256	0.76
	Transfer			04 Aug 2017	(18305)	1461951	0.75
	Transfer			11 Aug 2017	2805	1464756	0.75
	Transfer			18 Aug 2017	(2805)	1461951	0.75
	Transfer			15 Sep 2017	20581	1482532	0.76
	Transfer			22 Sep 2017	(865785)	616747	0.32
	Transfer			29 Sep 2017	(4029)	612718	0.31
	Transfer			06 Oct 2017	(23197)	589521	0.30
	Transfer			13 Oct 2017	(352637)	236884	0.12
	Transfer			20 Oct 2017	(39099)	197785	0.10
	Transfer			27 Oct 2017	59336	257121	0.13
	Transfer			03 Nov 2017	743899	1001020	0.51
	Transfer			10 Nov 2017	411270	1412290	0.72
	Transfer			17 Nov 2017	83269	1495559	0.77
	Transfer			24 Nov 2017	243554	1739113	0.89
	Transfer			01 Dec 2017	38275	1777388	0.91
	Transfer			08 Dec 2017	164685	1942073	0.99
	Transfer			15 Dec 2017	(52067)	1890006	0.97
	Transfer			22 Dec 2017	7797	1897803	0.97
	Transfer			29 Dec 2017	20471	1918274	0.98
	Transfer			05 Jan 2018	(28193)	1890081	0.97
	Transfer			12 Jan 2018	(101700)	1788381	0.92
	Transfer			19 Jan 2018	13231	1801612	0.92
	Transfer			26 Jan 2018	4768	1806380	0.92
	Transfer			02 Feb 2018	8546	1814926	0.93
	Transfer			09 Feb 2018	80693	1895619	0.97
	Transfer			16 Feb 2018	22215	1917834	0.98
	Transfer			23 Feb 2018	(54429)	1863405	0.95
	Transfer			02 Mar 2018	129760	1993165	1.02
	Transfer			09 Mar 2018	(73735)	1919430	0.98
	Transfer			16 Mar 2018	(67608)	1851822	0.95
	Transfer			23 Mar 2018	(555840)	1295982	0.66
	Transfer			31 Mar 2018	(132476)	1163506	0.60

Sl. No.	Name & type of transaction	Shareholding at the beginning of the year 01.04.2017		Transactions during the year		Cumulative shareholding at the end of the year 31.03.2018	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
	At the end of the year					1163506	0.60
8	**SAMUEL JACOBS**	1473018	0.75			1473018	0.75
	Transfer			07 Apr 2017	(27510)	1445508	0.74
	Transfer			09 Jun 2017	(16000)	1429508	0.73
	Transfer			23 Jun 2017	(100000)	1329508	0.68
	Transfer			07 Jul 2017	(40000)	1289508	0.66
	Transfer			14 Jul 2017	(20000)	1269508	0.65
	Transfer			21 Jul 2017	(56575)	1212933	0.62
	Transfer			22 Sep 2017	(20000)	1192933	0.61
	Transfer			03 Nov 2017	(60000)	1132933	0.58
	Transfer			10 Nov 2017	(20000)	1112933	0.57
	Transfer			08 Dec 2017	(20000)	1092933	0.56
	Transfer			29 Dec 2017	(20000)	1072933	0.55
	Transfer			05 Jan 2018	(20000)	1052933	0.54
	At the end of the year					1052933	0.54
9	**CD EQUIFINANCE PRIVATE LIMITED**	2689023	1.38			2689023	1.38
	Transfer			02 Jun 2017	(82383)	2606640	1.33
	Transfer			09 Jun 2017	(90391)	2516249	1.29
	Transfer			16 Jun 2017	(55654)	2460595	1.26
	Transfer			23 Jun 2017	(183985)	2276610	1.17
	Transfer			30 Jun 2017	(63825)	2212785	1.13
	Transfer			07 Jul 2017	(36400)	2176385	1.11
	Transfer			21 Jul 2017	(152074)	2024311	1.04
	Transfer			04 Aug 2017	(22954)	2001357	1.02
	Transfer			11 Aug 2017	(39027)	1962330	1.00
	Transfer			18 Aug 2017	(187502)	1774828	0.91
	Transfer			25 Aug 2017	(48674)	1726154	0.88
	Transfer			01 Sep 2017	10180	1736334	0.89
	Transfer			08 Sep 2017	(7000)	1729334	0.89
	Transfer			13 Oct 2017	(39198)	1690136	0.87
	Transfer			20 Oct 2017	(205209)	1484927	0.76
	Transfer			27 Oct 2017	(349886)	1135041	0.58
	Transfer			03 Nov 2017	(65000)	1070041	0.55
	Transfer			10 Nov 2017	(30000)	1040041	0.53
	Transfer			17 Nov 2017	(10000)	1030041	0.53
	At the end of the year					1030041	0.53
10	**IDFC CLASSIC EQUITY FUND /IDFC STERLING EQUITY FUND**	0	0			0	0.00
	Transfer			22 Sep 2017	567214	567214	0.29
	Transfer			29 Sep 2017	129726	696940	0.36
	Transfer			06 Oct 2017	(27214)	669726	0.34
	Transfer			27 Oct 2017	170274	840000	0.43
	Transfer			10 Nov 2017	(27000)	813000	0.42
	Transfer			15 Dec 2017	(18566)	794434	0.41
	Transfer			05 Jan 2018	(7934)	786500	0.40
	Transfer			12 Jan 2018	(1264)	785236	0.40
	Transfer			02 Feb 2018	38443	823679	0.42
	Transfer			02 Mar 2018	25000	848679	0.43
	Transfer			09 Mar 2018	25000	873679	0.45
	Transfer			16 Mar 2018	25000	898679	0.46
	At the end of the Year					898679	0.46

IV (v) Shareholding of Directors & Key Managerial Personnel

Sr. No.		Shareholding at the beginning of the year 01.04.2017		Cumulative shareholding Shareholding at the end of the year - 31.03.2018	
		No.of shares	% of total Shares of the company	No.of shares	% of total Shares of the company
	Directors				
1	Mr.Krishna Kumar Bangur (FWT)	199505	0.10	199505	0.10
2	Mr.Krishna Kumar Bangur (HUF)	50500	0.03	50500	0.03
3	Mr.Krishna Kumar Bangur	1656386	0.85	1656386	0.85
4	Mr.P K Khaitan	0	0.00	0	0.00
5	Mr.N S Damani	0	0.00	0	0.00
6	Mr.A V Lodha	0	0.00	0	0.00
7	Dr.R Srinivasan	0	0.00	0	0.00
8	Mr.Gaurav Swarup	0	0.00	0	0.00
9	Ms.Shalini Kamath	0	0.00	0	0.00
10	Mr.J D Curravala	4750	0.00	4750	0.00
11	Mr. N Venkataramani	4200	0.00	4200	0.00
12	Mr.M B Gadgil	2000	0.00	2000	0.00
13	Mr.Krishna Kumar Bangur	830	0.00	830	0.00
14	Mr.Krishna Kumar Bangur	335	0.00	335	0.00
15	Mr.Krishna Kumar Bangur	170	0.00	170	0.00
	Key Managerial Personnel				
1	Mr.S.W.Parnerkar	150	0.00	250	0.00
2	Mr.B.Shiva	416	0.00	416	0.00

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs. in Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01/04/2017)				
i) Principal Amount	2,840	9,841	-	12,681
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2	16	-	18
Total (i + ii + iii)	**2,842**	**9,857**	**-**	**12,699**
Change in Indebtedness during the financial year				
- Increased/(Reduction)	6,611	(3,771)	-	2,840
Indebtedness at the end of the financial year (31/03/2018)				
i) Principal Amount	9,453	6,077	-	15,530
ii) Interest due but not paid	-	9	-	9
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	**9,453**	**6,086**	**-**	**15,539**

Note: Figures are rounded off to nearest lakhs.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Rs. in Lakhs

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. M. B. Gadgil - Whole-time Director	
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	111	111
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	20	20
	(c) Profits in lieu of salary under section 17(3) Income -tax Act,1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission - as % of Profit-Others, please specify	250	250
5	Others, please specify	21	21
	Total (A)	**402**	**402**
	Ceiling as per the Act	6531	6531

Note: Figures are rounded off to nearest lakhs.

B. Remuneration to Other Directors

Rs. in Lakhs

Sl. No.	Particulars of Remuneration	Names of Directors									Total Amount
		Mr. K. K. Bangur	Mr. P. K. Khaitan	Mr. N. S. Damani	Mr. A. V. Lodha	Dr. R. Srinivasan	Mr. J. D. Curravala	Mr. Gaurav Swarup	Mr. N. Venkata-ramani	Mrs. Shalini Kamath	
1	**Independent Directors**										
	Fees for attending board/ committee meeting	-	2.20	1.00	2.60	2.40	-	0.80	1.80	1.00	11.80
	Commission	-	7.50	7.50	10.00	10.00	-	7.50	20.00	7.50	70.00
	Others										
	Total (1)	-	**9.70**	**8.50**	**12.60**	**12.40**	-	**8.30**	**21.80**	**8.50**	**81.80**
2	**Other Non-Executive Directors**										
	Fees for attending board/ committee meeting	1.80	-	-	-	-	1.60	-	-	-	3.40
	Commission	1,000.00	-	-	-	-	10.00	-	-	-	1,010.00
	Others										
	Total (2)	**1,001.80**	**-**	**-**	**-**	**-**	**11.60**	**-**	**-**	**-**	**1,013.40**
	Total B = (1 + 2)	**1,001.80**	**9.70**	**8.50**	**12.60**	**12.40**	**11.60**	**8.30**	**21.80**	**8.50**	**1,095.20**
	Total Managerial Remuneration	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,080.00**
	Overall Ceiling as per the Act	-	-	-	-	-	-	-	-	-	13,592.47

C. Remuneration to Key Management Personnel other than MD/Manager/WTD :

Rs. in Lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	–	37	30	67
	(b) Value of perquisites u/s 17(2) of the Income-tax Act,1961	–	1	4	5
	(c) Profits in lieu of salary under section 17(3) of the Income -tax Act,1961	–	–	–	–
2	Stock Option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission				
	– as % of Profit	–	–	–	–
	– Others, please specify	–	–	–	–
5	Others (includes retirals)	–	**5**	4	**9**
	Total (A)	–	**43**	**38**	**81**

Note : Figures are rounded off to nearest lakhs.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

No penalties/punishment/compounding of offences were imposed by RD/NCLT/Court on the Company/Directors/Other Officers in default during the year.

Annexure 3

NOMINATION AND REMUNERATION POLICY

The objectives of this Policy include the following :

- to lay down criteria for identifying persons who are qualified to become Directors;
- to formulate criteria for determining qualification, positive attributes and independence of a Director;
- to determine the composition and level of remuneration, including reward linked with the performance, which is reasonable and sufficient to attract, retain and motivate Directors and KMP, to work towards the long term growth and success of the Company
- to frame guidelines on the diversity of the Board;

DEFINITIONS

Unless the context requires otherwise, the following terms shall have the following meanings:

"Director" means a Director of the Company.

"Key Managerial Personnel" or "KMP" means-

(i) the Chief Executive Officer or the Managing Director or the Manager;

(ii) the Whole-time Director;

(iii) the Chief Financial Officer;

(iv) the Company Secretary; and

(v) such other officer as may be prescribed under the applicable law.

Criteria for identifying persons who are qualified to be appointed as a Director of the Company :

Section 164 of the Companies Act, 2013 ("Act") provides for the disqualifications for appointment of any person to become Director of any company. Any person who in the opinion of the Board of Directors ("Board") is not disqualified to become a Director, and in the opinion of the Board, possesses the ability, integrity and relevant expertise and experience, can be appointed as Director of the Company.

Independent Directors :

For appointing any person as an Independent Director he/she should possess qualifications as mentioned in (A) the Act and the Rules made thereunder (including but not limited to Section 149 of the Act and Rule 5 of The Companies (Appointment and Qualification of Directors) Rules, 2014); and (B) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Appointment criteria and qualifications :

The Nomination & Remuneration Committee (Committee) shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director (including Independent Directors), or KMP and recommend to the Board his / her appointment.

Such person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.

Evaluation :

The Committee shall carry out evaluation of performance of every Director or KMP at regular interval and at least on a yearly basis.

Evaluation of Directors :

In terms of Section 149 of the Act read with Schedule IV of the said Act the Independent Directors shall at its separate meeting review the performance of non- independent Directors based on the parameters that are considered relevant by the Independent Directors.

The Board as a whole shall evaluate the performance of Independent Directors. During such evaluation the Director being evaluated shall be excluded from the meeting.

Evaluation of KMP and Senior Management Personnel

Criteria for evaluating performance of KMP (other than Directors) and Senior Management Personnel shall be as per the internal guidelines of the Company on performance management and development.

Criteria for evaluating performance of Other Employees

The human resources department of the Company shall evaluate the performance of Other Employees. In this regard, the human resources department shall decide upon the criteria for evaluating performance of Other Employees.

REMUNERATION OF DIRECTORS AND KMP

The remuneration/ compensation/ commission etc. to Managing Director / Whole-time Director and remuneration of KMP will be determined by the Committee and recommended to the Board for approval. Commission to other Directors (including Independent directors) shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.

Remuneration/commission to Directors (including Independent Directors) as per the statutory provisions of the Act and the rules made thereunder for the time being in force within limits approved by shareholders, shall be decided by the Board.

Increments to the existing remuneration/ compensation structure payable to Managing Director / Wholetime Directors and KMP may be recommended by the Committee to the Board which should be within the slabs if any, approved by the shareholders in the case of Directors.

Sitting Fees :

Non-Executive Directors including Independent Directors may receive remuneration by way of fees for attending meetings of Board or its committee within limits prescribed by the Central Govt.

Remuneration to Senior Management Personnel :

The Committee has delegated its powers under this Policy with respect to Senior Management Personnel (other than their appointment) and other employees to the Whole time Director of the Company and the Whole-time Director shall be entitled to take decisions with respect to remuneration of Senior Management Personnel and other employees / their extension after attainment of applicable retirement age/employee welfare measure including provision of loans (with or without interest as per statutory provisions) through wage settlements or company rules/regulations or otherwise.

Remuneration to Other Employees :

The human resources department of the Company with Managing Director / Whole-time director's approval, will determine from time to time the remuneration payable to Other Employees. The powers of the Committee in this regard have been delegated to the human resources department of the Company.

BOARD DIVERSITY

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company while appointing may consider the following criteria; i.e. appoint those persons who possess relevant experience, integrity, understanding, knowledge or other skill sets that may be considered by the Board as relevant in its absolute discretion, for the business of the Company etc.

The Board shall have the optimum combination of Directors of different genders, from different areas, fields, backgrounds and skill sets as may be deemed absolutely necessary.

The Board shall have members who have accounting or related financial management expertise and are financially literate.

Annexure 4

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Name of the Entity	Nature of Relationship	Amount (Rs. in Lakhs)	Particulars of Loans, Guarantees and Investments
Graphite International B.V. (GIBV)	Wholly-owned Subsidiary	11,588	Fully Paid-up Shares.
Carbon Finance Limited	Wholly-owned Subsidiary	3,004	Fully Paid-up Equity Shares
Graphite Cova GmbH	Wholly-owned Subsidiary of GIBV	22,168	Guarantee given in favour of Loan & Material taken by Graphite Cova GmbH
Sai Wardha Power Limited (Formerly Wardha Power Company Limited)	No Relationship	248	Fully Paid-up Class A Equity Shares
Sai Wardha Power Limited (Formerly Wardha Power Company Limited)	No Relationship	312	Fully Paid-up 0.01% Class A Redeemable Preference Shares
Greenko Wind Projects Private Limited	No Relationship	12	Fully Paid-up Class A Equity Shares

Note : Figures are rounded off to nearest lakhs.

Annexure 5

FROM AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis :

Sl. No.	Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient features of contracts / arrangements / transactions, including value, if any	Justification for entering into such contracts / arrangements / transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which special resolution was passed in General Meeting u/s 188(1)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
				Not Applicable				

2. Details of material contracts or arrangements or transactions at arm's length basis :

Rs. in Lakhs

Sl. No.	Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient features of contracts / arrangements / transactions, including value, if any	Date(s) of approval by the Board / Audit Committee	Amount paid as advances, if any	Amount paid as advances, if any
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Graphite Cova GmbH, Wholly-owned Subsidiary	Sale of Goods	Ongoing	Rs. 5585 Lakhs	10th November, 2014	Nil	Nil
2	Graphite Cova GmbH, Wholly-owned Subsidiary	Purchase of Goods	Ongoing	Rs. 2297 Lakhs	10th November, 2014	Nil	Nil
3	Graphite Cova GmbH, Wholly-owned Subsidiary	Royalty Income	Ongoing	Certain Percentage of sales of graphite electrodes including coated graphite electrodes amounting to Rs. 460 Lakhs	10th November, 2014	Nil	Nil
4	Graphite Cova GmbH, Wholly-owned Subsidiary	Guarantee Fee Received / Receivable	Valid up to 30th September, 2020	Certain Percentage of Corporate Guarantee amount utilized amounting to Rs. 140 Lakhs	10th November, 2014	Nil	Nil
5	Graphite Cova GmbH, Wholly-owned Subsidiary	Reimbursement of Claims	Ongoing	Rs.(15) Lakhs	10th November, 2014	Nil	Nil
6	Graphite Cova GmbH, Wholly-owned Subsidiary	Guarantee given	Valid up to 30th September, 2020	Rs. 22,168 Lakhs	15th December, 2014	NA	NA

On behalf of the Board

Kolkata
May 11, 2018

K. K. Bangur
Chairman

Annexure 6

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Conservation of energy-

a) Energy conservation measures taken

- Replacement of existing lighting installations with energy efficient LED lights in a phased manner at the organizational level.
- More installation and use of VFD drives for major pumps Fans and vacuum pumps and similar other equipments.
- Adopting zonal control in place of total control for autoclave heating thus avoiding unwanted over heating of certain sections of autoclave

b) The steps taken by the company for utilizing alternate sources of energy

- Further increasing the quantum of use of windmill power, hydro power and solar power to replace grid power through purchase of such power from RE Generators.
- Installing Roof top solar panels on factory sheds to harness solar power and replace grid power use to that extend,

c) Additional investment proposal on energy conservation.

- Investment on fuel efficient baking furnaces.
- Investment on installation of roof top solar plant.
- Further investments in VFD drives, LED lighting, Pf improvement through capacitors.

(B) Technology absorption-

i) The efforts made towards technology absorption

- Development of length wise graphitization process for various products.
- Development of processes to manufacture superior versions of carbon fiber composites.
- Development of certain specialty products.

ii) The benefits derived as result of above efforts

- Import substitution.
- Improved product quality.
- Conservation of resources.

iii) No technology was imported during last three years.

iv) Expenditure incurred on R&D : Rs. 16.96 lakhs

(C) Foreign Exchange earnings : Rs. 75,887.21 Lakhs

Foreign Exchange outgo : Rs. 34,410.74 Lakhs

Annexure 7

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

As prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

1. **A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs :**

   As per the CSR Policyof the Company, projects/activities would be carried out in the following areas-

   a. Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water.

   b. Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects.

   The policy can be viewed on http://www.graphiteindia.com/View/investor_relation.aspx under the head "Corporate Governance".

2. **The Composition of the CSR Committee :** Mr. K K Bangur (Chairman), Mr. N Venkataramani and Mr. M B Gadgil.

3. **Average net profit of the Company for last three financial years (2014-2015 to 2016-2017) :** Rs.11,733.84 Lakhs.

4. **Prescribed CSR expenditure (two per cent of the amount as in item 3 above) :** Rs. 234.68 Lakhs.

5. **Details of CSR spend during the financial year :**

   (a) Total amount to be spent for the financial year : Rs.1,301.42 Lakhs (including of previous year).

   (b) Amount unspent, if any : Refer Note 6

   (c) Manner in which the amount spent during the financial year is detailed below :

Rs. in Lakhs

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No.	**CSR Projects or Activities identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken**	**Amount outlay (Budget) projects or program wise**	**Amount spent on the projects of programs**		**Cumulative expenditure upto the reporting period**	**Amount spent: Directly or through implementing Agency***
					Direct expenditure on programs or projects	**Overheads**		
1	Promoting education among children & employment enhancement vocational skills.	Education, vocation skills	Andul, Durgapur & neighbouring villages in West Bengal and Nashik in Maharashtra	300	47.55	–	203.40	Through B D Bangur Endowment
2	Providing water pump	Safe drinking water	Durgapur village in West Bengal	} 100	2.25	–	8.82	– do –
3	Promoting healthcare	Health care	Kolkata & Durgapur in West Bengal and Nashik in Maharashtra	}	22.08	–	42.45	– do –
	Sub-total			400	71.88	–	254.67	–
	Overheads			-	3.49	–	13.97	–
	Total CSR spend			400	75.37	–	268.64	–

*Contribution of the Company lying unspent with BD Bangur Endowment as on 31.3.18 – Rs.0.78 Lakhs not included.

6. **In case the Company has failed to spend two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report :** The activities in the above areas are on.

   Negotiations are continuing for establishment of a World class education hub in Kolkata in collaboration with an overseas entity in the fields of Technical & Vocational Training for which large amount of funds would be required. Establishment of such hub is in the planning stage and is expected to take time to make it operational. It is intended that shortfall in the spending on a cumulative basis would be carried forward for use in establishment of such a hub.

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, would be in compliance with CSR objectives and Policy of the Company.

For Graphite India Limited

M B Gadgil
Executive Director

For and on behalf of the
Corporate Social Responsibility Committee of Graphite India Limited

K K Bangur
Chairman of Corporate Social Responsibility Committee

May 11, 2018

Annexure 8

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 are as under:

Rs. in Lakhs

Sl. No.	Name of the Director / KMP and Designation	Remuneration of Director / KMP for FY 2017-18	% increase in Remuneration in the Financial Year 2017-18	Ratio of remuneration of each Director/ to median remuneration of employees
		Rs. in Lakhs*		
1	Krishna Kumar Bangur (Non-Executive Chairman)	1,001.80	1516%	155.15
2	Pradip Kumar Khaitan (Non-Executive Director)	9.70	223%	1.50
3	Nandan Surajratan Damani (Non-Executive Director)	8.50	183%	1.32
4	Aditya Vikram Lodha (Non-Executive Director)	12.60	152%	1.95
5	Raghavachari Srinivasan (Non-Executive Director)	12.40	148%	1.92
6	Jemi Dorabji Curravala (Non-Executive Director)	11.60	132%	1.80
7	Nayankankuppam Venkataramani (Non-Executive Director)	21.80	82%	3.38
8	Gaurav Swarup (Non-Executive Director)	8.30	177%	1.29
9	Shalini Kamath (Non-Executive Director)	8.50	183%	1.32
10	Makarand Balachandra Gadgil (Whole-time Director)	401.96	108%	62.25
11	Sanjay Wamanrao Parnerkar (Chief Financial Officer)	38.06	9%	Not Applicable
12	Shiva Balan (Company Secretary)	42.65	7%	Not Applicable

(ii) During the financial year, the median remuneration of employees increased by 15%.

(iii) There were 2,022 permanent employees on the rolls of Company as on March 31, 2018.

(iv) Average percentage increase made in the salaries of employees other than managerial personnel in the last financial year i.e. 2017-18 was 13% whereas the increase in the managerial remuneration for the same financial year was 410%.

(v) It is affirmed that the remuneration is as per the remuneration policy of the Company.

Annexure 9

STAEMENT PURSUENT TO RULE 5(2) AND RULE 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MENAGERIAL PERSONNEL) RULES 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

(Rs. in Lakhs)

Sl. No.	Name	Remuneration	Designation	Nature of Employment	Qualification & Experience (Years)	Date of Commencement of Employment	Age (Years)	Last Employment Held
1	Mr. M. B. Gadgil	402	Executive Director	Contractual	B.E.(Mech.), M.B.A. & (42 Years)	06.02.1978	65	Assistant Officer(Material Planning) - Motor Industries Company Ltd.
2	Mr. B. Shiva	43	Sr. Vice President (Legal & Secretarial) & Company Secretary	Permanent	B.Com., L.L.B., F.C.S. & (40 Years)	26.07.1993	60	Joint Secretary - Shree Digivijay Cement Company Ltd.
3	Mr. A. K. Dutta	41	Sr. Vice President - Marketing	Permanent	B.E.(Elec), PGM (IIM - C) & (35 Years)	18.01.2006	58	Head(Technical Marketing and Development) - Phoenix Yule
4	Mr. S. W. Parnerkar	38	Sr. Vice President - Finance	Permanent	M.Com., L.L.B., F.C.S., F.C.M.A. & (36 Years)	01.02.1994	55	Assistant Manager(Accounts & Administration) - Stovec Inds. Ltd.
5	Mr. S. G. Khune	37	Executive Vice President - Works (Durgapur)	Permanent	"M. Chem. Engg, I.C.W.A.(Intermediate), Total Quality Management (6 months course) & (28 Years)"	19.03.1990	51	Not Applicable
6	Mr. N. S. Deshpande	36	Executive Vice President - Operations	Permanent	"D.M.E., A.M.I.E.(Section B) & (32 Years)"	10.10.1997	51	Assistant Manager(Mechanical Maintenance) - LML Ltd.
7	Mr S. P. Kshatriya	34	Vice President - I.G.E. Divn.	Permanent	B. Chem.(Engg.) & (33 Years)	24.02.1985	57	Management Traniee - Carbon Corporation Ltd.
8	Mr. R. E. Joshi	33	Vice President - HR	Permanent	B.A., M.P.M. & (38 Years)	19.11.2012	62	General Manager(HR) - CEAT Ltd.
9	Ms. M. Saha	31	Vice President - IT	Permanent	M. Sc.(Stat) & (36 Years)	23.05.2005	61	General Manager - Tega Industries Ltd.
10	Mr. A. N. Kulkarni	30	Vice President - Technical Services	Permanent	B.E.(Elect) & (30 Years)	10.07.2006	52	Manager - HEG Ltd.

* Figure are rounded off to nearest Lakhs.

Notes :

1 None of the above persons are realted to any Director, nor hold by themselves or along with their spouse and dependent childern, two percent or more of the equity share of the Company.

2 There was no employee who was employed for a part of the financial year who was in receipt of remuneration at a rate which, in the aggregate, was not less then Rs 8.5 Lakhs per month.

3 No employee drew remuneration at a rate in excess of that drawn by the WTD.

Annexure 10

DIVIDEND DISTRIBUTION POLICY

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations"), the Company is required to formulate a Dividend Distribution Policy which shall be disclosed in the annual report and on the company website.

The Board of Directors ("Board") of Graphite India Limited ("Company") has approved this Dividend Distribution Policy to comply with these requirements.

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

The circumstances under which shareholders may expect dividend are based on the following factors:

- Current year profits and outlook in line with internal and external environment.
- Operating cash flows.

- Funding growth needs including working capital, capital expenditure, repayment of debt etc.
- Providing for unforeseen events and contingencies with financial implications.
- Any other relevant factor that the Board may deem fit to consider.

The Board may declare interim dividend(s) as and when they consider it fit and recommend final dividend to the shareholders for their approval in the general meeting of the Company.

In case the Board proposes not to distribute the profit; the grounds thereof and information on utilisation of the undistributed profit, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

Annexure 11

REPORT ON CORPORATE GOVERNANCE

I Corporate Governance Philosophy

The Company believes that the governance process must aim at managing the affairs without undue restraints for efficient conduct of its business, so as to meet the aspirations of shareholders, employees and society at large.

II Board of Directors

Composition, category, other directorships, other Committee Positions held as on 31st March, 2018.

The strength of the Board of Directors as on 31st March, 2018 was ten comprising the non-executive Chairman (promoter director), one Executive Director, eight non-executive directors of whom seven are independent. None of the directors are related inter-se.

Name	Category	Directorships	Other# Committee ^ positions held	
		in other Public Limited Companies incorporated in India	As Chairman	As Member (Including Chairmanship)
K K Bangur	Promoter-Chairman Non-Executive	3	–	–
P. K. Khaitan	INED	9	2	5
N S Damani	INED	5	1	4
A V Lodha	INED	2	–	–
Dr. R Srinivasan	INED	5	3	6
Gaurav Swarup	INED	6	2	5
N Venkataramani	INED	1	–	–
J D Curravala	Non-Executive	1	–	–
Shalini Kamath (Mrs.)	INED	1	–	–
M B Gadgil	Executive Director	–	–	–

INED – Independent Non-Executive Director

#excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

^ only two Committees, viz. the Audit Committee and the Stakeholders' Relationship 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 18th May, 2017, 04th August, 2017, 23rd October 2017 and 30th January 2018. The requisite information as per Part A to Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations, 2015") has been made available to the Board. The Board periodically has reviewed compliance reports of all laws applicable to the Company, prepared by the Company and appropriate steps taken by the Company, where applicable.

Attendance Record

Names of Directors	Number of Board Meetings during April 2017 to March 2018		Attended last Annual General Meeting (AGM) held on 04th August, 2017
	Held	Attended	
K K Bangur	4	4	Yes
P. K. Khaitan	4	3	Yes
N S Damani	4	4	Yes
A V Lodha	4	4	Yes
Dr. R Srinivasan	4	4	Yes
Gaurav Swarup	4	3	No
N Venkataramani	4	4	Yes
J D Curravala	4	4	Yes
Shalini Kamath (Mrs.)	4	4	Yes
M B Gadgil	4	4	No

Code of Conduct

The Board has laid a "Code of Conduct for Directors and Senior Management Personnel" (Code) 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 Terms of Reference

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

The terms of reference of the Audit Committee include the role as stipulated and review of information as laid in Part C of Schedule II of Listing Regulations, 2015. The scope of activity of the Committee is also in consonance with the provisions of Section 177 of the Companies Act, 2013.

Committee Meetings held and attendance during the year

Four meetings of the Audit Committee were held during the year on 18th May, 2017, 04th August, 2017, 23rd October 2017 and 30th January, 2018.

Name	Position in the Audit Committee	Meeting	
		Held	Attended
A.V. Lodha	Chairman	4	4
Dr. R Srinivasan	Member	4	4
N Venkataramani	Member	4	4
J D Curravala	Member	4	4

All members of the Audit Committee are non-executive – all of them except Mr. J D Curravala are independent directors. All members are financially literate and persons of repute and erudition. Mr. A. V. Lodha, Dr R Srinivasan and Mr. J D Curravala 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 18th May, 2017 to review and approve the draft annual accounts of financial year 2016- 2017 for recommendation to the Board. The Audit Committee had also reviewed the unaudited quarterly results duringthe 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 04th August, 2017.

IV Nomination and Remuneration Committee

The "Nomination & Remuneration Committee" (NRC) comprise Mr. P. K. Khaitan as its Chairman with Mr. A V Lodha and Dr. R Srinivasan as its members. The terms of reference include matters included in Section 178 (2) to (4) of Companies Act, 2013.

Name	Position in NRC	Meeting*	
		Held	Attended
P K Khaitan	Chairman	4	4
Dr. R Srinivasan	Member	4	3
A V Lodha	Member	4	4

*Meetings held on 18th May 2017, 04th August 2017, 09th November 2017 and 30th January, 2018.

The performance of Independent Directors are evaluated on following parameters but not limited to – attendance, preparedness for meetings, updation on developments, participation, engaging with management, ensuring integrity of financial statements and internal control, ensuring risk management and mitigation etc.

Remuneration Policy

Remuneration to non-executive directors is decided by the Board as authorised by the Articles of Association of the Company. The members of the Company have in their meeting held on 04th August, 2017 authorised the Board of Directors of the Company to pay commission to non-executive directors exceeding 1% of net profits of the Company but within the ceiling of 11% to all directors (including whole time director) for a period of five financial years w.e.f. 1st April, 2017.

Fees to non-executive directors for attending Board Meetings (being the fixed component) are within limits prescribed by the Central Government. Presently, Rs. 20,000/- per meeting is being paid as fees for attending Board / Committee meetings. Fees are not paid to members of the Corporate Social Responsibility Committee for attending meetings of the Committee. Performance linked remuneration in the form of commission is paid to directors, taking into account the performance of each director on the basis of time and effort devoted by a director in the business affairs of the Company. Performance evaluation of all directors is done by the Nomination & Remuneration Committee and of the Independent directors is done by all members of the Board, excluding the director being evaluated. Evaluation of non-executive directors and Chairperson is done in a separate meeting of Independent Directors. 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	Ex-gratia	Commission	Sitting Fees *	No. of Shares held as on 31st March, 2018*
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
K K Bangur	–	–	–	–	10,00,00,000	1,80,000	1907726@
N S Damani	–	–	–	–	7,50,000	1,00,000	–
A V Lodha	–	–	–	–	10,00,000	2,60,000	–
Dr R Srinivasan	–	–	–	–	10,00,000	2,40,000	–
P K Khaitan	–	–	–	–	7,50,000	2,20,000	–
N Venkataramani	–	–	–	–	20,00,000	1,80,000	4200
J D Curravala	–	–	–	–	10,00,000	1,60,000	4750
Gaurav Swarup	–	–	–	–	7,50,000	80,000	–
Shalini Kamath (Ms.)	–	–	–	–	7,50,000	1,00,000	–
M B Gadgil	7232000	23,95,374	40,06,261	15,62,500	2,50,00,000	–	2000

*Other than the above, there is no other pecuniary relationship or transactions with any of the non-executive directors. No convertible instrument has been issued by the Company.

@ includes 50500 shares held as Karta of HUF & 199505 shares on behalf of Family Welfare Trust. 800 shares of Rs. 10 each of Graphite Vicarb India Ltd (GVIL) against which the Company had pursuant to GVIL's amalgamation allotted on 12.6.1995, 267 shares of Rs. 10 each (then subdivided into 1335 shares of Rs. 2 each) were sold by Mr. K K Bangur around 1994-1995. The purchasers of the said 800 GVIL shares did not lodge the said shares for transfer and hence presently 1335 shares of Rs. 2 each of the Company still appears in the name of Mr. K K Bangur, in the Company's Register of Members.

Contract period of Mr. M B Gadgil, Executive Director – Five years from 1st July, 2014 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 Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee looks into the redressal of grievances of security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet and non-receipt of declared dividends. The Committee comprise - Mr. K. K. Bangur as its Chairman with Mr. P K Khaitan and Mr. M B Gadgil as its members.

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

During the year, 33complaints were received from the shareholders, all of which were attended to. The details of shareholders grievances are placed before the Committee. Five meetings of the Committee were held during the year on 30th June, 2017, 22nd September, 2017, 28thNovember, 2017, 29th December 2017 and 30th March, 2018.

Name	Position in Stake Holders Relationship Committee	Meeting	
		Held	Attended
K K Bangur	Chairman	5	5
P K Khaitan	Member	5	3
M B Gadgil	Member	5	4

To speed up issue of duplicate / replacement of share certificates, the Board has authorized severally, Mr. K K Bangur and Mr. M B Gadgil to approve requests for issue of duplicate shares. The Board has delegated the power of share transfers individually to the Company Secretary, Mr. B Shiva, and to the Asst. Company Secretary, Mr. S. Marda. The share transfers are approved 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 (AGMs)

AGM	Year	Venue	Date	Time
42nd	2016-2017	Satyajit Ray Auditorium 9A, Ho Chi Minh Sarani, Kolkata - 700 071	04.08.2017	12.30 p.m.
41st	2015-2016	Kala Mandir Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017	10.08.2016	3.45 p.m.
40th	2014-2015	Kala Mandir Auditorium (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata 700 017	11.08.2015	4.00 p.m.

ii. Special Resolution passed in previous three AGMs

AGM	Whether Special Resolution passed	Details of Special Resolution
42nd	Yes	(i) Consent U/s 42 & 71 of Companies Act 2013 to issue and allot Non Convertible Debentures/bonds upto 2000 Crores through private placement in domestic / international Markets. (ii) Adoption of new Articles of Association of the Company in substitution of the regulations in the existing Articles of Association, pursuant to Section 14 of Companies Act 2013.
41st	Yes	Consent u/s 42 of Companies Act, 2013 to issue and allot Non-Convertible Debentures on private placement basis upto aggregate limit of Rs. 500 crore.
40th	Yes	(i) Consent u/s 188 of Companies Act, 2013 and other applicable provisions and the rules made thereunder to enter into various transactions on annual FY basis with Graphite Cova Gmbh (WOS). (ii) Consent u/s 188 of Companies Act, 2013 and other applicable provisions and the rules made thereunder to execute guarantee on behalf of Graphite Cova Gmbh (WOS) in favour of its bankers against credit facilities upto Euro 24 million. (iii) Consent u/s 42 of Companies Act, 2013 to issue and allot Non-Convertible Debentures on private placement basis upto aggregate limit of Rs. 500 crore.

Special Resolutions pertaining to the 42nd AGM mentioned above were passed through e-voting process. Facility to members attending the AGM to vote through physical ballot forms was also provided. Ms. Swati Bajaj, Partner, PS & Associates, Kolkata was appointed as the Scrutinizer for the purpose of scrutinizing the entire voting process and ascertaining the results. Details of voting pattern are as under –

		No. of votes cast in favour		No. of votes cast against		No. of votes abstained		Total votes cast
		No.	% of total voting cast	No.	% of total voting cast	No.	% of total voting cast	
(i)	Consent U/s 42 and 71 of Companies Act, 2013 to issue and allot Non-Convertible Debentures /Bonds on private placement basis upto limit of Rs. 2000 crore.	151862194	99.9998	372	Negligible	0	–	151862566
(ii)	Adoption of new Articles of Association in substitution of the existing one, pursuant to Sec 14 of Companies Act 2013	149229382	98.2661	26,33,184	1.7339	0	–	151862566

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 director seeking reappointment as required under Regulation 36 (3) of Listing Regulations, 2015 has been given in the Notice of the Annual General Meeting annexed to this Annual Report.

VII Disclosure

A. The Company has significant related party transactions with Graphite Cova Gmbh (wholly owned step down German subsidiary), where pricing is arrived at in accordance with prevailing transfer pricing norms. There were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

The related party relationships and transactions as required under Indian Accounting Standard (Ind AS) 24 on Related Party Disclosures specified under the Companies Act, 2013 disclosed in Note No. 40 to the Standalone Financial Statements for the year ended 31st March, 2018 may be referred.

The Company has framed a policy to deal with Related Party Transactions (RPTs). The policy has been posted on the Company's website and can be viewed on **http://www.graphiteindia.com/View/investor_relation.aspx** under the head "Corporate Governance".

B. 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.

C. In terms of Regulations 26 (5) of the Listing Regulations, 2015, 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.

D. The Company has adopted a Whistle Blower Policy (Vigil Mechanism) which has been posted on the Company's website and can be viewed on **http://www.graphiteindia.com/View/investor_relation.aspx** under the head "Corporate Governance". No personnel has been denied access to the audit committee.

E. Familiarisation programme for independent directors and policy for determining 'material' subsidiaries can be viewed on **http://www.graphiteindia.com/View/investor_relation.aspx**.

F. (i) The Company has complied with all mandatory requirements of the Listing Regulations, 2015.

(ii) Non-Mandatory requirements

a. The Company maintains a Chairman office at its expense. Reimbursement of expenses incurred in performance of his duties are made.

b. The audit report on the financial statements of the Company for the previous year has no qualifications.

c. The Company has separate persons to the post of Chairman and Executive Director.

d. The Internal Auditor can report directly to the Audit Committee.

e. Half yearly declaration of financial performance including summary of significant events in last six months are not sent to each household of shareholders.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 2013.

VIII Means of Communication

In compliance with the requirements of Regulation 33 (2) & (3) of Listing Regulations, 2015, 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 and intimations to Stock Exchanges are displayed on the Website www.graphiteindia.com Details relating the quarterly performance are disseminated to the shareholders through earnings presentation on the Company's, BSE & NSE websites.

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

The Senior Management of the Company had met institutional investors in a series of 1x1/ group meetings as detailed hereunder :-

Date	Event	Location
08.08.2017	Organised by Phillip Capital	Mumbai
18.09.2017 / 19.09.2017	Organised by Anand Rathi	Mumbai
31.10.2017 / 1.11.2017	Organised by Jefferies	Singapore
10.01.2018	Organised by Jefferies	Tokyo
28.02.2018	Organised by Senior Management	Mumbai

Event Presentations made in the aforesaid meetings were already posted on the Company's website http://www.graphiteindia.com/View/investor_relation.aspx.

The Management Discussion and Analysis Section Setting out particulars in accordance with Schedule V(B) of Listing Regulations, 2015 has been included in the Directors' Annual Report to the shareholders.

IX General Shareholder Information

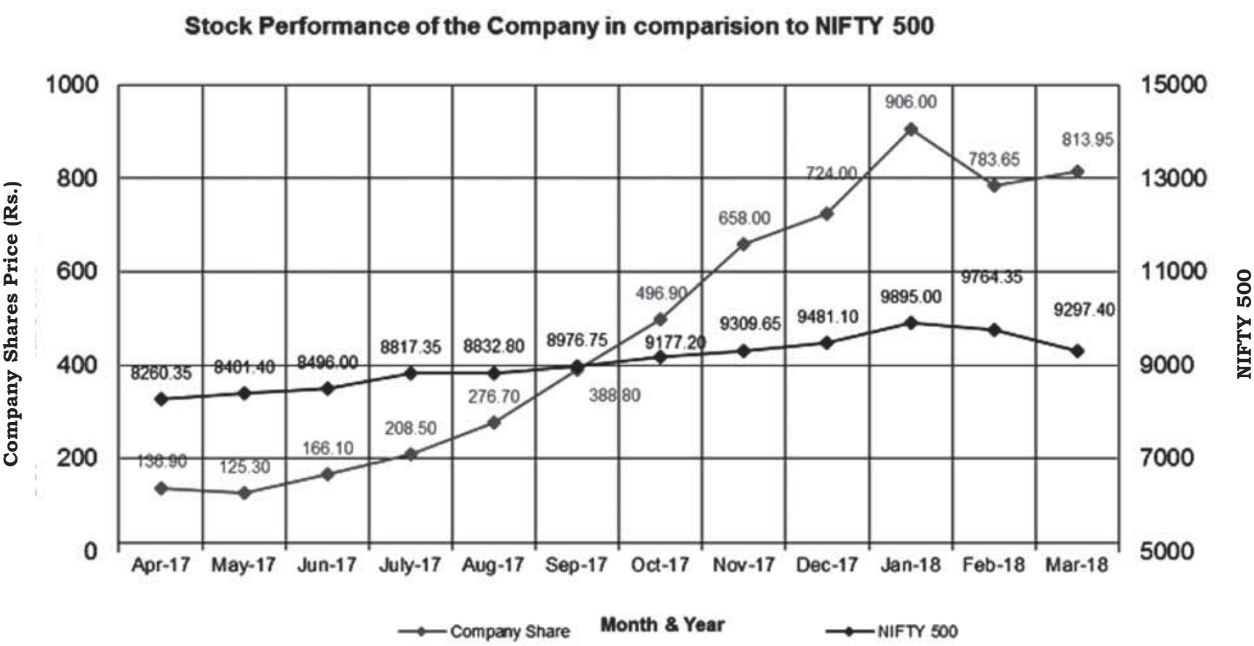
AGM Date, Time and Venue	6th day of August 2018 at 2.00 p.m. at Kala Kunj Auditorium (Sangit Kala Mandir Trust), 48 Shakespeare Sarani, Kolkata - 700 017
Financial Year	1st April to 31st March
Date of Book Closure	Saturday, 28th July 2018 to Monday, 6th August, 2018 (both days inclusive)
Dividend Payment Date	By 21st August, 2018
Listing on Stock Exchanges	**BSE 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, 2018 to March, 2019 to BSE & NSE.
Stock Code	509488 on BSE GRAPHITE on NSE
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 (Rs.)	Low (Rs.)	Period	High (Rs.)	Low (Rs.)
April, 2017	136.90	112.00	October, 2017	496.90	377.70
May, 2017	125.30	102.50	November, 2017	658.00	514.70
June, 2017	166.10	110.20	December, 2017	724.00	535.00
July, 2017	208.50	165.10	January, 2018	906.00	714.30
August, 2017	276.70	202.10	February, 2018	783.65	595.55
September, 2017	388.80	252.50	March, 2018	813.95	622.05

NIFTY 500

Period	High (Rs.)	Period	High (Rs.)
April, 2017	8260.35	October, 2017	9177.20
May, 2017	8401.40	November, 2017	9309.65
June, 2017	8496.00	December, 2017	9481.10
July, 2017	8817.35	January, 2018	9895.00
August, 2017	8832.80	February, 2018	9764.35
September, 2017	8976.75	March, 2018	9297.40



The shares of the Company were not suspended from trading at any time during the year.

Registrar and Share Transfer Agents (For both Demat and Physical modes)	Link Intime India Pvt. Ltd. C101, 247 Park LBS Marg, Vikroli (W), Mumbai - 400 083 Phone: 022-49186270, Fax : 022- 49186060 E-mail: rnt.helpdesk@linkintime.co.in
	Link Intime India Pvt. Ltd. 59C, Chowringhee Road, 3rd Floor, Kolkata -700 020 Phone : 033 22890540, Fax. : 033 22890539 kolkata@linkintime.co.in

Share Transfer System

All the transfers received are processed by the Registrar and Transfer Agents and are approved by the Company Secretary/Asst Company Secretary, who were severally authorised by the Board of Directors in this regard.

Share Transfers are registered and returned within fifteen days from the date of lodgement, if documents are complete in all respects.

Distribution of Shareholding as on 31st March, 2018

Slab	No. of Shareholders		No. of Equity Shares	
	Total	**%**	**Total**	**%**
1 – 500	122917	88.79	10221440	2.62
501 – 1000	7364	5.32	5729782	1.47
1001-2000	3951	2.85	6129642	1.57
2001 – 3000	1160	0.84	2973202	0.76
3001 – 4000	763	0.55	2797818	0.72
4001 – 5000	521	0.38	2377086	0.61
5001 – 10000	905	0.65	6583338	1.68
10001 – 30000	512	0.37	8802064	2.25
30001 – 50000	120	0.09	4781046	1.22
50001 – 100000	84	0.06	5899466	1.51
100001 and above	131	0.10	334456304	85.59
Total	**138428**	**100.00**	**390751188**	**100.00**
No. of shareholders in Physical mode	34718	25.08	1914892	0.98
Electronic Mode	103710	74.92	193460702	99.02
Total	**138428**	**100.00**	**195375594**	**100.00**

Shareholding Pattern as on 31st March, 2018

Category	No. of Sharers	%
Promoters Holding		
Promoters		
Indian Promoters	125575336	64.27
Foreign Promoters	1842647	0.95
Persons acting in concert	–	–
Sub-Total	**127417983**	**65.22**
Non-Promoters Holding		
Institutional Investors		
Mutual Fund and UTI	10438929	5.34
Banks, Financial Institutions, Insurance Companies (Central/State Government	6149415	3.15
Institutions/Non-Government Institutions)		
Foreign Portfolio Investor	8952117	4.58
Sub-Total	**25540461**	**13.07**

Shareholding Pattern as on 31st March, 2018

Category	No. of Sharers	%
Others		
Private Corporate Bodies	13976442	7.15
Indian Public	26494353	13.56
NRI / OCBs	1946355	1.00
Any Other	–	–
Sub-Total	**42417150**	**21.71**
Grand Total	**195375594**	**100.00**
Total Foreign Shareholding		
Foreign Promoters	1842647	0.95
Foreign Portfolio Investor	8952117	4.58
NRIs / OCBs	1946355	1.00
Total	**12741119**	**6.53**

Dematerialisation of shares and liquidity

As on 31st March 2018, 193460702 shares of the Company representing 99.02% of the total shares are in dematerialised form.

As per agreements of the Company with NSDL and CDSL, the investors have an option to dematerialize their shares with either of the depositories.

Outstanding GDRs / ADRs/ Warrants/ Convertible Instruments

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

Commodity price risk or foreign exchange risk and hedging activities

The Company is exposed to risk on account of volatility in the prices of commodity used as inputs as well as the Company's finished products. The Company does not hedge any commodity. Needle coke suppliers have resorted to annual quantity contract with pricing to be finalised on quarterly/half yearly basis. As a result Company is shifting to electrode pricing on quarterly basis. Company has foreign exchange risk in the form of receivables for export and payables for Import, foreign currency loans and certain expenditures. The general policy of the Company is to balance the same. However, select hedging is often undertaken in appropriate circumstances. The position of unhedged Foreign Exchange Risk Exposure as on 31st March, 2018 is incorporated in Note no. 42 to the Standalone Financial Statements.

Plant Locations

Graphite	P.O. Sagarbhanga Colony, Dist –Burdwan, Durgapur -713211, West Bengal Phone : (0343) 2556642-45/ 2557743
	88 MIDC Industrial Area Satpur, Nashik - 422 007 Phone : (0253) 2203300
	Visveswaraya Industrial Area, Whitefield Road, Bangalore - 560 048 Phone : (080) 43473300
Coke	Village- Phulwaria, National Highway 28, P O & Dist. Barauni - 851 112, Bihar Phone : (06279) 232252 / 232844
Impervious Graphite Equipment	C-7 MIDC Industrial Area, Ambad, Nashik - 422 010 Phone : (0253) 2302100
Glass Reinforced Pipes/ Tanks	Gut No. 523/524, Village Gonde, Taluka – Igatpuri, Nashik - 422 403 Phone : (02553) 229400
Powmex Steels	AT - Turla, PO – Jagua, PS – Titilagarh, District Bolangir Odisha - 767066 Phone : (06655) 220504 / 220505
Power	Chunchanakatte K R Nagar Taluk, Dist –Mysore, Karnataka - 571 617 Phone : (08223) 281116
	Link Canal Mini Hydel Plant Peehalli, Arekere Hobli, Srirangapatna Taluk Mandya Dist Karnataka – 571415
	Visveswaraya Industrial Area, Whitefield Road, Bangalore - 560 048 Phone : (080) 43473300
	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 / 65

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	Graphite India Limited 31, Chowringhee Road Kolkata - 700 016 Phone: (033) 40029600 Fax: (033) 40029676/ 22496420 E-Mail ID: corp_secy@graphiteindia.com investorgrievance@graphiteindia.com
Link Intime India Pvt. Ltd., C-101, 247 Park, LBS Marg, Vikroli (W) Mumbai - 400 083	Link Intime India Pvt. Ltd. 59C, Chowringhee Road, 3rd Floor Kolkata - 700 020
Phone: 022-49186270 Fax: 022-49186060 E-mail: rnt.helpdesk@linkintime.co.in	Phone: 033-22890540 Fax: 033-22890539 E-mail: kolkata@linkintime.co.in

On behalf of the Board

Kolkata
May 11, 2018

K. K. Bangur
Chairman

Declaration

All the Board Members and the Senior Management Personnel have as on 31.03.18 affirmed their compliance of the "Code of Conduct for Directors and Senior Management Personnel dated 09.05.2014".

Kolkata
May 11, 2018

M B Gadgil
Executive Director, Graphite India Limited

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of Graphite India Limited

Graphite India Limited

31, Chowringhee Road,

Kolkata 700 016

1. The Corporate Governance Report prepared by Graphite India Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations")('Applicable criteria') with respect to Corporate Governancefor the year ended March 31, 2018.This report is required by the Company for annual submission to the Stock exchanges and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria.Summary of key procedures performed include:

   i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

   ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;

   iii. Obtained and read the Directors Register as on March 31, 2018 and verified that atleast one women director was on the Board during the year;

   iv. Obtained and read the minutes of the following meetings held during the year ended March 31, 2018:

      (a) Board of Directors meeting;

      (b) Audit committee;

(c) Annual General meeting;

(d) Nomination and remuneration committee;

(e) Stakeholders Relationship Committee;and

(f) Independent directors meeting

v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and

vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Reporton a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Other matters and Restriction on Use

8. This reportis 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.

9. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose.Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Sanjay Kumar Agarwal
Partner
Membership Number: 060352

Place of Signature: Kolkata
Date: May 11, 2018

Annexure 12

SECRETARIAL AUDIT REPORT

for the financial year ended 31st March 2018
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Graphite India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Graphite India Limited** (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018, according to the provisions of:
   - (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
   - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
   - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
   - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
   - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') : -
     - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
     - b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
     - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 (SEBI Act) were not applicable to the Company under the financial year under report:
   - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   - b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
   - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
   - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
3. The Company is engaged in the business of manufacturing Graphite electrodes, graphite equipments, steel, GRP pipes and tanks and generation of hydel power. No Act specifically for the aforesaid businesses is/are applicable to the Company:
4. We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement(s) entered into by the Company with Stock Exchange(s) as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. As per the information and explanations provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we report that the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of:

   (i) External Commercial Borrowings were not attracted to the Company under the financial year under report;

   (ii) Foreign Direct Investment (FDI) were not attracted to the company under the financial year under report;

   (iii) Overseas Direct Investment by Residents in Joint Venture / Wholly Owned Subsidiary abroad were not attracted to the company under the financial year under report.

6. During the financial year under report, the Company has complied with the provisions of the Companies Act, 2013 and the Rules, Regulations, Guidelines, Standards, etc., mentioned above.

   The Company has partially spent the amount out of the prescribed Corporate Social Responsibility expenditure to be spent during the year. Shortfall in spending is being carried forward for spending in future years.

7. As per the information and explanations provided by the company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.

8. We have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company.

9. We further report that:

   (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the year under review.

   (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

10. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For PS & Associates

Sd/- Swati Bajaj

(Swati Bajaj)
Partner
C.P.No.: 3502, ACS:13216

Place : Kolkata
Date : 02/05/2018

Annexure A

To,

The Members

Graphite India Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For PS & Associates

Sd/- Swati Bajaj

(Swati Bajaj)
Partner
C.P.No.: 3502, ACS:13216

Place : Kolkata
Date : 02/05/2018

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

1. **Corporate Identity Number (CIN) of the Company :**

   L10101WB1974PLC094602

2. **Name of the Company :** GRAPHITE INDIA LIMITED

3. **Registered Address :**

   31, Chowringhee Road, Kolkata - 700 016

4. **Website :** www.graphiteindia.com

5. **E-mail id :** gilro@graphiteindia.com

6. **Financial Year Reported :** 2017-2018

7. **Sector(s) the Company is engaged in**

   (industrial activity code-wise)

Description	NIC Code
Graphite Electrodes	3297
Impervious Graphite Equipment	3596
GRP Pipes	3132

8. **List three key products/services that the Company manufactures/provides (as in balance sheet)**

   1) Graphite Electrodes & Misc Graphite products

   2) Impervious graphite equipment & spares

   3) GRP Pipes

9. **Total number of locations where business activity is undertaken by the Company**

   i. **Number of International Locations:**

   The Company's Wholly Owned step-down subsidiaries manufacture graphite & carbon products in Germany.

   ii. **Number of National Locations –**

Durgapur (West Bengal)	:	1
Bengaluru (Karnataka)	:	1
Nashik (Maharashtra)	:	3
Barauni (Bihar)	:	1
Chunchunkatte (Karnataka)	:	1
Mandya (Karnataka)	:	1
Titilagarh (Orissa)	:	1

10. **Markets served by the Company - Local/State/ National / International –**

    The Company has Pan India presence and serves markets in 50 countries globally.

Section B: Financial Details of the Company

1. **Paid up Capital (INR) :** Rs. 39.08 Crore

2. **Total Turnover (INR) :** Rs. 2983.43 Crore

3. **Total profit after taxes (INR) :** Rs. 913.63 Crore

4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) :** 0.08%

5. **List of activities in which expenditure in 4 above has been incurred :**

   Promoting education amongst children and employment enhancement vocational skills, Promoting healthcare, including preventive health care, providing safe drinking water.

Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**

   The Company has one Indian WOS (non-manufacturing), one WOS in The Netherlands (non-manufacturing) which has four WOS in Germany (Manufacturing).

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)**

   The Indian subsidiary also carries out its CSR initiatives through B D Bangur Endowment

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR Initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%] :** No.

Section D: BR Information

1. **Details of Director/Directors responsible for BR**

   a) Details of the Director/Directors responsible for implementation of the BR policy/policies.

   - DIN Number : 01020055
   - Name : Mr. M. B. Gadgil
   - Designation : Executive Director

   b) **Details of the BR head**

Sl. No.	Particulars	Details
1.	DIN Number (if applicable)	–
2.	Name	Mr B. Shiva
3.	Designation	Company Secretary
4.	Telephone number	022-22886418
5.	e-mail id	bshiva@graphiteindia.com

2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	The policies conform to the legal requirements of the country.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?*	Principles 1 & 8 approved by Board / Rest by Management signed by Executive Director								
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Code of Conduct and CSR are available on our website. www. graphiteindia.com. (Investor_relations) as per law. The other Policies are made available to respective stakeholders.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

(b) If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options) - NA

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

  The same is monitored and assessed by the Executive Director every quarter and reported through Operations Report to the Board.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

  This Business Responsibility Report would form part of the Annual Report for year ended 31st March 2018 and can be viewed in the Investors Relation Section of the website of the Company.

Section E : Principle-wise performance

Principle 1 - *Business should conduct and govern themselves with Ethics, Transparency and Accountability.*

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/Others?**

   The Company has a Code of Conduct for Directors and Senior Management Personnel.

   Does not extend to Group / Joint Venture / Suppliers/ Contractors/ NGOs/ Other.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   There were 19 cases of customer complaints related to the products, all of which after investigation were satisfactorily resolved/closed.

Principle 2 - *Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle*

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   Listed below are our products and services which incorporate environment and safety risks/concerns

   a) Graphite electrodes

   b) Impervious graphite equipment

   c) Glass Reinforced Plastic pipes

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   i. **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

      No reduction in resource usage observed in FY 2017-2018.

   ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?** Not known.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

   We have procedures in place for assessment of supplier and majority of our raw material supplies, supplementary material, packing material, transportation services and spares required are sourced form approved suppliers.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   Local and small producers are continuously encouraged for both goods and services. Timely payment and other assistance wherever required, are provided.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   Whenever possible, products & waste are recycled back into the production line.

Principle 3 - *Businesses should promote the wellbeing of all employees*

1. **Please indicate the Total number of employees :**

   2115.

2. **Please indicate the Total number of employees hired on temporary/ contractual/ casual basis :** 2156.

3. **Please indicate the Number of permanent women employees :** 30

4. **Please indicate the Number of permanent employees with disabilities :** 5

5. **Do you have an employee association that is recognized by management?**

   Trade union/s formed by workmen/staff at respective locations are recognised by management.

6. **What percentage of your permanent employees is members of this recognized employee association?**

   95% of permanent employees (excluding management staff) are members of recognised employee associations.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour / forced labour / involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- **Permanent Employees** 65-75%
- **Permanent Women Employees** 45-50%
- **Casual/Temporary/Contractual Employees** 25-35%
- **Employees with Disabilities** **50%**

Principle 4 - ***Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.***

1. **Has the company mapped its internal and external stakeholders?**

   The internal and external stakeholders, are known. The Company engages with investors, employers, customers, suppliers.

2. **Out of the above, has the company identified disadvantaged, vulnerable & marginalized stakeholders?**

   There are none to the best of our knowledge.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof :** N.A.

Principle 5 - ***Businesses should respect and promote human rights***

1. **Does the policy of the company on human rights cover only the company or extend to the Group/ Joint**

   Ventures/Suppliers/Contractors/NGOs/Others? Covers only the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No complaints were received.

Principle 6 - ***Business should respect, protect, and make efforts to restore the environment***

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/**

   Suppliers/Contractors/NGOs/others.

   Covers only the Company.

2. **Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. :** No.

3. **Does the company identify and assess potential environmental risks?** Yes.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?** Not Applicable.

5. **Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Company has taken initiatives for energy efficiency & renewable energy. Company uses renewable energy sourced from outside, owns and operates two hydel plants and is currently installing a solar plant.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?** Generally Yes.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   An appeal by some neighbouring residents near our Bangalore plant against order by the Appellate Tribunal, Bangalore in favour of the Company in respect of pollution related issue is pending in National Green Tribunal, Chennai.

Principle 7 - ***Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner***

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with :** CII, FICCI, ICC

2. **Have you advocated/lobbied through above associations for the advancement or improvement**

of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others) : No.

Principle 8 - *Businesses should support inclusive growth and equitable development*

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   CSR projects are regularly undertaken. Refer CSR annual report forming part of Directors Report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

   Projects are undertaken through B. D. Bangur Endowment.

3. **Have you done any impact assessment of your initiative?** Yes – in respect of vocational courses.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?** Refer CSR Annual Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Our programmes in respect of provision of drinking water & health/hygiene are participatory in nature.

Principle 9 - *Businesses should engage with and provide value to their customers and consumers in a responsible manner*

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year :** Nil.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information) :** No.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so :** No.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends? :** Yes, as per ISO format.

FINANCIAL PERFORMANCE FOR 10 YEARS -STANDALONE

(Rs. in Lakhs)

	IND AS		IGAAP							
Statement of Profit & Loss	**2017-18**	**2016-17**	**2015-16#**	**2014-15***	**2013-14***	**2012-13***	**2011-12***	**2010-11***	**2009-10^**	**2008-09^**
Revenue from Operations (Net of Excise duty)	2,95,820	1,30,577	1,34,668	1,49,722	1,76,808	1,76,486	1,67,084	1,22,594	1,13,119	1,12,588
Other Income	8,889	8,389	4,650	3,074	4,021	2,635	3,462	3,043	3,058	2,891
Profit before Interest, Depreciation and Tax (PBIDT)	1,44,143	15,949	19,676	18,602	32,448	30,526	34,587	31,343	40,928	26,104
Depreciation	4,643	4,156	4,442	3,875	5,360	5,004	4,044	3,933	3,954	3,435
Profit before Interest and Tax (PBIT)	1,39,500	11,793	15,234	14,727	27,088	25,522	30,543	27,410	36,974	22,669
Finance Cost	618	650	784	1,223	1,696	2,214	1,439	555	1,049	2,594
Profit before Exceptional Item and Tax	1,38,882	11,143	14,450	13,504	25,392	23,308	29,104	26,855	35,925	20,075
Exceptional Item (Gain) / Loss	–	–	–	560	–	–	(2,962)	1,273	–	–
Profit before Tax (PBT)	1,38,882	11,143	14,450	12,944	25,392	23,308	32,066	25,582	35,925	20,075
Provision for Taxation	47,519	(85)	3,986	4,725	8,300	7,000	8,277	8,350	12,709	718
Profit after Tax (PAT)	91,363	11,228	10,464	8,219	17,092	16,308	23,789	17,232	23,216	19,357
EPS - Basic (Rs.)	46.76	5.75	5.36	4.21	8.75	8.35	12.18	9.19	13.58	12.55
Balance Sheet										
Fixed Assets	65,140	64,867	60,637	60,040	64,147	66,257	66,997	53,603	48,548	50,362
Investments	1,24,110	66,392	53,735	48,007	50,022	34,574	33,348	27,278	25,276	16,641
Other Assets (Current and Non-Current)	1,60,346	1,07,037	1,16,785	1,36,703	1,47,795	1,69,705	1,45,017	1,24,939	1,01,682	1,02,746
Total Assets	3,49,596	2,38,296	2,31,157	2,44,750	2,61,964	2,70,536	2,45,362	2,05,820	1,75,506	1,69,749
Share Capital	3,908	3,908	3,908	3,908	3,908	3,908	3,908	3,908	3,430	3,420
Reserves and Surplus	2,56,271	1,81,278	1,70,225	1,71,453	1,69,683	1,60,592	1,52,284	1,36,442	1,14,922	98,419
Borrowings	15,529	12,682	17,992	18,571	30,102	56,761	46,172	26,516	24,926	35,224
Deferred Tax Liabilities (Net)	9,450	8,403	8,816	8,211	8,967	9,504	7,082	6,302	7,377	6,276
Other Liabilities (Current and Non-Current)	64,438	32,025	30,216	42,607	49,304	39,771	35,916	32,652	24,851	26,410
Total Liabilities	**3,49,596**	**2,38,296**	**2,31,157**	**2,44,750**	**2,61,964**	**2,70,536**	**2,45,362**	**2,05,820**	**1,75,506**	**1,69,749**
^ Based on Schedule VI, *Based on Revised Schedule VI/Schedule III, #Figures are restated as per IND AS.										
Key Ratio										
PBIDT / Total Revenue - %	47.31	11.48	14.12	12.17	17.94	17.04	20.28	24.95	35.23	22.61
Net Profit (PAT) / Total Revenue - %	29.98	8.08	7.51	5.38	9.45	9.10	13.95	13.72	19.98	16.76
Finance Cost Cover - Times	233.24	24.54	25.10	15.21	19.13	13.79	24.03	56.51	39.02	10.07
ROCE (PBIT / Capital Employed) - %	50.60	5.96	7.93	7.36	13.04	11.35	15.09	16.43	25.81	16.54
RONW (PAT / Net worth) - %	35.12	6.06	6.01	4.69	9.85	9.91	15.23	12.28	19.62	19.01
Debt Equity Ratio	0.06:1	0.07:1	0.10:1	0.14:1	0.20:1	0.37:1	0.30:1	0.19:1	0.21:1	0.35:1
Equity Dividend per Share (Rs.)	17.00	2.00	2.00	2.00	3.50	3.50	3.50	3.50	3.50	3.00
Book Value per Share (Rs.)	133.17	94.78	89.13	89.76	88.85	84.20	79.94	71.84	69.01	59.56

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Graphite India Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Graphite India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those financial statements dated May 18, 2017.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement

on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 35 and 18 to the standalone Ind AS financial statements;

      ii. The Company did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

Place of Signature: Kolkata
Date: May 11, 2018

Annexure 1 referred to in paragraph 1 of the section on "Report on other legal and regulatory requirements" of our report of even date on the standalone financial statements of Graphite India Limited

To the Members of Graphite India Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed Assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company except seven immovable properties aggregating INR 24 lakhs as at March 31, 2018 (details of which are set out in Note 4.6 and Note 4.7 to the standalone Ind-AS financial statements). Also refer Note 35 (i)(h).

Particulars	Whether Leasehold/ Freehold	Gross Block (Rs. in Lakhs)	Net Block (Rs. in Lakhs)
Five Freehold Lands at Nashik and Titlagarh	Freehold Land	9	9
Two Leasehold Lands at Titlagarh	Leasehold Land	22	15

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2018 and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and guarantees and securities given have been complied with by the Company, as applicable.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of Company's products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, goods and service tax, duty on custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty, Interest and Penalty	15	1996-97 and 1999-00	Assistant/Deputy Commissioner of Central Excise
		16	2010-11 to 2012-13	Commissioner (Appeals)
		412	2003-04 to 2009-10 and 2012-13	CESTAT
		19	2000-01	High Court, Calcutta
Central Sales Tax Act, 1956	Sales Tax, Interest and Penalty	0.07	2009-10	Deputy Commissioner of Sales Tax
		0.25	2005-06	Additional Commissioner of Commercial Taxes
		1	2011-12	Additional Commissioner, Corporate Division (Appeal)
		23	2006-07 and 2007-08	Commissioner (Appeals)
		192	2002-03 to 2008-09	Sales Tax Tribunal
		43	2003-04	High Court, Bombay
		43	2014-15	Commissioner of Sales Tax
		28	2006-07	Joint Commissioner of Sales Tax (Appeals)
West Bengal Value Added Tax Act, 2003	Value Added Tax	18	2011-12	West Bengal Taxation Tribunal
		24	2011-12	Additional Commissioner of Sales Tax, West Bengal
Karnataka Value Added Tax Act, 2003	Value Added Tax, Interest and Penalty	85	2010-11	Commercial Tax Officer
		8	2008-09	Assisstant Commissioner, Commercial Taxes
		7	2006-07	High Court, Karnataka
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax, Interest and Penalty	1	2008-09	Commercial Tax Officer
Orissa VAT Act, 2004	Value Added Tax	2	2005-06	Sales Tax Tribunal
Customs Act, 1962	Customs Duty, Interest and Penalty	4	1988-89	Chief Metropolitan Magistrate
		856	2005-06 to 2007-08	Commissioner of Customs
		7	2012-13 and 2013-14	Commissioner (Appeals)
		280	1991-92, 1996 to 2000, 2007-08 and 2008-09	CESTAT
Finance Act, 1994	Service Tax, Interest and Penalty	7	2006-07 to 2011-12	Assistant/Deputy Commissioner of Central Excise
		16	2007-08	Additional Commissioner
		-	2006-07 to 2015-16	Appeal to be filed with Commissioner (Appeals)
		500	2006-07 to 2015-16	Commissioner (Appeals)
		583	2004-05 to 2011-12	CESTAT
		105	2005-06 to 2007-08	High Court, Bombay
Income-tax Act, 1961	Income Tax and Interest	1,409	2009-10 to 2014-15	Commissioner of Income Tax (Appeals)

(viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowings dues in respect of a financial institution or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/further public offer/debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

Place of Signature: Kolkata
Date: May 11, 2018

Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of Graphite India Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Graphite India Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

Place of Signature: Kolkata
Date: May 11, 2018

STANDALONE BALANCE SHEET as at 31st March, 2018

(Rs. in Lakhs)

ASSETS	Notes	As at 31st March, 2018	As at 31st March, 2017
Non - current Assets			
Property, Plant and Equipment	4.1	64,261	61,552
Capital Work-in-progress	4.2	812	3,206
Intangible Assets	5	67	109
Financial Assets			
Investments	6	20,826	9,849
Loans	10	787	832
Other Financial Assets	11	8	6
Other Non - current Assets	13	1,239	1,404
Total Non - current Assets		**88,000**	**76,958**
Current Assets			
Inventories	12	66,994	51,263
Financial Assets			
Investments	6	1,03,284	56,543
Trade Receivables	7	75,882	40,681
Cash and Cash Equivalents	8	1,608	88
Bank Balances other than above	9	1,504	4,018
Loans	10	356	329
Other Financial Assets	11	1,385	378
Current Tax Assets (Net)		2,478	1,978
Other Current Assets	13	8,105	8,038
Total Current Assets		**2,61,596**	**1,63,316**
TOTAL ASSETS		**3,49,596**	**2,40,274**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	14.1	3,908	3,908
Other Equity	14.2	2,56,271	1,81,278
TOTAL EQUITY		**2,60,179**	**1,85,186**
LIABILITIES			
Non - current Liabilities			
Financial Liabilities			
Trade Payables	16	3	178
Other Financial Liabilities	17	1	2
Deferred Tax Liabilities (Net)	20	9,450	8,403
Total Non - current Liabilities		**9,454**	**8,583**
Current Liabilities			
Financial Liabilities			
Borrowings	15	15,529	12,682
Trade Payables	16	39,482	21,084
Other Financial Liabilities	17	5,161	3,515
Other Current Liabilities	19	11,454	3,749
Provisions	18	3,090	3,419
Current Tax Liabilities (Net)		5,247	2,056
Total Current Liabilities		**79,963**	**46,505**
TOTAL LIABILITIES		**89,417**	**55,088**
TOTAL EQUITY AND LIABILITIES		**3,49,596**	**2,40,274**

Summary of Significant Accounting Policies 2

The accompanying Notes form an integral part of these financial statements

As per our report of even date

For **S.R.BATLIBOI & CO. LLP**
Firm Registration Number - 301003E/E300005
Chartered Accountants

For and on behalf of the Board of Directors of Graphite India Limited

per Sanjay Kumar Agarwal
Partner
Membership No. 060352
Kolkata - 11th May, 2018

S. W. Parnerkar
Sr.Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

STANDALONE STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2018

(Rs. in Lakhs)

	Notes	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue from Operations	21	2,98,343	1,39,175
Other Income	22	8,889	8,389
Total Income		**3,07,232**	**1,47,564**
Expenses			
Cost of Materials Consumed	23	71,145	51,732
Purchases of Stock-in-trade	24	1,180	-
Changes in Inventories of Finished Goods and Work-in-progress	25	1,318	2,009
Excise Duty on Sale of Goods		2,523	8,598
Employee Benefits Expense	26	17,578	15,204
Finance Costs	27	618	650
Depreciation and Amortisation Expense	28	4,643	4,156
Other Expenses	29	69,345	54,072
Total Expenses		**1,68,350**	**1,36,421**
Profit before Tax		**1,38,882**	**11,143**
Income Tax Expense	30		
Current Tax		46,472	328
Deferred Tax Charges/(Credit)		1,047	(413)
Profit for the Year		**91,363**	**11,228**
Other Comprehensive Income			
Items that will not be Reclassified to Profit or Loss			
Remeasurements Gains/(Losses) on Defined Benefit Plans	38	140	(267)
Income Tax on above	30	(49)	92
Total Other Comprehensive Income (Net of Tax)		**91**	**(175)**
Total Comprehensive Income for the Year		**91,454**	**11,053**
Earnings per Equity Share (Nominal Value Rs. 2/- per Share) (In Rs.)	31		
Basic and Diluted (Rs.)		46.76	5.75

Summary of Significant Accounting Policies 2

The accompanying Notes form an integral part of these financial statements

As per our report of even date

For **S.R.BATLIBOI & CO. LLP**
Firm Registration Number - 301003E/E300005
Chartered Accountants

For and on behalf of the Board of Directors of Graphite India Limited

per Sanjay Kumar Agarwal
Partner
Membership No. 060352
Kolkata - 11th May, 2018

S. W. Parnerkar
Sr.Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

STANDALONE STATEMENT OF CHANGES IN EQUITY for the year ended 31st March, 2018

a) Equity Share Capital (Refer Note 14.1) **(Rs. in Lakhs)**

Equity shares of Rs. 2/- each issued, subscribed and fully paid

At 31st March, 2016	3,908
At 31st March, 2017	3,908
At 31st March, 2018	3,908

b) Other Equity - Reserves and Surplus (Refer Note 14.2) **(Rs. in Lakhs)**

	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained Earnings	Total
As at 31st March, 2016	**46**	**575**	**20,097**	**1,33,650**	**15,857**	**1,70,225**
Profit for the Year	–	–	–	–	11,228	11,228
Other Comprehensive Income (Net of Tax) -Remeasurements on Post-employment Defined Benefit Plans	–	–	–	–	(175)	(175)
Total Comprehensive Income for the Year	**–**	**–**	**–**	**–**	**11,053**	**11,053**
As at 31st March, 2017	**46**	**575**	**20,097**	**1,33,650**	**26,910**	**1,81,278**
Profit for the Year	–	–	–	–	91,363	91,363
Other Comprehensive Income (Net of Tax) -Remeasurements on Post-employment Defined Benefit Plans	–	–	–	–	91	91
Total Comprehensive Income for the Year	**–**	**–**	**–**	**–**	**91,454**	**91,454**
Transactions with Owners in their Capacity as Owners:						
Final Dividend on Equity Shares for the Financial Year 2016-17 [Refer Note 43(b)]	–	–	–	–	(3,908)	(3,908)
Dividend Distribution Tax on above	–	–	–	–	(795)	(795)
Interim Dividend on Equity Shares for the Financial Year 2017-18 [Refer Note 43(b)]	–	–	–	–	(9,769)	(9,769)
Dividend Distribution Tax on above	–	–	–	–	(1,989)	(1,989)
As at 31st March, 2018	**46**	**575**	**20,097**	**1,33,650**	**1,01,903**	**2,56,271**

Summary of Significant Accounting Policies 2

The accompanying Notes form an integral part of these financial statements

As per our report of even date

For **S.R.BATLIBOI & CO. LLP**
Firm Registration Number - 301003E/E300005
Chartered Accountants

per Sanjay Kumar Agarwal
Partner
Membership No. 060352
Kolkata - 11th May, 2018

For and on behalf of the Board of Directors of Graphite India Limited

S. W. Parnerkar Sr.Vice President-Finance

B. Shiva Company Secretary

M. B. Gadgil Executive Director

K. K. Bangur Chairman

STANDALONE CASH FLOW STATEMENT for the year ended 31st March, 2018

(Rs. in Lakhs)

	Year ended 31st March, 2018	Year ended 31st March, 2017
A. Cash Flows from Operating Activities		
Profit before Tax	1,38,882	11,143
Adjustments for:		
Depreciation and Amortisation Expense	4,643	4,156
Finance Costs	618	650
Bad Debts/Advances Written Off	21	393
Provision for Doubtful Debts	30	342
Interest Income Classified as Investing Cash Flows	(203)	(298)
Net Gain on Investments Carried at Fair Value through Profit or Loss	(5,243)	(4,705)
Liabilities no longer required Written Back	(373)	(616)
Provision for Doubtful Debts Written Back	(423)	(52)
Allowance Reversed for Expected Credit Losses on Trade Receivables	(929)	(128)
Gain on Disposal of Property, Plant and Equipment (Net)	(22)	(116)
Write Down of Inventories to Net Realisable Value	26	251
Foreign Exchange Differences (Net)	1	(151)
Operating Profit before Changes in Operating Assets and Liabilities	**1,37,028**	**10,869**
Changes in Operating Assets and Liabilities		
Increase in Trade Payables	18,413	5,555
Increase/(Decrease) in Other Financial Liabilities	2,045	(518)
Increase/(Decrease) in Provisions	(189)	247
Increase in Other Current Liabilities	7,705	277
(Increase)/Decrease in Inventories	(15,757)	11,688
(Increase)/Decrease in Trade Receivables	(33,900)	1,924
(Increase)/Decrease in Loans	18	(97)
(Increase)/Decrease in Other Financial Assets	(1,088)	225
Increase in Other Non-current Assets	(13)	(8)
Increase in Other Current Assets	(67)	(1,144)
Cash Generated from Operations	**1,14,195**	**29,018**
Income Taxes Paid	(43,830)	(4,002)
NET CASH FROM OPERATING ACTIVITIES	**70,365**	**25,016**
B. Cash Flows from Investing Activities		
Payments for Acquisition of Property, Plant and Equipment/Intangible Assets	(5,029)	(8,044)
Proceeds on Disposal of Property, Plant and Equipment	74	137
Payments for Purchase of Investments	(1,52,478)	(84,471)
Proceeds from Sale/ Redemption of Investments	1,00,109	76,531
Interest Received	175	311
Proceeds from Maturity of Fixed Deposits with Banks	3,700	–
Investment in Fixed Deposits with Banks	(1,157)	(3,700)
NET CASH USED IN INVESTING ACTIVITIES	**(54,605)**	**(19,236)**

STANDALONE CASH FLOW STATEMENT for the year ended 31st March, 2018

(Rs. in Lakhs)

	Year ended 31st March, 2018	Year ended 31st March, 2017
C. Cash Flows from Financing Activities		
Dividend Paid	(13,677)	-
Dividend Distribution Tax Paid	(2,784)	-
Finance Costs Paid	(627)	(678)
Short-term Borrowings - Receipts/(Payments) (Net)	2,848	(5,159)
NET CASH USED IN FINANCING ACTIVITIES	**(14,240)**	**(5,837)**
D. Exchange Differences on Translation of Foreign Currency		
Cash and Cash Equivalents	–	*
Net Cash Inflow/(Outflow)	**1,520**	**(57)**
Cash and Cash Equivalents - At the beginning of the year (Refer Note 8)	**88**	**145**
Cash and Cash Equivalents - At the end of the year (Refer Note 8)	**1,608**	**88**
	1,520	**(57)**

* Amount is below the rounding off norm adopted by the Company.

Summary of Significant Accounting Policies 2

The accompanying Notes form an integral part of these financial statements

As per our report of even date

For **S.R.BATLIBOI & CO. LLP**
Firm Registration Number - 301003E/E300005
Chartered Accountants

For and on behalf of the Board of Directors of Graphite India Limited

per Sanjay Kumar Agarwal
Partner
Membership No. 060352
Kolkata - 11th May, 2018

S. W. Parnerkar
Sr.Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

Notes to Standalone Financial Statements for the year ended 31st March, 2018

1 Company Background

Graphite India Limited (the 'Company') is a public limited company, incorporated and domiciled in India. The equity shares of the Company are listed on the National Stock Exchange of India Limited and the BSE Limited in India. The registered office of the Company is located at 31, Chowringhee Road, Kolkata - 700 016, West Bengal, India.

The Company is mainly engaged in the business of manufacturing and selling of graphite & carbon and other products as detailed under segment information in Note 39.

The standalone financial statements were approved and authorised for issue in accordance with the resolution of the Company's Board of Directors on 11th May, 2018.

2 Significant Accounting Policies

This Note provides a list of the significant accounting policies adopted in the preparation of the standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. These standalone financial statements are the separate financial statements of the Company.

(a) Basis of Preparation

(i) Compliance with Ind AS

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

(ii) Basis of Measurement

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value -

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value (refer accounting policy regarding financial Instruments)

- Defined benefit plans - plan assets measured at fair value.

(iii) Current and Non-current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

a) expected to be realised or intended to be sold or consumed in the normal operating cycle,

b) held primarily for the purpose of trading,

c) expected to be realised within twelve months after the reporting period, or

d) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in the normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period, or

d) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

(iv) Rounding of Amounts

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest lakhs (Rs. 00,000) as per the requirement of Schedule III, unless otherwise stated.

(b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

However, sales tax/value added tax (VAT)/goods and service tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of Products

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of Services

Revenue from services rendered is recognised as the services are rendered and is booked based on agreements/arrangements with the concerned parties.

Other Operating Revenues

Export entitlements (arising out of Duty Drawback and Merchandise Export from India) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Company and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Royalty Income is recognised on an accrual basis as per terms of the agreement with the concerned party.

(c) Construction Contracts

Contract revenue is measured at the fair value of the consideration received or receivable. Variations in contract work are included in contract revenue when it is probable that the customer will approve the variation as well as the amount of revenue arising from the variation and the amount of revenue can be reliably measured. Claims are included in contract revenue to the extent that it is probable that the customer will accept the claim and the amount that is probable to be accepted by the customer can be measured reliably.

The Company uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

(d) Property, Plant and Equipment

Freehold land is carried at historical cost. Capital Work-in-progress is stated at cost, net of accumulated impairment loss, if any. All other items of property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the items. Such cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

Depreciation Method, Estimated Useful Lives And Residual Values

Depreciation is calculated on a pro-rata basis using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives in accordance with Schedule II to the Act. Each component of an item of property, plant and equipment with a cost that is significant in relation to the cost of that item is depreciated separately if its

Notes to Standalone Financial Statements for the year ended 31st March, 2018

useful life differs from the other components of the item. The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Estimated useful lives of the assets are as follows:

Factory Buildings	–	3 to 30 years
Non-factory Buildings	–	3 to 60 years
Plant and Equipments	–	5 to 40 years
Furniture and Fixtures	–	10 years
Vehicles	–	8 to 10 years
Office Equipments	–	3 to 6 years

Leasehold land is amortised on straight-line basis over the primary lease period ranging from 60 to 999 years.

The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Advances paid towards the acquistion of property, plant and equipment outstanding at each balance sheet date is classified as 'Capital Advances' under other non-current assets and the cost of property, plant and equipment not ready to use are disclosed under 'Capital Work-in-progress'.

(e) Intangible Assets

Intangible assets (Computer Software) has a finite useful life and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Computer Software

Software for internal use, which is primarily acquired from third-party vendors is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation/ system integration services, where applicable.

Amortisation Method and Period

Computer software are amortised on a pro-rata basis using the straight-line method over their estimated useful life of 5 years, from the date they are available for use. Amortisation method and useful lives are reviewed periodically including at each financial year end.

Research and Development

Research costs are expensed as incurred. Expenditure on development that do not meet the specified criteria under Ind AS 38 on 'Intangible Assets' are recognised as an expense as incurred.

(f) Impairment of Non-financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

(g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of

Notes to Standalone Financial Statements for the year ended 31st March, 2018

the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a Lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition and are accounted for as follows:

Raw materials and Stores & Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

Finished goods and work-in-progress: cost includes cost of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on weighted average basis.

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Investments in Subsidiaries

Investments in subsidiaries are carried at cost less provision for impairment, if any. Investments in subsidiaries are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of investments exceeds its recoverable amount.

(j) Investments (Other than Investments in Subsidiaries) and Other Financial Assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

– those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised Cost :** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a

Notes to Standalone Financial Statements for the year ended 31st March, 2018

debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.

- **Fair Value through Other Comprehensive Income (FVOCI) :** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other Income'.

- **Fair Value through Profit or Loss :** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within 'Other Income' in the period in which it arises.

Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other Income' in the Statement of Profit and Loss.

(iii) Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets which are not fair valued through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 42(A) details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of Financial Assets

A financial asset is derecognised only when

– the Company has transferred the rights to receive cash flows from the financial asset or

– retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income Recognition

Interest Income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividend

Dividend is recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(vi) Fair Value of Financial Instruments

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices.

(k) Derivative Instruments

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Derivative Instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period, with changes included in 'Other Income'/'Other Expenses'. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(l) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(m) Cash and Cash Equivalents

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade Payables

Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Loans and Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(o) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

(p) Forward Currency Contracts

The Company uses forward currency contracts to hedge its foreign currency risks. Such forward currency contracts are initially measured at fair value on the date on which a forward currency contract is entered into and are subsequently re-measured at fair value. Forward currency contracts are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of forward contracts are recognized in the Statement of Profit and Loss as they arise.

q) Foreign Currency Transactions and Translation

(i) Functional and Presentation Currency

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (`the functional currency'). The standalone financial statements are presented in Indian Rupee (Rs.), which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences (other than relating to long-term foreign currency monetary items recognised up to 31st March, 2016) arising from settlement of foreign currency transactions and from the year-end restatement are recognised in the Statement of Profit and Loss.

Exchange differences arising on reporting of long-term foreign currency monetary items recognised up to 31st March, 2016 (i) relating to acquisition of depreciable capital assets is adjusted to the carrying amount of such assets (to be depreciated over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long-term monetary asset/liability). All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within 'Other Income'/'Other Expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(q) Employee Benefits

(i) Short-term Employee Benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as 'Employee Benefits Payable' within 'Other Financial Liabilities' in the Balance Sheet.

(ii) Post-employment Benefits

I. Defined Benefit Plans

a) Gratuity

Retirement gratuity for employees, is funded through Company's Gratuity Scheme with Life Insurance Corporation of India (LICI). The costs of providing benefits under this plan are determined on the basis of actuarial valuation using the projected unit credit method at each year-end. Actuarial gains/losses are immediately recognised in retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. The excess/shortfall in the fair value of the plan assets over the present value of the obligation calculated as per actuarial methods as at balance sheet dates is recognised as a gain/loss in the Statement of Profit and Loss. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

b) Provident Fund

In respect of certain employees, contributions to the Company's Employees Provident Fund (administered by the Company as per the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952) are made in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

In the case of contribution to the Fund, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Fund and the notified interest rate and recognizes such obligation, if any, determined based on an actuarial valuation as at the balance sheet date, as an expense.

II. <u>Defined Contribution Plans</u>

a) Superannuation

Contribution made to Superannuation Fund for certain employees are recognised in the Statement of Profit and Loss as and when services are rendered by employees. The Company has no liability for future Superannuation Fund benefits other than its contribution.

b) Provident Fund

Contributions in respect of Employees who are not covered by Company's Employees Provident Fund [in I(b) above] are made to the Fund administered by the Regional Provident Fund Commissioner as per the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and are charged to Statement of Profit and Loss as and when services are rendered by employees. The Company has no obligation other than the contribution payable to the Regional Provident Fund.

(iii) Other Long-term Employee Benefits

The liabilities for leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future benefits in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. Actuarial gains/losses are immediately recognised in retained earnings through Statement of Profit and Loss in the period in which they occur.

The obligations are presented under 'Provisions' (Current) in the Balance Sheet if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(r) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax credits and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences, tax credits and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Policy on MAT : "Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset, it is created by way of credit to the Statement of Profit and Loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period."

(s) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is deducted from the related expense on a systematic basis in the Statement of Profit and Loss over the period necessary to match them with the related cost, which they are intended to compensate.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(t) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Notes to Standalone Financial Statements for the year ended 31st March, 2018

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Dividend Distribution to Equity-holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity holders of the Company and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(u) Provisions and Contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

(v) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Executive Director of the Company. Refer Note 39 for segment information presented.

(w) Use of Estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities during and at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(x) Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind AS's which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 21 - The Effect of Changes in Foreign Exchange Rates

Ind AS 12 - Income Taxes

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Ind AS 115 – Revenue from Contracts with Customers

The Company is currently evaluating the impact of implementation of Ind AS 115 "Revenue from Contracts with Customers" which is applicable to it w.e.f 01.04.2018. However, based on the evaluation done so far and based on the arrangement that the Company has with its customers for sale of its products, the implementation of Ind AS 115 will not have any significant recognition and measurement impact. However, there will be additional presentation and disclosure requirement, which will be provided in the next year's financial statements.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

Ind AS 12 - Income Taxes

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

3 Critical Estimates and Judgements

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these standalone financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This Note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the standalone financial statements.

The areas involving critical estimates or judgements are:

- **Employee Benefits (Estimation of Defined Benefit Obligations) - Notes 2(q) and 38**

  Post-employment benefits represent obligations that will be settled in future and require assumptions to estimate benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of benefit costs over the employees' approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Company to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

- **Estimation of Expected Useful Lives of Property, Plant and Equipment - Notes 2(d) and 4.1**

  Management reviews its estimate of useful lives of property, plant and equipment at each reporting date, based on the expected utility

Notes to Standalone Financial Statements for the year ended 31st March, 2018

of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment.

- **Contingencies - Notes 2(u) and 35**

  Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Company often raise factual and legal issues that are subject to uncertainties and complexities, including the facts and circumstances of each particular case/claim, the jurisdiction and the differences in applicable law. The Company consults with legal counsel and other experts on matters related to specific litigations where considered necessary. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

- **Valuation of Deferred Tax Assets - Notes 2(r) and 20**

  Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred tax benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

- **Fair Value Measurements - Notes 2(j)(vi) and 41**

  When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

4 Property, Plant and Equipment

4.1 Reconciliation of Gross and Net Carrying Amount of Each Class of Assets

(Rs. in Lakhs)

	Freehold Land	Leasehold Land	Buildings @	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total
Year ended 31st March, 2017								
Gross Carrying Amount								
Opening Balance	2,240	77	17,466	37,801	230	316	193	58,323
Additions	-	-	2,411	9,287	10	20	7	11,735
Disposals	-	-	-	(18)	(1)	(5)	(2)	(26)
Closing Balance	**2,240**	**77**	**19,877**	**47,070**	**239**	**331**	**198**	**70,032**
Accumulated Depreciation								
Opening Balance	-	2	872	3,335	42	73	63	4,387
For the Year	-	2	888	3,058	27	70	53	4,098
On Disposals	-	-	-	(1)	(1)	(2)	(1)	(5)
Closing Balance	**-**	**4**	**1,760**	**6,392**	**68**	**141**	**115**	**8,480**
Net Carrying Amount	**2,240**	**73**	**18,117**	**40,678**	**171**	**190**	**83**	**61,552**
Year ended 31st March, 2018								
Gross Carrying Amount								
Opening Balance	2,240	77	19,877	47,070	239	331	198	70,032
Additions	-	-	1,648	5,525	10	134	30	7,347
Disposals	-	-	(3)	(57)	-	(12)	(1)	(73)
Closing Balance	**2,240**	**77**	**21,522**	**52,538**	**249**	**453**	**227**	**77,306**
Accumulated Depreciation								
Opening Balance	-	4	1,760	6,392	68	141	115	8,480
For the Year	-	2	883	3,578	29	58	35	4,585
On Disposals	-	-	-	(14)	-	(5)	(1)	(20)
Closing Balance	**-**	**6**	**2,643**	**9,956**	**97**	**194**	**149**	**13,045**
Net Carrying Amount	**2,240**	**71**	**18,879**	**42,582**	**152**	**259**	**78**	**64,261**

@ Includes Buildings constructed on Leasehold Land - Gross Carrying Amount Rs. 18,684 Lakhs (Net Carrying Amount - Rs. 16,479 Lakhs) [Previous Year - Gross Carrying Amount Rs. 17,039 Lakhs (Net Carrying Amount - Rs. 15,570 Lakhs)].

(Rs. in Lakhs)

4.2 Capital Work-in-progress

	As at 31st March, 2018	As at 31st March, 2017
Carrying amount at the beginning of the year	3,206	6,549
Additions during the year @	4,779	8,355
Capitalised during the year	7,173	11,698
Carrying amount at the end of the year	**812**	**3,206**
@ Includes following costs incurred in the course of construction of items of Property, Plant and Equipment:		
Salaries and Wages	40	80
Rates and Taxes	5	6
Travelling and Conveyance	15	10
Insurance	2	-
Contractors' Labour Charges	291	146
Miscellaneous Expenses	235	36
	588	**278**

Notes to Standalone Financial Statements for the year ended 31st March, 2018

4.3 The Company has taken borrowings from banks which carry charge over certain property, plant and equipment (Refer Note 44 for details).

4.4 Contractual obligations - Refer Note 36(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

4.5 Aggregate amount of depreciation has been included under 'Depreciation and Amortisation Expense' in the Statement of Profit and Loss (Refer Note 28).

4.6 Title deeds of immovable properties set out in Note 4.1 above, where applicable, are in the name of the Company except as set out below which are in the name of Graphite Vicarb India Limited (GVIL)/Powmex Steels Limited (PSL). The immovable properties of GVIL/PSL, inter alia, got transferred to and vested in the Company pursuant to the respective Schemes of Arrangement in earlier years.

(Rs. in Lakhs)

Particulars	Gross Carrying Amount		Net Carrying Amount	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Certain Freehold Land at Nashik and Titilagarh (5 Title Deeds)	9	9	9	9
Certain Leasehold Land at Titilagarh (2 Title Deeds)	22	22	15	15

4.7 A portion of the land at Titilagarh including Freehold Land mentioned in Note 4.6 above is under dispute on legal ownership - Rs. 267 Lakhs (Previous Year - Rs. 267 Lakhs) disclosed as contingent liability and included under 'Other Matters' in Note 35(i)(h).

(Rs. in Lakhs)

5 Intangible Assets	Computer Software - Acquired
Year ended 31st March, 2017	
Gross Carrying Amount	
Opening Balance	206
Additions	15
Closing Balance	**221**
Accumulated Amortisation	
Opening Balance	54
For the Year	58
Closing Balance	**112**
Net Carrying Amount	**109**
Year ended 31st March, 2018	
Gross Carrying Amount	
Opening Balance	221
Additions	16
Closing Balance	**237**
Accumulated Amortisation	
Opening Balance	112
For the Year	58
Closing Balance	**170**
Net Carrying Amount	**67**

5.1 The amortisation has been included under 'Depreciation and Amortisation Expense' in the Statement of Profit and Loss (Refer Note 28).

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

6 Investments

	Face Value	Number	Ast at 31st March, 2018	As at 31st March, 2017
Unquoted:				
Non-current Investments				
Investments in Equity Instruments				
In Subsidiary Companies				
Graphite International B.V. @	Euro 1	1,73,00,000	4,537	4,537
Carbon Finance Limited @	Rs.10	53,00,000	3,004	3,004
In Other Body Corporate # $				
Sai Wardha Power Limited - Class A Equity Shares	Rs.10	24,76,558	-	-
Greenko Bagewadi Wind Energies Private Limited	Rs.10	1,20,000	12	12
Investments in Preference Shares				
In Other Body Corporate @ @ $				
Sai Wardha Power Limited				
0.01% Class A Redeemable Preference Shares	Rs.10	31,23,442	-	-
Investments in Government Securities @@ (Deposited with government department as security)			-	*
Investments in Mutual Funds #			13,273	2,296
			20,826	**9,849**
Current Investments				
Investments in Commercial Papers @@			9,933	-
Investments in Mutual Funds #			93,351	56,543
			1,03,284	**56,543**
			1,24,110	**66,392**
Aggregate Amount of Unquoted Investments			1,24,110	66,392
@ Investment in subsidiary companies is carried at cost			7,541	7,541
@@ Investments carried at Amortised Cost			9,933	*
# Investments carried at Fair Value through Profit or Loss			1,06,636	58,851
$ Original Share Certificates with the Issuer Company				

6.1 Refer Note 41 for information about fair value measurements and Note 42 for credit risk and market risk on investments.

*Amounts are below the rounding off norm adopted by the Company.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

7 Trade Receivables

	As at 31st March, 2018	As at 31st March, 2017
Unsecured:		
Considered Good #	75,882	41,610
Considered Doubtful	647	1,040
Less: Provision for Doubtful Debts	(647)	(1,040)
Less: Allowance for Expected Credit Losses	-	(929)
	75,882	**40,681**
# Includes Dues from a Subsidiary	939	2,736

7.1 Refer Note 44 for receivables secured against borrowings and Note 42 for information about credit risk and market risk on receivables.

8 Cash and Cash Equivalents

Balances with Banks	1,597	74
Cash on Hand	11	14
	1,608	**88**

8.1 There are no repatriation restrictions with regard to Cash and Cash Equivalents as at the end of the current reporting period and prior periods.

9 Bank Balances other than above

Unpaid Dividend Accounts @	347	318
Fixed Deposit Accounts (with original maturity of more than three months but not more than twelve months) @@	1,157	3,700
	1,504	**4,018**

@ Earmarked for Payment of Unclaimed Dividend

@@ Includes Fixed Deposits amounting to Rs. 157 Lakhs (Previous Year - Rs. Nil) earmarked against Bank Guarantee.

10 Loans

Non-current		
Unsecured, Considered Good:		
Loans to Employees*	134	146
Security Deposits	653	686
	787	**832**
Current		
Unsecured, Considered Good:		
Loans to Employees*	227	208
Security and Other Deposits	129	121
	356	**329**
	1,143	**1,161**
* Includes Dues from an Officer of the Company	3	7

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

11 Other Financial Assets	As at 31st March, 2018	As at 31st March, 2017
Non-current		
Unsecured, Considered Good:		
Fixed Deposits with Banks @	8	6
(with maturity of more than twelve months)		
(Lodged with Government Authority/Others)		
Accrued Interest on Fixed Deposits @	*	-
	8	**6**
Current		
Unsecured, Considered Good:		
Receivables from a Subsidiary @	218	140
Claims Receivable/Charges Recoverable @	71	108
Accrued Interest on Deposits		
with Banks @	3	79
with Others @	48	51
Others @	1,045	-
	1,385	**378**
	1,393	**384**
@ Financial Assets carried at Amortised Cost	**1,393**	**384**
* Amount is below the rounding off norm adopted by the Company.		

12 Inventories

- At Lower of Cost and Net Realisable Value		
Raw Materials	29,390	12,942
Work-in-progress	29,914	30,709
Finished Goods	5,430	5,953
Stores and Spares	2,188	1,602
Loose Tools	72	57
	66,994	**51,263**

12.1 Above includes Inventories-in-transit:

Raw Materials	10,618	2,374
Work-in-progress	435	538
Finished Goods	2,764	2,504
Stores and Spares	61	43
12.2 Above includes Inventories carried at Fair Value Less Cost to Sell	252	3,567
12.3 Work-in-progress includes Contract Work-in-progress	245	255

12.4 Refer Note 44 for Information on Inventories Pledged as Security

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

13 Other Assets	**As at 31st March, 2018**	**As at 31st March, 2017**
Non-current		
Unsecured, Considered Good:		
Capital Advances	718	896
Balances with Government Authorities @	488	491
Others		
Prepaid Expenses	33	17
	1,239	**1,404**
Current		
Unsecured, Considered Good:		
Export Entitlements Receivable	2,334	1,330
Balances with Government Authorities @@	2,302	5,240
Advance to Suppliers/Service Providers (other than capital)	3,176	1,178
Unbilled Revenue	52	44
Prepaid/Advance for Expenses	241	246
	8,105	**8,038**
	9,344	**9,442**

@ Above represent payments made to various Government Authorities under protest relating to certain indirect tax matters.

@@ Balances with Government Authorities primarily include amounts realisable from the excise, value added tax and customs authorities of India and the unutilised goods and service tax input credits on purchases. These are generally realised within one year or regularly utilised to offset the goods and service tax liability on goods manufactured/sold by the Company. Accordingly, these balances have been classified as current assets.

14.1 Equity Share Capital

Authorised		
20,00,00,000 Equity Shares of Rs. 2/- each Fully Paid-up @	4,000	4,000
Issued, Subscribed and Paid-up		
19,53,75,594 Equity Shares of Rs. 2/- each Fully Paid-up @	3,908	3,908
Add: Forfeited Shares	*	*
	3,908	**3,908**

@ There were no changes in number of shares during the years ended 31st March, 2018 and 31st March, 2017.

* Amounts are below the rounding off norm adopted by the Company.

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

(b) Details of Equity Shares held by the holding company and by subsidiary/associate of the holding company:	**Number of Shares**	**Number of Shares**
Emerald Company Private Limited (ECL); the Immediate and Ultimate Holding Company	11,95,79,419	11,95,79,419
Shree Laxmi Agents Limited; a Subsidiary of ECL	8,84,000	8,84,000
Carbo Ceramics Limited; an Associate of ECL	3,86,645	3,86,645

(c) Details of Equity Shares held by Shareholders holding more than 5% of the aggregate shares in the Company:	**Number of Shares**	**Number of Shares**
Emerald Company Private Limited	11,95,79,419	11,95,79,419
	(61.20%)	(61.20%)

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

14.2 Other Equity	As at 31st March, 2018	As at 31st March, 2017
- Reserves and Surplus		
Capital Reserve	46	46
Capital Redemption Reserve	575	575
Securities Premium Account	20,097	20,097
General Reserve	1,33,650	1,33,650
Retained Earnings [Refer (i) below]	1,01,903	26,910
	2,56,271	**1,81,278**

(i) Retained Earnings - Movement during the year

Opening Balance	26,910	15,857
Profit for the Year	91,363	11,228
Items of Other Comprehensive Income recognised directly in Retained Earnings - Remeasurements of Post-employment Defined Benefit Plans (Net of Tax)	91	(175)
Final Dividend on Equity Shares for the Financial Year 2016-17 [Refer Note 43(b)]	(3,908)	-
Dividend Distribution Tax on above	(795)	-
Interim Dividend on Equity Shares for the Financial Year 2017-18 [Refer Note 43(b)]	(9,769)	-
Dividend Distribution Tax on above	(1,989)	-
Closing Balance	**1,01,903**	**26,910**

Nature and Purpose of each Reserve

Capital Reserve

Capital Reserve has been primarily created on amalgamation in earlier years.

Capital Redemption Reserve

The Act requires that where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve. The capital redemption reserve may be applied by the company, in paying up unissued shares of the company to be issued to shareholders of the company as fully paid bonus shares. The Company had established this reserve pursuant to the redemption of preference shares issued in earlier years.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

15 Borrowings

	As at 31st March, 2018	As at 31st March, 2017
Current		
Secured*		
Bill Discounting Facilities	1,047	173
Loans Repayable on Demand from Banks		
-Cash Credit/Export Credit Facilities	7,320	2,668
Unsecured		
Bill Discounting Facilities	1085	-
Loans Repayable on Demand from Banks		
-Working Capital Facilities (Export Credit, etc.)	5,789	7,969
Buyer's Credit	288	1,872
	15,529	**12,682**

*Secured -

(a) By a first pari passu charge by way of hypothecation of inventories and book debts of the Company, both present and future; and

(b) By a second pari passu charge on the Company's movable fixed assets.

15.1 Refer Note 44 for details of carrying amount of assets pledged as security for secured borrowings and Note 42 for information about liquidity risk and market risk on borrowings.

16 Trade Payables

Non-current		
Trade Payables	3	178
	3	**178**
Current		
Trade Payables		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 32)	551	567
Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		
Acceptances	8,931	1,628
Others @	30,000	18,889
	39,482	**21,084**
	39,485	**21,262**
@ Includes Dues to a Subsidiary	1,418	883

16.1 Refer Note 42 for information about liquidity risk and market risk on trade payables.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

17 Other Financial Liabilities	As at 31st March, 2018	As at 31st March, 2017
Non-current		
Security Deposits	1	2
	1	**2**
Current		
Employee Benefits Payable	2,462	1,743
Interest Accrued	9	18
Unpaid Dividends	347	318
Capital Liabilities	708	945
Claims/Charges Payable #	519	369
Security Deposits	36	35
Remuneration Payable to Non-executive Directors	1,080	87
	5,161	**3,515**
	5,162	**3,517**
# Includes Dues to a Subsidiary	24	8

18 Provisions		
Current		
Provisions for Employee Benefits (Refer Note 38)	1,853	2,208
Provision for Contingencies	1,237	1,211
	3,090	**3,419**

19 Other Current Liabilities		
Current		
Dues Payable to Government Authorities @	5,230	2,988
Advances from Customers	6,224	761
	11,454	**3,749**

@ Dues Payable to Government Authorities comprise sales tax, excise duty, withholding taxes, service tax, value added tax, entry tax, goods and service tax and other taxes payable.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

20 Deferred Tax Liabilities (Net)

Significant components and movement in Deferred Tax Assets and Liabilities during the year

(Rs. in Lakhs)

	As at 31st March, 2017	Recognised in Profit or Loss	As at 31st March, 2018
Deferred Tax Liabilities			
Property, Plant and Equipment and Intangible Assets	10,243	482	10,725
Financial Assets at Fair Value through Profit or Loss-Investments	1,690	19	1,709
Short-term Borrowings	7	(7)	-
Total Deferred Tax Liabilities	**11,940**	**494**	**12,434**
Deferred Tax Assets			
Provision for Employee Benefits	581	25	606
Employee Benefits Payable	16	(1)	15
Dues Payable to Government Authorities	749	63	812
Trade Receivables	681	(455)	226
Tax Credits Carry Forward	1,510	(185)	1,325
Total Deferred Tax Assets	**3,537**	**(553)**	**2,984**
Deferred Tax Liabilities (Net)	**8,403**	**1,047**	**9,450**

	As at 31st March, 2016	Recognised in Profit or Loss	As at 31st March, 2017
Deferred Tax Liabilities			
Property, Plant and Equipment and Intangible Assets	9,286	957	10,243
Financial Assets at Fair Value through Profit or Loss - Investments	1,537	153	1,690
Financial Assets at Fair Value through Profit or Loss -Derivative Financial Instruments	63	(63)	-
Short-term Borrowings	-	7	7
Total Deferred Tax Liabilities	**10,886**	**1,054**	**11,940**
Deferred Tax Assets			
Provision for Employee Benefits	484	97	581
Employee Benefits Payable	17	(1)	16
Dues Payable to Government Authorities	618	131	749
Trade Receivables	625	56	681
Tax Credits Carry Forward	326	1,184	1,510
Total Deferred Tax Assets	**2,070**	**1,467**	**3,537**
Deferred Tax Liabilities (Net)	**8,816**	**(413)**	**8,403**

Notes to Standalone Financial Statements for the year ended 31st March, 2018

21 Revenue from Operations	Year ended 31st March, 2018	(Rs. in Lakhs) Year ended 31st March, 2017
Sale of Products (Refer Note 21.1 below)		
Graphite Electrodes and Miscellaneous Graphite Products*	2,57,220	1,04,264
Carbon Paste	1,140	1,160
Calcined Petroleum Coke*	6,831	4,601
Impervious Graphite Equipment and Spares	11,689	11,794
GRP/FRP Pipes and Tanks	7,473	4,735
High Speed Steel	7,045	6,628
Alloy Steel	368	479
Electricity	53	39
Others	1,889	1,386
Sale of Services (Processing/Service Charges)	428	216
Contract Revenue (Supply and Laying of Pipes, etc.)	-	1,584
Other Operating Revenues		
Export Entitlement	3,747	2,057
Royalty	460	232
	2,98,343	**1,39,175**
*Includes Sale of Trading Goods -		
Graphite Electrodes and Miscellaneous Graphite Products	986	-
Calcined Petroleum Coke	604	-

21.1 In accordance with the requirements of Ind AS, Revenue from Sale of Products for the period after 30th June, 2017 is net of Goods and Services Tax ('GST'). However, Revenue for the period up to 30th June, 2017 is inclusive of Excise Duty.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

22 Other Income

	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest Income		
From Financial Assets at Amortised Cost		
- Investments	107	148
- Loans and Deposits	96	150
- Trade Receivables	752	821
From Income-tax/Other Government Authorities	193	991
	1,148	**2,110**
Others		
Net Gain on Investments Carried at Fair Value through Profit or Loss [Includes Net Unrealised Fair Value Gains arisen during the year of Rs. 3,834 Lakhs (Previous Year - Rs. 3,673 Lakhs)]	5,243	4,705
Fair Value Gains on Derivatives not Designated as Hedges	-	296
Guarantee Fee (Refer Note 40)	140	121
Liabilities no longer required Written Back	373	616
Provision for Doubtful Debts Written Back	423	52
Reversal of Allowance for Credit Losses on Trade Receivables	929	128
Net Gain on Disposal of Property, Plant and Equipment [Net of Loss on Disposal of Property, Plant and Equipment Rs. 38 Lakhs (Previous Year - Rs. 4 Lakhs)]	22	116
Net Gain on Foreign Currency Transactions and Translation	228	-
Other Non-operating Income	383	245
	7,741	**6,279**
	8,889	**8,389**

23 Cost of Materials Consumed

Opening Inventory	12,942	23,105
Add: Purchases	87,593	41,569
	1,00,535	64,674
Less: Closing Inventory	29,390	12,942
	71,145	**51,732**

24 Purchases of Stock-in-trade

Graphite Electrodes and Miscellaneous Graphite Products	645	-
Calcined Petroleum Coke	535	-
	1,180	**-**

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

25	Changes in Inventories of Finished Goods and Work-in-progress	Year ended 31st March, 2018	Year ended 31st March, 2017
	Finished Goods		
	Closing Stock	5,430	5,953
	Deduct: Opening Stock	5,953	9,391
		523	**3,438**
	Work-in-progress		
	Closing Stock	29,914	30,709
	Deduct: Opening Stock	30,709	29,280
		795	**(1,429)**
		1,318	**2,009**

25.1 Write-downs of inventories to net realisable value amounted to Rs. 26 Lakhs (Previous Year - Rs. 251 Lakhs). These were recognised as an expense and included in Changes in Inventories of Finished Goods and Work-in-progress above.

26	Employee Benefits Expense		
	Salaries, Wages and Bonus	15,594	13,373
	Contribution to Provident and Other Funds (Refer Note 38)	1,147	1,112
	Staff Welfare Expenses	837	719
		17,578	**15,204**

27	Finance Costs		
	Interest Expense on		
	- Borrowings from Banks	542	582
	- Others	33	29
	Other Borrowing Costs	43	39
		618	**650**

28	Depreciation and Amortisation Expense		
	Depreciation of Tangible Assets (Refer Note 4.1)	4,585	4,098
	Amortisation of Intangible Assets (Refer Note 5)	58	58
		4,643	**4,156**

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

29 Other Expenses	Year ended 31st March, 2018	Year ended 31st March, 2017
Consumption of Stores and Spare Parts (Refer Note 29.1)	16,071	11,836
Power and Fuel	29,923	23,825
Rent	169	169
Repairs and Maintenance:		
- Buildings	400	350
- Plant and Machinery	1,836	1,459
- Others	357	243
Insurance	538	413
Rates and Taxes	617	888
Freight and Forwarding Charges	7,736	5,610
Commission to Selling Agents	2,415	1,373
Travelling and Conveyance	472	470
Directors' Remuneration (Other than Executive Director)	1,095	101
Excise Duty on Stocks etc. (Refer Note 29.2)	(395)	(160)
Bad Debts/Advances Written Off	21	393
Provision for Doubtful Debts	30	342
Processing Charges	359	385
Net Loss on Foreign Currency Transactions and Translation	-	284
Contractors' Labour Charges	4,112	3,489
Expenditure towards Corporate Social Responsibility Activities (Refer Note 29.3)	73	88
Payment to Auditors (Refer Note 29.4)	50	55
Miscellaneous Expenses	3,466	2,459
	69,345	**54,072**

29.1 Consumption of Stores and Spare Parts includes:

Packing Materials	1,709	1,365
Loose Tools	338	280

29.2 Represents the difference between excise duty on opening and closing stock of finished goods, etc.

29.3 Corporate Social Responsibility Expenditure:

(a) Gross amount required to be spent by the Company during the year	235	343
(b) Expenditure towards Corporate Social Responsibility Activities comprises employee benefits expense of Rs. 3 Lakhs (Previous Year- Rs. 4 Lakhs) and amount paid to B D Bangur Endowment towards construction/acquisition of assets Rs. 5 Lakhs (Previous Year - Rs. 43 Lakhs) and for other purposes Rs. 65 Lakhs (Previous Year - Rs. 41 Lakhs) respectively.	73	88

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

29.4 Payment to Auditors @

	Year ended 31st March, 2018	Year ended 31st March, 2017
As Auditor -		
Audit Fee	30	40
Limited Review	15	9
In Other Capacity -		
Other Services (Certification Fees)	3	5
Reimbursement of Expenses	2	1
	50	**55**

@ Including Rs. 13 Lakhs (Previous Year - Rs. Nil) paid to the preceding auditor.

30 Income Tax Expense

A. Tax Expense Recognised in the Statement of Profit and Loss		
Current Tax		
Current Tax on Profits for the Year	46,770	2,785
Adjustment for Current Tax of Earlier Years	(298)	(2,457)
	46,472	**328**
Deferred Tax		
Origination and Reversal of Temporary Differences	1,047	(413)
Income Tax Expense	**47,519**	**(85)**
B. Tax on Other Comprehensive Income		
Current Tax		
Remeasurements on Post-employment Defined Benefit Plans	**(49)**	**92**

30.1 Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable

Profit before Income Tax Expense	1,38,882	11,143
Enacted Statutory Income Tax Rate in India applicable to the Company	34.608%	34.608%
Computed expected Income Tax Expense	**48,063**	**3,856**
Adjustments:-		
Expenses not Deductible for Tax Purposes	803	109
Income Exempt from Income Taxes	(26)	(26)
Investment Allowance	-	(481)
Impact of Long-term Capital Gains on Investments	(1,118)	(1,086)
Unrealised Exchange Differences Capitalised earlier realised during the year	95	-
Adjustment for Current Tax of earlier years	(298)	(2,457)
Income Tax Expense	**47,519**	**(85)**

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

		Year ended 31st March, 2018	Year ended 31st March, 2017
31	**Earnings per Equity Share**		
(A)	**Basic and Diluted Earning**		
(i)	Number of Equity Shares at the beginning of the year	19,53,75,594	19,53,75,594
(ii)	Number of Equity Shares at the end of the year	19,53,75,594	19,53,75,594
(iii)	Weighted Average Number of Equity Shares outstanding during the Year	19,53,75,594	19,53,75,594
(iv)	Face Value of each Equity Share (Rs.)	2	2
(v)	Profit after Tax available for Equity Shareholders		
	Profit for the Year (Rs. in Lakhs)	91,363	11,228
(vi)	Basic and Diluted Earnings per Equity Share (Rs.)[(v)/(iii)]	46.76	5.75

32 Information relating to Micro and Small Enterprises (MSEs)

(i)	The Principal amount and Interest due thereon remaining unpaid to any supplier at the end of the accounting year		
	Principal	550	566
	Interest	-	*
(ii)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year		
	Principal	10	68
	Interest	*	1
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act		
	Principal	528	205
	Interest	1	*
(iv)	The amount of interest accrued and remaining unpaid at the end of the accounting year	1	1
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due on above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	-	1
	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.		

*Amounts are below the rounding off norm adopted by the Company.

33 Research and Development Expenditure

Research and Development Expenditure of revenue nature recognised in profit or loss during the year.	17	13

Notes to Standalone Financial Statements for the year ended 31st March, 2018

34 The Company has cancellable operating lease arrangements for certain accommodation. Terms of such lease include option for renewal on mutually agreed terms. There are no restrictions imposed by lease arrangements and there are no purchase options or sub leases or contingent rents. Operating lease rentals for the year recognised in profit or loss amounts to Rs. 169 Lakhs (Previous Year - Rs. 169 Lakhs).

(Rs. in Lakhs)

35 Contingencies	**As at 31st March, 2018**	**As at 31st March, 2017**
(i) Claims against the Company not acknowledged as debts: Taxes, duties and other demands (under appeal/dispute)		
(a) Excise Duty	251	251
(b) Customs Duty	1,183	1,188
(c) Service Tax	1,310	1,326
(d) Sales Tax/Value Added Tax	546	581
(e) Entry Tax	150	150
(f) Income Tax	886	1,240
(g) Labour Related Matters	912	912
(h) Other Matters (Property, Rental, etc.)	319	319
(ii) Customer appeal pending at High Court against award/order in favour of the Company by Arbitral Tribunal and District Court relating to charges deducted, consequential loss of profit and interest in a construction contract. The Company has withdrawn the entire disputed amount deposited by the customer before High Court with a bank guarantee for 50% of the amount as per the directions of the High Court. In respect of above, it is not practicable for the Company to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above.	1.370	1.370

36 Commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,160	3,297
(b) Guarantees		
Corporate Guarantees given to banks/others to secure the financial assistance /accommodation extended to a Subsidiary Company	22,168	17,679

37 Information relating to Contract Work-in-progress

(i) Aggregate amount of cost incurred and recognised profits less recognised losses	8,836	8,836
(ii) The amount of customer advances	*	*
(iii) The amount of retentions due from customers	773	773
(iv) Gross amount due from customers for contract work as an asset	241	299
(v) Gross amount due to customers for contract work as a liability	-	-

*Amounts are below the rounding off norm adopted by the Company.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

38 Employee Benefits:

(I) Post-employment Defined Benefit Plans

(A) Gratuity (Funded)

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972 without ceiling limit, except Rs. 20 Lakhs for Powmex Division . As per the plan, the Gratuity Fund Trusts, administered and managed by the Trustees and funded primarily with Life Insurance Corporation of India (LICI), make payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Trustees are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. Each year an Asset-Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as set out in Note 2(q)(ii) above, based upon which, the Company makes contributions to the Employees' Gratuity Funds.

The following table sets forth the particulars in respect of the Gratuity Plan (Funded) of the Company:

(Rs. in Lakhs)

		2017-18	2016-17
(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	3,481	2,922
	Current Service Cost	229	229
	Interest Cost	235	220
	Remeasurements Losses		
	Actuarial (Gains)/Losses arising from Changes in Financial Assumptions	(121)	219
	Actuarial Losses arising from Changes in Experience Adjustments	8	55
	Benefits Paid	(259)	(164)
	Present Value of Obligation at the end of the year	**3,573**	**3,481**
(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	2,980	2,637
	Interest Income	218	209
	Remeasurements Gains		
	Return on Plan Assets (excluding amount included in Net Interest Cost)	27	7
	Contributions by Employer	517	291
	Benefits Paid	(259)	(164)
	Fair Value of Plan Assets at the end of the year	**3,483**	**2,980**
(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	3,573	3,481
	Fair Value of Plan Assets at the end of the year	3,483	2,980
	Liabilities Recognised in the Balance Sheet	**90**	**501**
(d)	**Actual Return on Plan Assets**	**245**	**216**
(e)	**Expense Recognised in the Other Comprehensive Income:**		
	Remeasurements (Gains)/Losses (Net)	(140)	267
		(140)	**267**

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

		2017-18	2016-17
(f)	**Expense Recognised in Profit or Loss:**		
	Current Service Cost	229	229
	Net Interest Cost	17	11
	Total @	**246**	**240**
	@ Recognised under 'Contribution to Provident and Other Funds' in Note 26		
(g)	**Category of Plan Assets:**	**In %**	**In %**
	Funded with LICI	99.57	99.28
	Cash and Cash Equivalents	0.43	0.72
		100.00	**100.00**

		As at 31st March, 2018	As at 31st March, 2017
(h)	**Principal Actuarial Assumptions:**		
	Discount Rate	7.40%	7.00%
	Salary Growth Rate	7.00%	7.00%

Assumptions regarding future mortality experience are based on mortality tables of 'Indian Assured Lives Mortality (2006-2008) published by the Institute of Actuaries of India.

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

(i) Sensitivity Analysis

	Change in Assumption	Impact on defined benefit obligation (2017-18)	Impact on defined benefit obligation (2016-17)
Discount Rate	Increase by 1%	Decrease by Rs. 274 Lakhs	Decrease by Rs. 287 Lakhs
	Decrease by 1%	Increase by Rs. 316 Lakhs	Increase by Rs. 332 Lakhs
Salary Growth Rate	Increase by 1%	Increase by Rs. 314 Lakhs	Increase by Rs. 328 Lakhs
	Decrease by 1%	Decrease by Rs. 277 Lakhs	Decrease by Rs. 289 Lakhs

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(j) The Company expects to contribute Rs. 351 Lakhs (Previous Year - Rs. 757 Lakhs) to the funded gratuity plans during the next financial year.

(k) The weighted average duration of the defined benefit obligation is 9.56 years (Previous Year - 9.82 years).

(B) Provident Fund

Contributions towards provident funds are recognised as expense for the year. The Company has set up Provident Fund Trusts in respect of certain categories of employees which are administered by Trustees. Both the employees and the Company make monthly contributions to the Funds at specified percentage of the employee's salary and aggregate contributions along with interest thereon are paid to the employees/nominees

Notes to Standalone Financial Statements for the year ended 31st March, 2018

at retirement, death or cessation of employment. The Trusts invest funds following a pattern of investments prescribed by the Government. The interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Government under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Company.

In view of the Company's obligation to meet shortfall, if any, on account of interest, Provident Fund Trusts set up by the Company are treated as defined benefit plans.

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the Balance Sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, an amount of Rs. 25 Lakhs (Previous Year - Rs. 28 Lakhs) has been provided towards future anticipated shortfall with regard to interest rate obligation of the Company as at the Balance Sheet date. Further during the year, the Company's contribution of Rs. 34 Lakhs (Previous Year - Rs. 30 Lakhs) to the Provident Fund Trusts has been expensed under the 'Contribution to Provident and Other Funds' in Note 26. Disclosures given hereunder are restricted to the information available as per the Actuary's Report-

	As at 31st March, 2018	As at 31st March, 2017
Principal Actuarial Assumptions		
Discount Rate	7.20% & 6.95%	6.62% & 6.54%
Expected Return on Exempted Fund	8.65% & 7.99%	9.10% & 8.11%
Expected Guranteed Interest Rate	8.55%	8.65%

(II) Post-employment Defined Contribution Plans

(A) Superannuation Fund

Certain categories of employees of the Company participate in superannuation, a defined contribution plan administered by the Trustees. The Company makes quarterly contributions based on a specified percentage of each covered employee's salary. The Company has no further obligations under the plan beyond its annual contributions.

(B) Provident Fund

Certain categories of employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer make monthly contributions to a government administered fund at specified percentage of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions.

During the year, an amount of Rs. 867 Lakhs (Previous Year - Rs. 842 Lakhs) has been recognised as expenditure towards above defined contribution plans of the Company.

(III) Leave Obligations

The Company provides for accumulation of leave by certain categories of its employees. These employees can carry forward a portion of the unutilised leave balances and utilise it in future periods or receive cash (only in case of earned leave) in lieu thereof as per the Company's policy. The Company records a provision for leave obligations in the period in which the employee renders the services that increases this entitlement.

The total provision recorded by the Company towards this obligation as at reporting date is Rs. 1,736 Lakhs (Previous Year - Rs.1,679 Lakhs). The amount of the provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past

Notes to Standalone Financial Statements for the year ended 31st March, 2018

experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

(Rs. in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Leave provision not expected to be settled within the next 12 months	1,536	1,515

(IV) Risk Exposure

Through its defined benefit plans, the Company is exposed to some risks, the most significant of which are detailed below:

Discount Rate Risk

The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Salary Growth Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

Demographic Risk

In the valuation of the liability, certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the benefit cost.

39 Segment Information

A. Description of Segments and Principal Activities

The Company's Executive Director examines the Company's performance on the basis of its business and has identified three reportable segments:

a) **Graphite and Carbon Segment,** engaged in the production of Graphite Electrodes, Other Miscellaneous Graphite & Carbon Products and related Processing/Service Charges.

b) **Glass Reinforced Plastic (GRP) Pipes Segment,** engaged in manufacturing/laying of GRP Pipes; and

c) **Others Segment** engaged in manufacturing of High Speed Steel & Alloy Steel and Power Generating Unit exclusively for outside sale.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the standalone financial statements. Also, the Company's borrowings (including finance costs), income taxes, investments and derivative instruments are managed at head office and are not allocated to operating segments.

Sales between segments are carried out on cost plus appropriate margin and are eliminated on consolidation. The segment revenue is measured in the same way as in the Statement of Profit and Loss.

Segment assets and liabilities are measured in the same way as in the standalone financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the assets.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

B. Segment Revenues, Segment Result and Other Information as at/for the year:-

(Rs. in Lakhs)

	Graphite and Carbon		GRP Pipes		Others		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue from Operations								
External Sales	2,79,092	1,23,421	7,578	6,318	7,466	7,147	2,94,136	1,36,886
Other Operating Revenues	4,206	2,288	1	1	-	-	4,207	2,289
	2,83,298	**1,25,709**	**7,579**	**6,319**	**7,466**	**7,147**	**2,98,343**	**1,39,175**
Inter Segment Sales	12	31	16	7	-	-	28	38
Segment Revenues	**2,83,310**	**1,25,740**	**7,595**	**6,326**	**7,466**	**7,147**	**2,98,371**	**1,39,213**
Segment Results	**1,37,708**	**5,328**	**995**	**2,119**	**127**	**(36)**	**1,38,830**	**7,411**
Reconciliation to Profit before Tax:								
Net Gain on Investments carried at Fair Value through Profit or Loss							5,243	4,705
Fair Value Gains on Derivatives not designated as Hedges							-	296
Finance Costs							(618)	(650)
Other Unallocable Expenditure (Net)							(4,573)	(619)
Profit before Tax							**1,38,882**	**11,143**
Depreciation and Amortisation	**4,202**	**3,734**	**106**	**171**	**192**	**91**	**4,500**	**3,996**
Unallocable							143	160
Total							**4,643**	**4,156**
Non-cash Expenses other than Depreciation and Amortisation	**98**	**872**	**12**	**86**	**5**	**32**	**115**	**990**
Unallocable							*	*
Total							**115**	**990**
Interest Income	**724**	**211**	**46**	**620**	**38**	**50**	**808**	**881**
Unallocable							340	1,229
Total							**1,148**	**2,110**
Capital Expenditure	**4,732**	**7,520**	**14**	**1**	**81**	**863**	**4,827**	**8,384**
Unallocable							142	23
Total							**4,969**	**8,407**
Segment Assets	**2,03,364**	**1,51,507**	**5,319**	**4,465**	**10,312**	**10,196**	**2,18,995**	**1,66,168**
Reconciliation to Total Assets:								
Investments							1,24,110	66,392
Current Tax Assets (Net)							2,478	1,978
Other Unallocable Assets							4,013	5,736
Total							**3,49,596**	**2,40,274**
Segment Liabilities	**52,741**	**27,659**	**2,780**	**1,640**	**1,465**	**1,688**	**56,986**	**30,987**
Reconciliation to Total Liabilities:								
Borrowings							15,529	12,682
Current Tax Liabilities (Net)							5,247	2,056
Deferred Tax Liabilities (Net)							9,450	8,403
Other Unallocable Liabilities							2,205	960
Total							**89,417**	**55,088**

*Amounts are below the rounding off norm adopted by the Company.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

C. Entity-wide Disclosures **(Rs. in Lakhs)**

		2017-18	2016-17
(i)	The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown below (excluding Other Operating Revenues)		
	India	2,02,244	84,155
	Rest of the World	91,892	52,731
		2,94,136	**1,36,886**

(ii) All non-current assets of the Company (excluding Financial Assets) are located in India.

(iii) No customer individually accounted for more than 10% of the revenues from external customers during the years ended 31st March, 2018 and 31st March, 2017.

40 Related Party Disclosures:

(i) Related Parties -

Name	Relationship
Where control exists	
Emerald Company Private Limited (ECL) #	Immediate and Ultimate Parent Company
Carbon Finance Limited #	Wholly Owned Subsidiary Company
Graphite International B.V. (GIBV) ##	Wholly Owned Subsidiary Company
Bavaria Carbon Holdings GmbH @	Wholly Owned Subsidiary Company of GIBV
Bavaria Carbon Specialities GmbH @	Wholly Owned Subsidiary Company of GIBV
Bavaria Electrodes GmbH @	Wholly Owned Subsidiary Company of GIBV
Graphite Cova GmbH @	Wholly Owned Subsidiary Company of GIBV
# Principal place of business - India	
## Principal place of business - The Netherlands	
@ Principal place of business - Germany	
Mr. K. K. Bangur, Chairman	Individual owning an interest in the voting power of ECL that gives him control over the Company, Ultimate Controlling Party (UCP)
Others with whom transactions have taken place during the year:	
Shree Laxmi Agents Limited	Fellow Subsidiary
Carbo Ceramics Limited	Associate of ECL
Ms. Manjushree Bangur, Ms. Divya Bagri, Ms. Aparna Daga and Ms. Rukmani Devi Bangur	Relatives of UCP
GKW Limited and B. D. Bangur Endowment	Entities under significant influence of UCP
Mr. M. B. Gadgil	Key Management Personnel (KMP) - Executive Director (ED)
Mr. P. K. Khaitan, Mr. N. S. Damani, Mr. A. V. Lodha, Dr. R. Srinivasan, Mr. Gaurav Swarup, Mr. N. Venkataramani, Mr. J. D. Curravala, Ms. Shalini Kamath	KMPs - Non-executive Directors (NED)
Khaitan & Co LLP, New Delhi/Kolkata, Firm in which a Director is a Partner	Entities under significant influence of NED
Khaitan & Co. Mumbai, Firm in which a Director is a Partner	Entities under significant influence of NED
First Capital Consultants LLP, Kolkata, Firm in which relative of a Director is Partner	Relatives of NED
Ms. Amrutha Venkataramani N. and Ms. Yasmin Jemi Curravala	Relatives of NED
Mr. M. C. Darak, Mr. S. Marda and Mr. B. Shiva	Key Management Personnel (KMP) of ECL
Mr. R. G. Darak	Relative of KMP of ECL
Graphite India Limited Employees' Gratuity Fund	Post-employment Benefit Plans (PEBP)
Graphite Vicarb India Limited Employees' Gratuity Fund	
Graphite India Limited (PSD) Employees' Gratuity Fund	
Graphite India Employees Group Gratuity Scheme	
Graphite India Limited Senior Staff Superannuation Fund	
Graphite India Employees Group Superannuation Scheme	
Graphite India Limited Provident Fund	
GIL Officers Provident Fund	

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

(ii) Particulars of transactions during the year	2017-18	2016-17
(A) Immediate and Ultimate Parent Company		
Dividend Paid	8,371	-
(B) Wholly Owned Subsidiary Companies		
Graphite Cova GmbH		
Sale of Goods	5,585	5,739
Purchase of Raw Materials/Semi-finished Goods	2,297	2,015
Royalty Income	460	232
Guarantee Fee Income	140	121
Recoveries/(Reimbursement) of Expenses (Net)	(15)	3
Corporate Guarantee Renewed	20,556	-
Corporate Guarantee Given	1,612	-
Carbon Finance Limited		
Rent Expense	111	109
Bavaria Electrodes GmbH		
Sale of Goods	-	7
Total	**30,746**	**8,226**
(C) Fellow Subsidiary		
Dividend Paid	62	-
(D) Associate of ECL		
Dividend Paid	27	-
(E) UCP		
Dividend Paid	133	-
Sitting Fees	2	2
Commission	1,000	60
Total	**1,135**	**62**
(F) Relatives of UCP		
Dividend Paid		
Ms. Manjushree Bangur	17	-
Ms. Divya Bagri	12	-
Ms. Aparna Daga	13	-
Ms. Rukmani Devi Bangur	4	-
Total	**46**	**-**
(G) Entities under significant influence of UCP		
Dividend Paid		
GKW Limited	280	-
Contributions made		
B. D. Bangur Endowment	70	84
Total	**350**	**84**
(H) ED		
Dividend Paid	*	-
Remuneration		
- Short-term Employee Benefits	378	172
- Post Employment Benefits	24	21
Total	**402**	**193**

*Amount is below the rounding off norm adopted by the Company.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

	2017-18	2016-17
(I) NED		
Dividend Paid		
Mr. N. Venkataramani	*	-
Mr. J. D. Curravala	*	-
Sitting Fees		
Mr. N. S. Damani	1	1
Mr. A. V. Lodha	3	2
Dr. R. Srinivasan	2	2
Mr. P. K. Khaitan	2	1
Mr. N. Venkataramani	2	2
Mr. J. D. Curravala	2	2
Mr. Gaurav Swarup	*	1
Ms. Shalini Kamath	1	1
Commission		
Mr. N. S. Damani	8	2
Mr. A. V. Lodha	10	3
Dr. R. Srinivasan	10	3
Mr. P. K. Khaitan	8	2
Mr. N. Venkataramani	20	10
Mr. J. D. Curravala	10	3
Mr. Gaurav Swarup	7	2
Ms. Shalini Kamath	7	2
Total	**93**	**39**
(J) Entities under significant influence of NED		
Professional Fees		
Khaitan & Co LLP, New Delhi	40	3
Khaitan & Co LLP, Kolkata	26	16
Khaitan & Co, Mumbai	73	81
Total	**139**	**100**
(K) Relatives of NED		
Professional Fees		
First Capital Consultants LLP	31	-
Dividend Paid		
Ms. Amrutha Venkataramani N.	*	-
Ms. Yasmin Jemi Curravala	*	-
Total	**31**	**-**
(L) KMP of ECL		
Remuneration		
Mr. M. C. Darak	20	18
Mr. S. Marda	22	20
Mr. B. Shiva	42	40
Dividend Paid		
Mr. M. C. Darak	*	-
Mr. S. Marda	*	-
Mr. B. Shiva	*	-
Total	**84**	**78**

*Amounts are below the rounding off norm adopted by the Company.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

(M) Relative of KMP of ECL	2017-18	2016-17
Remuneration		
Mr. R. G. Darak	17	15
Dividend Paid		
Mr. R. G. Darak	*	-
Total	17	15
(N) PEBP		
Contributions Made		
Graphite India Limited Employees' Gratuity Fund	228	223
Graphite Vicarb India Limited Employees' Gratuity Fund	75	14
Graphite India Limited (PSD) Employees' Gratuity Fund	29	19
Graphite India Employees Group Gratuity Scheme	185	35
Graphite India Limited Senior Staff Superannuation Fund	149	164
Graphite India Employees Group Superannuation Scheme	106	82
Graphite India Limited Provident Fund	6	7
GIL Officers Provident Fund	24	23
Total	**802**	**567**

(Rs. in Lakhs)

(iii) Balances Outstanding	As at 31st March, 2018	As at 31st March, 2017
(A) Wholly Owned Subsidiary Companies		
Graphite Cova GmbH		
Trade Receivables	939	2,736
Other Financial Assets	218	140
Trade Payables	1,418	883
Other Financial Liabilities	24	8
Outstanding Corporate Guarantees	22,168	17,679
Graphite International B.V.		
Investments in Shares	4,537	4,537
Carbon Finance Limited		
Investments in Shares	3,004	3,004
Total	**32,307**	**28,987**
(B) UCP		
Other Current Liabilities	1,000	60
(C) ED		
Other Current Liabilities	269	73
(D) NED		
Other Current Liabilities		
Mr. N. S. Damani	8	2
Mr. A. V. Lodha	10	3
Dr. R. Srinivasan	10	3
Mr. P. K. Khaitan	8	2
Mr. N. Venkataramani	20	10
Mr. J. D. Curravala	10	3
Mr. Gaurav Swarup	7	2
Ms. Shalini Kamath	7	2
Total	**80**	**27**
(E) Entities under significant influence of NED		
Other Current Liabilities		
Khaitan & Co LLP, Kolkata	7	-

*Amount is below the rounding off norm adopted by the Company.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

(iii) Balances Outstanding	As at 31st March, 2018	As at 31st March, 2017
(F) PEBP		
Other Current Liabilities		
Graphite India Limited Provident Fund	6	-
GIL Officers Provident Fund	5	4
Total	**11**	**4**

(iv) Terms and conditions of transactions with related parties

Transactions relating to dividend were on the same terms and conditions that applied to other shareholders. The sales to and purchases from related parties are made in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. No provisions are held against receivables from related parties. There are no loans outstanding with related parties. Refer Note 36(b) for corporate guarantees provided for a subsidiary company.

41 Fair Value Measurements

(Rs. in Lakhs)

(i) Financial Instruments by Category	Note No.	As at 31st March, 2018 Carrying Amount/ Fair Value	As at 31st March, 2017 Carrying Amount/ Fair Value
Financial Assets			
Assets Carried at Fair Value through Profit or Loss			
Investments			
-Equity Instruments	6	12	12
-Mutual Funds	6	1,06,624	58,839
Assets Carried at Amortised Cost			
Investments			
-Government Securities	6	-	*
-Preference Shares	6	-	-
-Commercial Papers	6	9,933	-
Trade Receivables	7	75,882	40,681
Cash and Cash Equivalents	8	1,608	88
Other Bank Balances	9	1,504	4,018
Loans	10	1,143	1,161
Other Financial Assets	11	1,393	384
Total Financial Assets		**1,98,099**	**1,05,183**
Financial Liabilities			
Liabilities Carried at Amortised Cost			
Borrowings (including interest accrued)	15,17	15,538	12,700
Trade Payables	16	39,485	21,262
Other Financial Liabilities	17	5,153	3,499
Total Financial Liabilities		**60,176**	**37,461**

*Amount is below the rounding off norm adopted by the Company.

(ii) Fair Values

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2017.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

The following methods and assumptions were used to estimate the fair values:

(a) In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements.

(b) The management assessed that fair values, of trade receivables, cash and cash equivalents, other bank balances, other financial assets (current), investments in commercial papers, trade payables, borrowings (current) and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. Further, management also assessed the carrying amount of certain loans at floating interest rates which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

(c) The fair value of remaining financial instruments is determined on discounted cash flow analysis using a current lending/discount rate, as considered appropriate.

For financial assets carried at fair value, the carrying amounts are equal to their fair values.

(iii) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the standalone financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows below.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. This includes mutual funds. The mutual funds are valued using the closing Net Asset Value.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31st March, 2018 and 31st March, 2017.

(Rs. in Lakhs)

		As at 31st March, 2018			As at 31st March, 2017		
		Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
(a)	**Recognised and Measured at Fair Value - Recurring Measurements**						
	Financial Assets						
	Investments						
	- Mutual Funds	-	1,06,624	-	-	58,839	-
	- Unquoted Equity Investments	-	-	12	-	-	12
		-	**1,06,624**	**12**	**-**	**58,839**	**12**
(b)	**Amortised Cost for which Fair Values are Disclosed**						
	Financial Assets						
	Investments						
	- Government Securities	-	-	-	-	*	-
	- Commercial Paper	-	9,933	-	-	-	-
		-	**9,933**	**-**	**-**	*****	**-**

*Amounts are below the rounding off norm adopted by the Company.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Fair value measurements using significant unobservable inputs (Level 3)

Fair valuation of unquoted equity investments is based on valuation done by an external valuer using discounted cash flow method. A change in significant unobservable inputs used in such valuation (mainly earnings growth rate and risk adjusted discount rate) is not expected to have a material impact on the fair values of such assets as disclosed above.

42. Financial Risk Management

The Company's activities expose it to credit risk, liquidity risk and market risk. In order to safeguard against any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered as per Company's policy to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The Company's senior management oversees the management of above risks. The senior executives working to manage the financial risks are accountable to the Audit Committee and the Board of Directors. This process provides assurance to the Company's senior management that the Company's financial risks-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and the Company's risk appetite.

This Note explains the sources of risk which the entity is exposed to and how the entity manages the risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(A) Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The Company is exposed to credit risk from its operating activities (primarily Trade Receivables) and from its investing activities (primarily Deposits with Banks and Investments in Mutual Funds).

Trade Receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Customer credit risk is managed by each business unit subject to the Company's policy and procedures which involve credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit assurance. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss.

The Company's exposure to customers is diversified and no single customer contributes to more than 10% of total revenues.

Other Financial Assets

Credit risk from balances with banks, term deposits, loans, investments and derivative instruments is managed by Company's finance department. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements. The Company monitors ratings, credit spreads and financial strength of its counterparties.

The Company's maximum exposure to credit risk for the components of the Balance Sheet is the carrying amounts as disclosed in Note 41 except for the financial guarantees. The Company's maximum exposure to financial guarantees is given in Note 42(B)(ii).

Financial Assets that are neither past due nor impaired

None of the Company's cash equivalents with banks, loans and investments were past due or impaired. Of the total trade receivables, Rs. 58,422 Lakhs (Previous Year - Rs. 23,507 Lakhs) consisted of customer balances that were neither past due nor impaired.

Financial Assets that are past due but not impaired

The Company's credit period for customers generally ranges from 0 - 180 days. The aging of trade receivables that are past due but not impaired (net of provisions/allowances) is given below:

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

Period (in days)	As at 31st March, 2018	As at 31st March, 2017
1-90	16,206	13,698
91-180	805	2,742
More than 180	449	734
	17,460	**17,174**

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.

(Rs. in Lakhs)

Reconciliation of Loss Allowance Provision - Trade Receivables	Allowance for Expected Credit Losses	Provision for Doubtful Debts
Opening Balance as at 1st April, 2016	1,057	750
Provision/Allowance made during the year ended 31st March, 2017	-	342
Provision/Allowance written back/reversed during the year ended 31st March, 2017	(128)	(52)
Closing Balance as at 31st March, 2017	**929**	**1,040**
Provision/Allowance made during the year ended 31st March, 2018	-	30
Provision/Allowance written back/reversed during the year ended 31st March, 2018	(929)	(423)
Closing Balance as at 31st March, 2018	**-**	**647**

The impairment provision for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market condition as well as forward looking estimates at the end of each reporting period.

(B) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and maintains adequate sources of financing.

(i) Financing Arrangements

The Company had access to the following undrawn borrowing facilities (excluding non-fund based facilities) at the end of the reporting period:

(Rs. in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Floating Rate		
- Expiring within one year (working capital facilities)	27,471	30,318
	27,471	**30,318**

The working capital facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the above facilities may be drawn at any time within one year.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(ii) Maturities of Financial Liabilities

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs. in Lakhs)

Contractual Maturities of Financial Liabilities	Within 1 year	Between 1 and 3 years	Total
31st March, 2018			
Borrowings	15,529	-	15,529
Trade Payables	39,482	3	39,485
Other Financial Liabilities @	5,373	1	5,374
Total	**60,384**	**4**	**60,388**
31st March, 2017			
Borrowings	12,682	-	12,682
Trade Payables	21,084	178	21,262
Other Financial Liabilities @	3,656	2	3,658
Total	**37,422**	**180**	**37,602**

@ Includes contractual interest payment till the date of maturity based on interest rate prevailing at the end of the reporting period amounting to Rs. 212 Lakhs (Previous Year- Rs. 141 Lakhs).

(C) Market Risk

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currencies (primarily US Dollars and Euro). The Company has obtained foreign currency loans and has foreign currency trade receivables, trade payables and other financial assets/liabilities and is therefore exposed to foreign currency risk.

The Company strives to achieve asset-liability offset of foreign currency exposures and only the net position is hedged where considered necessary. The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure per established risk management policy.

The Company uses forward exchange contracts to hedge the effects of movements in foreign exchange rates on foreign currency denominated assets and liabilities.

(a) Foreign Currency Risk Exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

(Rs. in Lakhs)

	As at 31st March, 2018			As at 31st March, 2017		
	USD	Euro	CAD	USD	Euro	CAD
Financial Assets						
Trade Receivables	15,013	1,977	-	5,885	6,131	83
Bank Balance in EEFC Accounts	-	-	-	1	-	-
Other Financial Assets	-	218	-	-	140	-
Net Exposure to Foreign Currency Risk (Assets)	**15,013**	**2,195**	**-**	**5,886**	**6,271**	**83**
Financial Liabilities						
Borrowings	945	-	-	498	1,872	-
Trade Payables	21,773	1,750	-	5,433	1,107	18
Other Financial Liabilities	178	39	-	235	22	-
Net Exposure to Foreign Currency Risk (Liabilities)	**22,896**	**1,789**	**-**	**6,166**	**3,001**	**18**
Net Exposure to Foreign Currency Risk (Assets - Liabilities)	**(7,883)**	**406**	**-**	**(280)**	**3,270**	**65**

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(b) Sensitivity

The sensitivity of profit or loss to changes in the foreign exchange rates arises mainly from foreign currency denominated financial instruments.

(Rs. in Lakhs)

	Impact on Profit before Tax	
	As at 31st March, 2018	**As at 31st March, 2017**
USD Sensitivity		
INR/USD - Increase by 7%*	(552)	(20)
INR/USD - Decrease by 7%*	552	20
Euro Sensitivity		
INR/EUR - Increase by 7%*	(28)	229
INR/EUR - Decrease by 7%*	28	(229)
CAD Sensitivity		
INR/CAD - Increase by 7%*	-	5
INR/CAD - Decrease by 7%*	-	(5)

* Holding all other variables constant

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to risk of changes in market interest rates relates primarily to the Company's debt interest obligation. Further the Company engages in financing activities at market linked rates, any changes in the interest rate environment may impact future rates of borrowings. To manage this, the Company may enter into interest rate swaps. The management also maintains a portfolio mix of floating and fixed rate debt.

The Company's fixed rate borrowings and investments in term deposits with bank are carried at amortised cost. They are, therefore, not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

(a) Interest Rate Risk Exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(Rs. in Lakhs)

	As at 31st March, 2018	**As at 31st March, 2017**
Variable Rate Borrowings	11,276	4,687
Fixed Rate Borrowings	4,253	7,995
Total Borrowings	**15,529**	**12,682**

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

(Rs. in Lakhs)

	As at 31st March, 2018			As at 31st March, 2017		
	Weighted average interest rate (%)	**Balance**	**% of Total Loans**	**Weighted average interest rate (%)**	**Balance**	**% of Total Loans**
Cash Credit/Export Credit Facilities	6.24%	11,276	73%	5.08%	4,687	37%

An analysis by maturities is provided in Note 42(B)(ii) above. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(Rs. in Lakhs)

	Impact on Profit before Tax	
	As at 31st March, 2018	**As at 31st March, 2017**
Interest Rates - Increase by 100 basis points (100 bps) *	(113)	(47)
Interest Rates - Decrease by 100 basis points (100 bps) *	113	47

*Holding all other variables constant and on the assumption that amount outstanding as at reporting dates were utilised for the full financial year.

(iii) Securities Price Risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Company invests its surplus funds in various debt instruments. These comprise of mainly liquid schemes of mutual funds, short-term debt funds & income funds (duration investments) and fixed deposits. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

(a) Securities Price Risk Exposure

The Company's exposure to securities price risk arises primarily from investments in mutual funds held by the Company and classified in the Balance Sheet as fair value through profit or loss (Note 41).

(b) Sensitivity

The sensitivity of profit or loss to changes in Net Assets Values (NAVs) as at year end for investments in mutual fund.

(Rs. in Lakhs)

	Impact on Profit before Tax	
	As at 31st March, 2018	**As at 31st March, 2017**
NAV - Increase by 1%*	1,066	588
NAV - Decrease by 1%*	(1,066)	(588)

* Holding all other variables constant

(iv) Commodity Price Risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's sales of graphite electrodes, including the raw material components for such products. Cost of raw materials forms the largest portion of the Company's cost of sales. Market forces generally determine prices for the graphite electrodes sold by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Company earns from the sale of graphite electrodes. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

43 Capital Management

(a) Risk Management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the net debt to equity ratio. Net debt are long-term and short-term debts as reduced by cash and cash equivalents. The Company is not subject to any externally imposed capital requirements.

The following table summarises the capital of the Company:

(Rs. in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Total Borrowings	15,529	12,682
Less: Cash and Cash Equivalents	(1,608)	(88)
Net Debt	**13,921**	**12,594**
Equity	**2,60,179**	**1,85,186**
Total Capital (Equity+ Net Debt)	**2,74,100**	**1,97,780**
Net Debt to Equity Ratio	**0.05:1**	**0.07:1**

No changes were made to the objectives, policies or processes for managing capital during the reporting periods.

(b) Dividends on Equity Shares

(Rs. in Lakhs)

	Year ended 31st March, 2018	Year ended 31st March, 2017
Dividend declared and paid during the year		
Final dividend for FY 2016-17 of Rs. 2/- (FY 2015-16 - Rs. Nil) per fully paid share.	3,908	-
Dividend Distribution Tax on above	795	-
Interim dividend for FY 2017-18 of Rs. 5/- (FY 2016-17 - Rs. Nil) per fully paid share	9,769	-
Dividend Distribution Tax on above	1,989	-
	16,461	**-**
Proposed dividend not recognised at the end of the reporting period		
In addition to the above dividend, since year-end the directors have recommended the payment of a final dividend of Rs. 12/- per fully paid share (FY 2016-17 - Rs. 2/-). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	23,445	3,908
Dividend Distribution Tax on above	4,819	795

Notes to Standalone Financial Statements for the year ended 31st March, 2018

44 Assets Pledged as Security

The carrying amounts of assets pledged as security/collateral for borrowings are:

(Rs. in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Current		
First Charge		
Financial Assets		
Trade Receivables under Bill Discounting (Refer below)	2,132	173
Other Trade Receivables	73,750	40,508
Non-financial Assets		
Inventories	66,994	51,263
Sub-total	**1,42,876**	**91,944**
Non-current		
Second Charge #		
Plant and Equipments	42,582	40,678
Furniture and Fixtures	152	171
Office Equipments	78	83
Vehicles	259	190
Sub-total	**43,071**	**41,122**
Total	**1,85,947**	**1,33,066**

Second Charge existed for all the periods presented for loans repayable on demand from banks disclosed under Current Borrowings (Refer Note 15).

Trade Receivables under Bill Discounting

The carrying amount of trade receivables include receivables which are subject to bill discounting arrangement. Under this arrangement, the Company has discounted the relevant receivables in exchange of cash and is prevented from selling or pledging the receivables. However, the Company has retained late payment and credit risk. The Company, therefore, continues to recognise such receivables in their entirety in its Balance Sheet. The amount payable under the bill discounting arrangement is presented as secured borrowings (Refer Note 15).

45. 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).

46. The figures of previous year were audited by a firm of Chartered Accountants other than S.R. Batliboi & Co. LLP.

As per our report of even date

For **S.R.BATLIBOI & CO. LLP**
Firm Registration Number - 301003E/E300005
Chartered Accountants

For and on behalf of the Board of Directors of Graphite India Limited

per Sanjay Kumar Agarwal
Partner
Membership No. 060352
Kolkata - 11th May, 2018

S. W. Parnerkar
Sr.Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

INDEPENDENT AUDITOR'S REPORT

To the Members of Graphite India Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Graphite India Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit inaccordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2018, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of six subsidiaries, whose Ind AS financial statements include total assets of Rs 39,475 lakhs and net assets of Rs 21,471 lakhs as at March 31, 2018, and total revenues of Rs 39,114 lakhs and net cash inflows of Rs 1,398 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

(b) The Consolidated Ind AS Financial Statements of the Company for the year ended March 31, 2017, included in these Consolidated Ind AS Financial Statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those financial statements dated May 18, 2017.

Our opinion above on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS Financial Statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

(d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements of the Holding Company and its subsidiary company incorporated in India, refer to our separate report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other Matter' paragraph:

i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group - Refer Note 19 and 35 to the Consolidated Ind AS Financial Statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2018. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary incorporated in India during the year ended March 31, 2018.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

Place of Signature: Kolkata
Date: May 11, 2018

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Graphite India Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS Financial Statements of Graphite India Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Graphite India Limited (hereinafter referred to as the "Holding Company") and its subsidiary company, which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by The Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company, which is a company incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company,insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Sanjay Kumar Agarwal
Place of Signature: Kolkata Partner
Date: May 11, 2018 Membership No.: 060352

CONSOLIDATED BALANCE SHEET as at 31st March, 2018

(Rs. in Lakhs)

ASSETS	Notes	As at 31st March, 2018	As at 31st March, 2017
Non - current Assets			
Property, Plant and Equipment	5.1	70,019	66,554
Capital Work-in-progress	5.2	812	3,206
Goodwill	6	63	63
Other Intangible Assets	6	75	122
Financial Assets			
Investments	7	17,498	6,558
Loans	11	787	832
Other Financial Assets	12	8	6
Deferred Tax Assets (Net)	21.2	4,943	293
Other Non - current Assets	14	1,411	1,836
Total Non - current Assets		**95,616**	**79,470**
Current Assets			
Inventories	13	78,644	60,209
Financial Assets			
Investments	7	1,03,284	56,543
Trade Receivables	8	82,352	44,146
Cash and Cash Equivalents	9	4,054	1,136
Bank Balances other than above	10	1,504	4,018
Loans	11	356	329
Other Financial Assets	12	1,323	386
Current Tax Assets (Net)		2,492	1,993
Other Current Assets	14	8,404	8,098
Total Current Assets		**2,82,413**	**1,76,858**
TOTAL ASSETS		**3,78,029**	**2,56,328**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	15.1	3,908	3,908
Other Equity	15.2	2,69,274	1,81,848
TOTAL EQUITY		**2,73,182**	**1,85,756**
LIABILITIES			
Non - current Liabilities			
Financial Liabilities			
Trade Payables	17	3	178
Other Financial Liabilities	18	1	2
Provisions	19	307	280
Deferred Tax Liabilities (Net)	21.1	9,450	8,501
Total Non - current Liabilities		**9,761**	**8,961**
Current Liabilities			
Financial Liabilities			
Borrowings	16	27,218	25,923
Trade Payables	17	41,190	21,662
Other Financial Liabilities	18	5,685	4,526
Other Current Liabilities	20	11,836	4,020
Provisions	19	3,096	3,424
Current Tax Liabilities (Net)		6,061	2,056
Total Current Liabilities		**95,086**	**61,611**
TOTAL LIABILITIES		**1,04,847**	**70,572**
TOTAL EQUITY AND LIABILITIES		**3,78,029**	**2,56,328**

Summary of Significant Accounting Policies 2

The accompanying Notes form an integral part of these financial statements

As per our report of even date

For **S.R.BATLIBOI & CO. LLP**
Firm Registration Number - 301003E/E300005
Chartered Accountants

For and on behalf of the Board of Directors of Graphite India Limited

per Sanjay Kumar Agarwal
Partner
Membership No. 060352
Kolkata - 11th May, 2018

S. W. Parnerkar
Sr.Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2018

(Rs. in Lakhs)

	Notes	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue from Operations	22	3,29,121	1,55,374
Other Income	23	8,854	8,648
Total Income		**3,37,975**	**1,64,022**
Expenses			
Cost of Materials Consumed	24	75,254	55,241
Purchases of Stock-in-trade	25	1,180	-
Changes in Inventories of Finished Goods and Work-in-progress	26	754	3,266
Excise Duty on Sale of Goods		2,523	8,598
Employee Benefits Expense	27	25,211	22,254
Finance Costs	28	808	789
Depreciation and Amortisation Expense	29	5,162	4,639
Other Expenses	30	79,784	62,060
Total Expenses		**1,90,676**	**1,56,847**
Profit before Tax		**1,47,299**	**7,175**
Income Tax Expense	31		
Current Tax		47,470	558
Deferred Tax Charges/(Credit)		(3,371)	(429)
Profit for the Year		**1,03,200**	**7,046**
Other Comprehensive Income			
Items that will not be Reclassified to Profit or Loss			
Remeasurements Gains/(Losses) on Defined Benefit Plans	38	167	(269)
Income Tax on above	31	(56)	93
		111	**(176)**
Items that will be Reclassified to Profit or Loss			
Exchange Differences on Translation of Foreign Operations	15.2	576	88
Total Other Comprehensive Income (Net of Tax)		**687**	**(88)**
Total Comprehensive Income for the Year		**1,03,887**	**6,958**
Attributable to Owners of Graphite India Limited:			
Profit for the Year		1,03,200	7,046
Other Comprehensive Income for the Year		687	(88)
Total Comprehensive Income for the Year		1,03,887	6,958
Earnings per Equity Share (Nominal Value Rs. 2/- per Share) (In Rs.)	32		
Basic and Diluted (Rs.)		52.81	3.61

Summary of Significant Accounting Policies 2

The accompanying Notes form an integral part of these financial statements

As per our report of even date

For **S.R.BATLIBOI & CO. LLP**
Firm Registration Number - 301003E/E300005
Chartered Accountants

For and on behalf of the Board of Directors of Graphite India Limited

per Sanjay Kumar Agarwal
Partner
Membership No. 060352
Kolkata - 11th May, 2018

S. W. Parnerkar
Sr.Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31st March, 2018

a) Equity Share Capital (Refer Note 15.1) **(Rs. in Lakhs)**

Equity shares of Rs. 2/- each issued, subscribed and fully paid	
At 31st March, 2016	3,908
At 31st March, 2017	3,908
At 31st March, 2018	3,908

b) Other Equity (Refer Note 15.2)

(Rs. in Lakhs)

	Reserve and Surplus						Other Reserve	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Reserve Fund	Retained Earnings	Foreign Currency Translation Reserve	
As at 31st March, 2016	**46**	**575**	**20,097**	**1,33,650**	**488**	**19,827**	**207**	**1,74,890**
Profit for the Year	-	-	-	-	-	7,046	-	7,046
Other Comprehensive Income (Net of Tax)								
-Remeasurements on Post-employment Defined Benefit Plans	-	-	-	-	-	(176)	-	(176)
-Exchange Differences on Translation of Foreign Operations	-	-	-	-	-	-	88	88
Total Comprehensive Income for the Year	**-**	**-**	**-**	**-**	**-**	**6,870**	**88**	**6,958**
Transfer from Retained Earnings	**-**	**-**	**-**	**-**	**51**	**(51)**	**-**	**-**
As at 31st March, 2017	**46**	**575**	**20,097**	**1,33,650**	**539**	**26,646**	**295**	**1,81,848**
Profit for the Year	-	-	-	-	-	1,03,200	-	1,03,200
Other Comprehensive Income (Net of Tax)								
-Remeasurements on Post-employment Defined Benefit Plans	-	-	-	-	-	111	-	111
-Exchange Differences on Translation of Foreign Operations	-	-	-	-	-	-	576	576
Total Comprehensive Income for the Year	**-**	**-**	**-**	**-**	**-**	**1,03,311**	**576**	**1,03,887**
Transactions with Owners in their Capacity as Owners:								
Final Dividend on Equity Shares for the Financial Year 2016-17 [Refer Note 43(b)]	-	-	-	-	-	(3,908)	-	(3,908)
Dividend Distribution Tax on Above	-	-	-	-	-	(795)	-	(795)
Interim Dividend on Equity Shares for the Financial Year 2017-18 [Refer Note 43(b)]	-	-	-	-	-	(9,769)	-	(9,769)
Dividend Distribution Tax on Above	-	-	-	-	-	(1,989)	-	(1,989)
Transfer from Retained Earnings	-	-	-	-	19	(19)	-	-
As at 31st March, 2018	**46**	**575**	**20,097**	**1,33,650**	**558**	**1,13,477**	**871**	**2,69,274**

Summary of Significant Accounting Policies 2

The accompanying Notes form an integral part of these financial statements

As per our report of even date

For **S.R.BATLIBOI & CO. LLP**
Firm Registration Number - 301003E/E300005
Chartered Accountants

For and on behalf of the Board of Directors of Graphite India Limited

per Sanjay Kumar Agarwal
Partner
Membership No. 060352
Kolkata - 11th May, 2018

S. W. Parnerkar
Sr.Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2018

(Rs. in Lakhs)

		Year ended 31st March, 2018	Year ended 31st March, 2017
A	**Cash Flows from Operating Activities**		
	Profit before Tax	1,47,299	7,175
	Adjustments for:		
	Depreciation and Amortisation Expense	5,162	4,639
	Finance Costs	808	789
	Bad Debts/Advances Written Off	451	395
	Provision for Doubtful Debts	30	342
	Interest Income Classified as Investing Cash Flows	(203)	(298)
	Net Gain on Investments Carried at Fair Value through Profit or Loss	(5,188)	(5,036)
	Liabilities No Longer Required Written Back	(398)	(645)
	Provision for Doubtful Debts Written Back	(423)	(52)
	Allowance Reversed for Expected Credit Losses on Trade Receivables	(929)	(128)
	Gain on Disposal of Property, Plant and Equipment (Net)	(23)	(121)
	Write Down of Inventories to Net Realisable Value	26	401
	Foreign Exchange Differences (Net)	1	(151)
	Operating Profit before Changes in Operating Assets and Liabilities	**1,46,613**	**7,310**
	Changes in Operating Assets and Liabilities		
	Increase in Trade Payables	18,916	5,217
	Increase/(Decrease) in Other Financial Liabilities	1,504	(378)
	Increase/(Decrease) in Provisions	(179)	239
	Increase in Other Current Liabilities	7,700	379
	(Increase)/Decrease in Inventories	(17,535)	13,821
	(Increase)/Decrease in Trade Receivables	(35,712)	2,136
	Decrease in Loans	18	2,404
	(Increase)/Decrease in Other Financial Assets	(994)	188
	Increase in Other Non-current Assets	(13)	(8)
	Increase in Other Current Assets	(281)	(1,037)
	Cash Generated from Operations	**1,20,037**	**30,271**
	Income Taxes Paid	(44,076)	(4,249)
	NET CASH FROM OPERATING ACTIVITIES	**75,961**	**26,022**
B	**Cash Flows from Investing Activities**		
	Payments for Acquisition of Property, Plant and Equipment/Intangible Assets	(5,826)	(8,783)
	Proceeds on Disposal of Property, Plant and Equipment	82	141
	Payments for Purchase of Investments	(1,57,124)	(88,086)
	Proceeds from Sale/ Redemption of Investments	1,04,631	77,544
	Interest Received	282	339
	Proceeds from Maturity of Fixed Deposits with Banks	3,700	-
	Investments in Fixed Deposits with Banks	(1,157)	(3,700)
	NET CASH USED IN INVESTING ACTIVITIES	**(55,412)**	**(22,545)**

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2018

(Rs. in Lakhs)

		Year ended 31st March, 2018	Year ended 31st March, 2017
C.	**Cash Flows from Financing Activities**		
	Dividend Paid	(13,677)	-
	Dividend Distribution Tax Paid	(2,784)	-
	Finance Costs Paid	(817)	(817)
	Short-term Borrowings - Receipts/(Payments) (Net)	(607)	(3,102)
	NET CASH USED IN FINANCING ACTIVITIES	**(17,885)**	**(3,919)**
D.	**Exchange Differences on Translation of Foreign Currency**		
	Cash and Cash Equivalents	**254**	**(95)**
	Net Cash Inflow/(Outflow)	**2,918**	**(537)**
	Cash and Cash Equivalents - At the beginning of the year (Refer Note 9)	**1,136**	**1,673**
	Cash and Cash Equivalents - At the end of the year (Refer Note 9)	**4,054**	**1,136**
		2,918	**(537)**

Summary of Significant Accounting Policies 2

The accompanying Notes form an integral part of these financial statements

As per our report of even date

For **S.R.BATLIBOI & CO. LLP**
Firm Registration Number - 301003E/E300005
Chartered Accountants

For and on behalf of the Board of Directors of Graphite India Limited

per Sanjay Kumar Agarwal
Partner
Membership No. 060352
Kolkata - 11th May, 2018

S. W. Parnerkar
Sr.Vice President-Finance

B. Shiva
Company Secretary

M. B. Gadgil
Executive Director

K. K. Bangur
Chairman

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

1 Group Background

Graphite India Limited (the 'Parent Company') is a public limited company, incorporated and domiciled in India. The equity shares of the Parent Company are listed on the National Stock Exchange of India Limited and the BSE Limited in India. The registered office of the Parent Company is located at 31, Chowringhee Road, Kolkata - 700 016, West Bengal, India.

The Parent Company and its subsidiaries (collectively referred to as 'the Group') are mainly engaged in the business of manufacturing and selling of graphite & carbon and other products as detailed under segment information in Note 39.

The consolidated financial statements were approved and authorised for issue in accordance with the resolution of the Parent Company's Board of Directors on 11th May, 2018.

2 Significant Accounting Policies

This Note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

(ii) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value -

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value (Refer accounting policy regarding financial instruments)

- Defined benefit plans - plan assets measured at fair value.

(iii) Current and Non-current Classification

The Group presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is classified as current when it is:

a) expected to be realised or intended to be sold or consumed in the normal operating cycle,

b) held primarily for the purpose of trading,

c) expected to be realised within twelve months after the reporting period, or

d) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in the normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period, or

d) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

(iv) Rounding of Amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lakhs (Rs. 00,000) as per requirement of Schedule III, unless otherwise stated.

(b) Principles of Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(ii) Manner of Consolidation

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Ind AS 12, 'Income Taxes' applies to temporary differences that arise from the elimination of profits and losses resulting from intercompany transactions.

(iii) Goodwill Arising on Consolidation

Goodwill is initially recognised at cost and is subsequently measured at cost less impairment losses, if any. Goodwill is tested for impairment annually or more frequently when there is an indication that it may be impaired. An impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Parent Company has assumed that recovery of excise duty flows to the Parent Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Parent Company on its own account, revenue excludes exise duty.

However, sales tax/value added tax (VAT)/goods and service tax (GST) is not received by the Parent Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of Products

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the products have passed to the buyer, usually on delivery of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of Services

Revenue from services rendered is recognised as the services are rendered and is booked based on agreements/arrangements with the concerned parties.

Other Operating Revenues

Export entitlements (arising out of Duty Drawback, Merchandise Export from India) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. Operating revenues of subsidiaries are considered to be operating revenues in the consolidated financial statements.

(d) Construction Contracts

Contract revenue is measured at the fair value of the consideration received or receivable. Variations in contract work are included in contract revenue when it is probable that the customer will approve the variation as well as the amount of revenue arising from the variation and the amount of revenue can be reliably measured. Claims are included in contract revenue to the extent that it is probable that the customer will accept the claim and the amount that is probable to be accepted by the customer can be measured reliably .

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(e) Property, Plant and Equipment

Freehold land is carried at historical cost. Capital work in progress is stated at cost, net of accumulated impairement loss, if any. All other items of property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the items. Such costs also includes the cost of replacing part of the Plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them seperately based on their specific useful lives. Likewise, when a major inspection is peformed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

Depreciation Method, Estimated Useful Lives And Residual Values

Depreciation is calculated on a pro-rata basis using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives in accordance with Schedule II to the Act. Each component of an item of property, plant and equipment with a cost that is significant in relation to the cost of that item is depreciated separately if its useful life differs from the other components of the item. The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Estimated useful lives of the assets are as follows:

Factory Buildings	-	3 to 30 years
Non-factory Buildings	-	3 to 60 years
Plant and Equipments	-	5 to 40 years
Furniture and Fixtures	-	10 years
Vehicles	-	7 to 10 years
Office Equipments	-	3 to 7 years

Leasehold land is amortised on straight - line basis over the primary lease period ranging from 60 to 999 years.

The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as 'Capital Advances' under other non-current assets and the cost of property, plant and equipment not ready to use are disclosed under 'Capital Work-in-progress'.

(f) Intangible Assets

Intangible assets (Computer Software) has a finite useful life and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Computer Software

Software for internal use, which is primarily acquired from third-party vendors is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation/ system integration services, where applicable.

Amortisation Method and Period

Computer software are amortised on a pro-rata basis using the straight-line method over their estimated useful life of 5 years, from the date they are available for use. Amortisation method and useful lives are reviewed periodically including at each financial year end.

Research and Development

Research costs are expensed as incurred. Expenditure on development that do not meet the specified criteria under Ind AS 38 on 'Intangible Assets' are recognised as an expense as incurred.

(g) Impairment of Non-financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

(h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a Lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition and are accounted for as follows:

Raw materials and Stores & Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

Finished goods and work-in-progress: cost includes cost of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on weighted average basis.

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Investments and Other Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

• **Amortised Cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.

• **Fair Value through Other Comprehensive Income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other Income'.

• **Fair Value through Profit or Loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within 'Other Income' in the period in which it arises.

Equity Instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other Income' in the Statement of Profit and Loss.

(iii) Impairment of Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets which are not fair valued through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 42(A) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of Financial Assets

A financial asset is derecognised only when

-the Group has transferred the rights to receive cash flows from the financial asset or

-retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income Recognition

Interest Income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividend

Dividend is recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(vi) Fair Value of Financial Instruments

In determining the fair value of financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices.

(k) Derivative Instruments

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Derivative Instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period, with changes included in 'Other Income'/'Other Expenses'. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(l) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the respective entities in the Group or the counterparty.

(m) Cash and Cash Equivalents

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade Payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Loans and Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Profit and Loss.

(o) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

(p) Forward Currency Contracts

The Parent Company uses forward currency contracts to hedge its foreign currency risks. Such forward currency contracts are initially measured at fair value on the date on which a forward currency contract is entered into and are subsequently re-measured at fair value. Forward currency contracts are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of forward contracts are recognized in the Statement of Profit and Loss as they arise.

Foreign Currency Transactions and Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (`the functional currency'). The consolidated financial statements are presented in Indian Rupee (Rs.), which is the Parent Company's functional and the Group's presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences (other than relating to long-term foreign currency monetary items recognised up to 31st March, 2016) arising from settlement of foreign currency transactions and from the year-end restatement are recognised in the Statement of Profit and Loss.

Exchange differences arising on reporting of long-term foreign currency monetary items recognised up to 31st March, 2016 (i) relating to acquisition of depreciable capital assets is adjusted to the carrying amount of such assets (to be depreciated over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long-term monetary asset/liability). All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within 'Other Income'/'Other Expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group Companies

The results and financial position of foreign operations (none of which has a currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates
- all resulting exchange differences are recognised in other comprehensive income

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(q) Employee Benefits

(i) Short-term Employee Benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as 'Employee Benefits Payable' under 'Other Financial Liabilities' in the Balance Sheet.

(ii) Post-employment Benefits

I. Defined Benefit Plans

a) Gratuity

Retirement gratuity for employees, is funded through Parent Company's Gratuity Scheme with Life Insurance Corporation of India (LIC). The costs of providing benefits under this plan are determined on the basis of actuarial valuation using the projected unit credit method at each year-end. Actuarial gains/ losses are immediately recognised in retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. The excess/ shortfall in the fair value of the plan assets over the present value of the obligation calculated as per actuarial methods as at balance sheet dates is recognised as a gain/loss in the Statement of Profit and Loss. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

b) Provident Fund

In respect of certain employees, contributions to the Parent Company's Employees Provident Fund (administered by the Parent Company as per the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952) are made in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

In the case of contribution to the Fund, the Parent Company has an obligation to make good the shortfall, if any, between the return from the investments of the Fund and the notified interest rate and recognizes such obligation, if any, determined based on an actuarial valuation as at the balance sheet date, as an expense.

c) Pension Fund

Retirement Pension for employees, is un-funded. The costs of providing benefits under this plan are determined on the basis of actuarial valuation using the projected unit credit method at each year-end. Actuarial gains/ losses are immediately recognised in retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. The excess/ shortfall in the fair value of the plan assets over the present value of the obligation calculated as per actuarial methods as at balance sheet dates is recognised as a gain/loss in the Statement of Profit and Loss. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

II. Defined Contribution Plans

a) Superannuation

Contribution made to Superannuation Fund for certain employees are recognised in the Statement of Profit and Loss as and when services are rendered by employees. The Parent Company has no liability for future Superannuation Fund benefits other than its contribution.

b) Provident Fund

Contributions in respect of Employees who are not covered by Parent Company's Employees Provident Fund [in I(b) above] are made to the Fund administered by the Regional Provident Fund Commissioner as per the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and are charged to Statement of Profit and Loss as and when services are rendered by employees. The Parent Company has no obligation other than the contribution payable to the Regional Provident Fund.

(iii) Other Long-term Employee Benefits

The liabilities for leave are not expected to be settled wholly within 12 months after the end of the period

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future benefits in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. Acturial gains/losses are immediately recognised in retained earnings through Statement of Profit and Loss in the period in which they occur.

The obligations are presented under 'Provisions' (Current) in the Balance Sheet if the group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(r) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax credits and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences, tax credits and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Policy on MAT : "Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset, it is created by way of credit to the Statement of Profit and Loss and shown as part of deferred tax asset. The Parent Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period."

(s) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

and all attached conditions will be complied with. When the grant relates to revenue, it is deducted from the related expense on a systematic basis in the Statement of Profit and Loss over the period necessary to match them with the related cost, which they are intended to compensate.

When the Parent Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(t) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Dividend Distribution to Equity-holders

The Parent Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Parent Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Parent Company and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(u) Provisions and Contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

(v) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Executive Director of the Parent Company. Refer Note 39 for segment information presented.

(w) Use of Estimates

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities during and at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(x) Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind AS's which the Group has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 21 - The Effect of Changes in Foreign Exchange Rates

Ind AS 12 - Income Taxes

Ind AS 112 - Interest in Other Entities

Ind AS 115 - Revenue from Contracts with Customers

The Group is currently evaluating the impact of implementation of Ind AS 115 "Revenue from Contracts with Customers" which is applicable to it w.e.f 01.04.2018. However, based on the evaluation done so far and based on the arrangement that the Group has with its customers for sale of its products, the implementation of Ind AS 115 will not have any significant recognition and measurement impact. However, there will be additional presentation and disclosure requirement, which will be provided in the next year's financial statements.

Ind AS 21 - The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

Ind AS 12 - Income Taxes

The amendments clarify that an entity needs to consider whether tax law restricts the sources

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Ind AS 112 - Interest in Other Entities

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. As at 31.03.2018, there is no impact on the Group's financial statement on account of the above amendment.

3 Critical Estimates and Judgements

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This Note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

The areas involving critical estimates or judgements are :

- **Employee Benefits (Estimation of Defined Benefit Obligations) - Notes 2(q) and 38**

Post-employment benefits represent obligations that will be settled in future and require assumptions to estimate benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Group to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

- **Estimation of Expected Useful Lives of Property, Plant and Equipment - Notes 2(e) and 5.1**

Management reviews its estimate of useful lives of property, plant and equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment.

- **Contingencies - Notes 2(u) and 35**

Legal proceedings covering a range of matters are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Group often raise factual and legal issues that are subject to uncertainties and complexities, including the facts and circumstances of each particular case/claim, the jurisdiction and the differences in applicable law. The Group consults with legal counsel and other experts on matters related to specific litigations where considered necessary. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

- **Valuation of Deferred Tax Assets - Notes 2(r) and 21**

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred tax benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability. Further the Group does not recognise deferred tax liability with respect to unremitted retained earnings wherever it controls the timing of the distribution of profit and it is probable that the subsidiaries will not distribute the profit in the foreseeable future.

- **Fair Value Measurements - Notes 2(j)(vi) and 41**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

4 Group Information

The consolidated financial statements comprise the financial statements of the Parent Company and its wholly owned subsidiary companies as detailed below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group and the proportion of ownership interests held equals the voting rights held by the Group.

Name of the Entity	Place of Business/ Country of Incorporation	Proportion of Ownership Interest held by the Group		Principal Business Activities
		2017-18	2016-17	
Indian:				
Carbon Finance Limited	India	100%	100%	To invest in securities.
Foreign:				
Graphite International B.V. (GIBV)	The Netherlands	100%	100%	To manage and finance its subsidiaries and exploit its trademarks and patents
Bavaria Electrodes GmbH @	Germany	100%	100%	To manufacture and market graphite electrodes, speciality products and other carbon and graphite products
Bavaria Carbon Holdings GmbH @	Germany	100%	100%	To facilitate manufacture and marketing graphite electrodes, speciality products and other carbon and graphite products
Bavaria Carbon Specialities GmbH @	Germany	100%	100%	To manufacture and market graphite electrodes, speciality products and other carbon and graphite products
Graphite Cova GmbH @	Germany	100%	100%	To manufacture and market graphite electrodes, speciality products and other carbon and graphite products

@ wholly owned subsidiaries of GIBV.

Name of the Entity	Net Assets i.e. Total Assets Minus Total Liabilities				Share in Profit or Loss				Share in Other Comprehensive Income				Share in Total Comprehensive Income			
	As % of Consolidated Net Assets		Amount (Rs. in Lakhs)		As % of Consolidated Profit or Loss		Amount (Rs. in Lakhs)		As % of Consolidated Other Comprehensive Income		Amount (Rs. in Lakhs)		As % of Consolidated Total Comprehensive Income		Amount (Rs. in Lakhs)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Parent																
Graphite India Limited	95.24%	99.69%	2,60,179	1,85,186	88.53%	159.35%	91,363	11,228	13.25%	198.86%	91	(175)	88.03%	158.85%	91,454	11,053
Subsidiaries																
Indian																
Carbon Finance Limited	2.09%	3.05%	5,722	5,664	0.06%	3.63%	58	256	0.00%	0.00%	-	-	0.06%	3.68%	58	256
Foreign																
Graphite International B.V. #	5.77%	1.74%	15,749	3,224	11.56%	(60.22%)	11,928	(4,243)	2.91%	2.27%	20	(2)	11.50%	(61.01%)	11,948	(4,245)
Sub-total			**2,81,650**	**1,94,074**			**1,03,349**	**7,241**			**111**	**(177)**			**1,03,460**	**7,064**
Elimination/ Adjustments on Consolidation	(3.10%)	(4.48%)	(8,468)	(8,318)	(0.15%)	(2.76%)	(149)	(195)	83.84%	(101.13%)	576	89	0.41%	(1.52%)	427	(106)
Grand Total			**2,73,182**	**1,85,756**			**1,03,200**	**7,046**			**687**	**(88)**			**1,03,887**	**6,958**

including its wholly owned subsidiaries.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

5 Property, Plant and Equipment

5.1 Reconciliation of Gross and Net Carrying Amount of Each Class of Assets

(Rs. in Lakhs)

	Freehold Land	Leasehold Land	Buildings@	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total
Year ended 31st March, 2017								
Gross Carrying Amount								
Opening Balance	2,773	77	19,272	40,683	230	364	318	63,717
Additions	6	-	2,442	9,875	10	159	53	12,545
Exchange Differences (Refer Note 5.3)	(35)	-	(28)	(263)	-	(12)	(12)	(350)
Disposals	-	-	-	(19)	(1)	(5)	(2)	(27)
Closing Balance	**2,744**	**77**	**21,686**	**50,276**	**239**	**506**	**357**	**75,885**
Accumulated Depreciation								
Opening Balance	-	2	923	3,684	42	84	104	4,839
For the Year	-	2	939	3,413	27	85	91	4,557
Exchange Differences (Refer Note 5.3)	-	-	(3)	(48)	-	(2)	(5)	(58)
On Disposals	-	-	-	(3)	(1)	(2)	(1)	(7)
Closing Balance	**-**	**4**	**1,859**	**7,046**	**68**	**165**	**189**	**9,331**
Net Carrying Amount	**2,744**	**73**	**19,827**	**43,230**	**171**	**341**	**168**	**66,554**
Year ended 31st March, 2018								
Gross Carrying Amount								
Opening Balance	2,744	77	21,686	50,276	239	506	357	75,885
Additions	287	-	1,688	5,843	10	151	42	8,021
Exchange Differences (Refer Note 5.3)	90	-	59	561	-	30	25	765
Disposals	-	-	(3)	(81)	-	(12)	(24)	(120)
Closing Balance	**3,121**	**77**	**23,430**	**56,599**	**249**	**675**	**400**	**84,551**
Accumulated Depreciation								
Opening Balance	-	4	1,859	7,046	68	165	189	9,331
For the Year	-	2	936	3,981	29	75	73	5,096
Exchange Differences (Refer Note 5.3)	-	-	9	139	-	5	13	166
On Disposals	-	-	-	(33)	-	(5)	(23)	(61)
Closing Balance	**-**	**6**	**2,804**	**11,133**	**97**	**240**	**252**	**14,532**
Net Carrying Amount	**3,121**	**71**	**20,626**	**45,466**	**152**	**435**	**148**	**70,019**

@ Includes Buildings constructed on Leasehold Land - Gross Carrying Amount Rs. 18,684 Lakhs (Net Carrying Amount - Rs. 16,479 Lakhs) [Previous Year - Gross Carrying Amount Rs. 17,039 Lakhs (Net Carrying Amount - Rs. 15,570 Lakhs)].

(Rs. in Lakhs)

5.2 Capital Work-in-progress	As at 31st March, 2018	As at 31st March, 2017
Carrying amount at the beginning of the year	3,206	6,549
Additions during the year @	5,424	8,980
Capitalised during the year	7,818	12,323
Carrying amount at the end of the year	**812**	**3,206**
@Includes following costs incurred in the course of construction of items of Property, Plant and Equipment :		
Salaries and Wages	40	80
Rates and Taxes	5	6
Travelling and Conveyance	15	10
Insurance	2	-
Contractors' Labour Charges	291	146
Miscellaneous Expenses	235	36
	588	**278**

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

5.3 Represents exchange differences on account of foreign exchange adjustment arising on consolidation of foreign subsidiaries.

5.4 The Group has taken borrowings from banks which carry charge over certain property, plant and equipment (Refer Note 44 for details).

5.5 Contractual obligation-Refer Note 36 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

5.6 Aggregate amount of depreciation has been included under 'Depreciation and Amortisation Expense' in the Statement of Profit and Loss (Refer Note 29)

5.7 Title deeds of immovable properties set out in Note 5.1 above, where applicable, are in the name of the Group except as set out below which are in the name of Graphite Vicarb India Limited (GVIL)/Powmex Steels Limited (PSL). The immovable properties of GVIL/PSL, inter alia, got transferred to and vested in the Parent Company pursuant to the respective Schemes of Arrangement in earlier years.

(Rs. in Lakhs)

Particulars	Gross Carrying Amount		Net Carrying Amount	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Certain Freehold Land at Nashik and Titilagarh (5 Title Deeds)	9	9	9	9
Certain Leasehold Land at Titilagarh (2 Title Deeds)	22	22	15	15

5.8 A portion of the land at Titilagarh including Freehold Land mentioned in Note 5.7 above is under dispute on legal ownership amounting to Rs. 267 Lakhs (Previous Year - Rs. 267 Lakhs) disclosed as contingent liability and included under 'Other Matters' in Note 35(i)(h).

(Rs. in Lakhs)

6 Intangible Assets	**Goodwill (Refer Note 6.1)**	**Computer Software - Acquired**
Year ended 31st March, 2017		
Gross Carrying Amount		
Opening Balance	63	269
Additions	-	26
Exchange Differences (Refer 6.2)	-	(5)
Closing Balance	**63**	**290**
Accumulated Amortisation		
Opening Balance	-	90
For the Year	-	82
Exchange Differences (Refer 6.2)	-	(4)
Closing Balance	**-**	**168**
Net Carrying Amount	**63**	**122**
Year ended 31st March, 2018		
Gross Carrying Amount		
Opening Balance	63	290
Additions	-	18
Exchange Differences (Refer 6.2)	-	11
Closing Balance	**63**	**319**
Accumulated Amortisation		
Opening Balance	-	168
For the Year	-	66
Exchange Differences (Refer 6.2)	-	10
Closing Balance	**-**	**244**
Net Carrying Amount	**63**	**75**

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

6.1 Represents 'Goodwill arising on consolidation', out of which Rs. 55 Lakhs pertain to Carbon Finance Limited (a wholly owned subsidiary company engaged in the business of investment in securities).

6.2 Represents exchange differences on account of foreign exchange adjustment arising on consolidation of foreign subsidiaries.

6.3 The amortisation for the year has been included under 'Depreciation and Amortisation Expense' in the Statement of Profit and Loss (Refer Note 29).

(Rs. in Lakhs)

7 Investments	**Face Value**	**Number**	**Ast at 31st March, 2018**	**As at 31st March, 2017**
Quoted:				
Non-current Investments				
Investments in Equity Instruments				
In Other Body Corporates #				
Aditya Birla Capital Limited	Rs.10	3,360	5	-
Excel Crop Care Limited	Rs.5	70,000	2,111	-
Unquoted:				
Non-current Investments				
Investments in Equity Instruments				
In Other Body Corporate #				
Sai Wardha Power Limited - Class A Equity Shares $	Rs.10	24,76,558	-	-
Greenko Bagewadi Wind Energies Private Limited $	Rs.10	1,20,000	12	12
Investments in Preference Shares				
In Other Body Corporate @ $				
Sai Wardha Power Limited				
0.01% Class A Redeemable Preference Shares	Rs.10	31,23,442	-	-
Investments in Government Securities @ (Deposited with government department as security)			-	*
Investments in Mutual Funds #			15,370	6,546
			17,498	**6,558**
Current Investments				
Investments in Commercial Papers @			9,933	-
Investments in Mutual Funds #			93,351	56,543
			1,03,284	**56,543**
			1,20,782	**63,101**
Aggregate Amount of Unquoted Investments			1,18,666	63,101
Aggregate Amount of Quoted Investments			2,116	-
@ Investments carried at Amortised Cost			9,933	*
# Investments carried at Fair Value through Profit or Loss			1,10,849	63,101
$ Original Share Certificates with the Issuer Company				

7.1 Refer Note 41 for information about fair value measurements and Note 42 for credit risk and market risk on investments.

*Amounts are below the rounding off norm adopted by the Group.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

8 Trade Receivables	As at 31st March, 2018	As at 31st March, 2017
Unsecured:		
Considered Good	82,352	45,075
Considered Doubtful	647	1,040
Less: Provision for Doubtful Debts	(647)	(1,040)
Less: Allowance for Expected Credit Losses	-	(929)
	82,352	**44,146**

8.1 Refer Note 44 for receivables secured against borrowings and Note 42 for information about credit risk and market risk on receivables.

9 Cash and Cash Equivalents

Balances with Banks	4,041	1,115
Cash on Hand	13	21
	4,054	**1,136**

9.1 There are no repatriation restrictions with regard to Cash and Cash Equivalents as at the end of the reporting period and prior periods.

10 Bank Balances Other than Above

Unpaid Dividend Accounts @	347	318
Fixed Deposit Accounts (with original maturity of more than three months but not more than twelve months) @@	1,157	3,700
	1,504	**4,018**

@Earmarked for Payment of Unclaimed Dividend

@@Includes Fixed Deposits amounting to Rs.157 Lakhs (Previous Year - Rs.Nil) earmarked against Bank Guarantee

11 Loans

Non-current		
Unsecured, Considered Good:		
Loans to Employees*	134	146
Security Deposits	653	686
	787	**832**
Current		
Unsecured, Considered Good:		
Loans to Employees*	227	208
Security and Other Deposits	129	121
	356	**329**
	1,143	**1,161**
*Includes Dues from an Officer of the Parent Company	3	7

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

12	Other Financial Assets	As at 31st March, 2018	As at 31st March, 2017
	Non-current		
	Unsecured, Considered Good:		
	Fixed Deposits with Banks @	8	6
	(with Maturity of more than Twelve Months)		
	(Lodged with Government Authority/Others)		
	Accrued Interest on Fixed Deposits @	*	-
		8	**6**
	Current		
	Unsecured, Considered Good:		
	Claims Receivable/Charges Recoverable @	227	256
	Accrued Interest on Deposits		
	with Banks @	3	79
	with Others @	48	51
	Others @	1,045	-
		1,323	**386**
		1,331	**392**
	@ Financial Assets carried at Amortised Cost	1,331	392
	*Amounts is below the rounding off norm adopted by the Group.		

13	Inventories		
	- At Lower of Cost and Net Realisable Value		
	Raw Materials	33,636	15,089
	Work-in-progress	35,605	35,303
	Finished Goods	6,687	7,743
	Stores and Spares	2,644	2,017
	Loose Tools	72	57
		78,644	**60,209**

13.1	Above includes Inventories in Transit:		
	Raw Materials	10,618	1,564
	Work-in-progress	435	2,006
	Finished Goods	2,764	2,717
	Stores and Spares	61	43
13.2	Above includes Inventories carried at Fair Value Less Cost to Sell	252	5,167
13.3	Work-in-progress includes Contract Work-in-progress	245	255
13.4	Refer Note 44 for Information on Inventories Pledged as Security		

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

14 Other Assets	As at 31st March, 2018	As at 31st March, 2017
Non-current		
Unsecured, Considered Good:		
Capital Advances	890	1,328
Balances with Government Authorities @	488	491
Others		
Prepaid Expenses	33	17
	1,411	**1,836**
Current		
Unsecured, Considered Good:		
Export Entitlements Receivable	2,334	1,330
Balances with Government Authorities @@	2,514	5,243
Advance to Suppliers/Service Providers (other than capital)	3,215	1,185
Unbilled Revenue	52	44
Prepaid/Advance for Expenses	289	296
	8,404	**8,098**
	9,815	**9,934**

@ Above represent payments made to various Government Authorities under protest relating to indirect tax matters.

@@ Balances with Government Authorities primarily include amounts realisable from the excise, value added tax and customs authorities of India and the unutilised goods and service tax input credits on purchases. These are generally realised within one year or regularly utilised to offset the goods and service tax liability on goods manufactured/sold by the Parent Company. Accordingly, these balances have been classified as current assets.

15.1 Equity Share Capital

Authorised		
20,00,00,000 Equity Shares of Rs. 2/- each Fully Paid-up @	4,000	4,000
Issued, Subscribed and Paid-up		
19,53,75,594 Equity Shares of Rs. 2/- each Fully Paid-up @	3,908	3,908
Add: Forfeited Shares	*	*
	3,908	**3,908**

@ There were no changes in number of shares during the years ended 31st March, 2018 and 31st March, 2017.

* Amounts are below the rounding off norm adopted by the Group.

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

(b) Details of Equity Shares held by the holding company of Graphite India Limited and by subsidiary/associate of the holding company :

	Number of Shares	Number of Shares
Emerald Company Private Limited (ECL); the Immediate and Ultimate Holding Company	11,95,79,419	11,95,79,419
Shree Laxmi Agents Limited; a Subsidiary of ECL	8,84,000	8,84,000
Carbo Ceramics Limited; an Associate of ECL	3,86,645	3,86,645

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(c) Details of Equity Shares held by Shareholders holding more than 5% of the aggregate shares in the Parent Company :

	Number of Shares	Number of Shares
Emerald Company Private Limited	11,95,79,419	11,95,79,419
	(61.20%)	(61.20%)

(Rs. in Lakhs)

15.2 Other Equity	As at 31st March, 2018	As at 31st March, 2017
- Reserves and Surplus		
Capital Reserve	46	46
Capital Redemption Reserve	575	575
Securities Premium Account	20,097	20,097
General Reserve	1,33,650	1,33,650
Reserve Fund [Refer (i) below]	558	539
Retained Earnings [Refer (ii) below]	1,13,477	26,646
	2,68,403	**1,81,553**
- Other Reserve		
Foreign Currency Translation Reserve [Refer (iii) below]	871	295
	2,69,274	**1,81,848**

(i) Reserve Fund - Movement during the year

Opening Balance	539	488
Transfer from Retained Earnings	19	51
Closing Balance	**558**	**539**

(ii) Retained Earnings - Movement during the year

Opening Balance	26,646	19,827
Profit for the Year	1,03,200	7,046
Items of Other Comprehensive Income recognised directly in Retained Earnings		
- Remeasurements on Post-employment Defined Benefit Plans (Net of Tax)	111	(176)
Final Dividend on Equity Shares for the Financial Year 2016-17 [Refer Note 43(b)]	(3,908)	-
Dividend Distribution Tax on Above	(795)	-
Interim Dividend on Equity Shares for the Financial Year 2017-18 [Refer Note 43(b)]	(9,769)	-
Dividend Distribution Tax on Above	(1,989)	-
Transfer to Reserve Fund	(19)	(51)
Closing Balance	**1,13,477**	**26,646**

(iii) Foreign Currency Translation Reserve - Movement during the year

Opening Balance	295	207
Exchange Differences on Translation of Foreign Operations during the year	576	88
Closing Balance	**871**	**295**

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Nature and purpose of Each Reserve

Capital Reserve

Capital Reserve has been primarily created on amalgamation in earlier years.

Capital Redemption Reserve

The Act requires that where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve. The capital redemption reserve may be applied by the company, in paying up unissued shares of the company to be issued to shareholders of the company as fully paid bonus shares. The Parent Company had established this reserve pursuant to the redemption of preference shares issued in earlier years.

Reserve Fund

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

Foreign Currency Translation Reserve

Exchange differences arising from translation of foreign operations are recognised in other comprehensive income as described in accounting policies [Refer Note 2(p)(iii)] and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss on disposal of the net investment.

(Rs. in Lakhs)

16 Borrowings	**As at 31st March, 2018**	**As at 31st March, 2017**
Current		
Secured*		
Bill Discounting Facilities	1,047	173
Loans Repayable on Demand from Banks		
- Cash Credit/Export Credit Facilities	7,320	2,668
Unsecured		
Bill Discounting Facilities	1,086	-
Loans Repayable on Demand from Banks		
- Working Capital Facilities (Export Credit, etc.)	17,477	21,210
Buyer's Credit	288	1,872
	27,218	**25,923**

*Secured -

(a) By a first pari passu charge by way of hypothecation of inventories and book debts of the Parent Company, both present and future; and

(b) By a second pari passu charge on the Parent Company's movable fixed assets.

16.1 Refer Note 44 for details of carrying amount of assets pledged as security for secured borrowings and Note 42 for information about liquidity risk and market risk on borrowings.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

17	Trade Payables	As at 31st March, 2018	As at 31st March, 2017
	Non-current		
	Trade Payables	3	178
		3	178
	Current		
	Trade Payables		
	Total Outstanding Dues of Micro Enterprises and Small Enterprises	550	567
	Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises		
	Acceptances	8,931	1,628
	Others	31,709	19,467
		41,190	**21,662**
		41,193	**21,840**

17.1 Refer Note 42 for information about liquidity risk and market risk on trade payables.

18	Other Financial Liabilities		
	Non-current		
	Security Deposits	1	2
		1	2
	Current		
	Employee Benefits Payable	3,003	2,112
	Interest Accrued	9	18
	Unpaid Dividend	347	318
	Capital Liabilities	708	945
	Claims/Charges Payable	497	1,006
	Security Deposits	41	40
	Remuneration Payable to Non-executive Directors	1,080	87
		5,685	**4,526**
		5,686	**4,528**

19	Provisions		
	Non-current		
	Provisions for Employee Benefits (Refer Note 38)	307	280
		307	**280**
	Current		
	Provisions for Employee Benefits (Refer Note 38)	1,859	2,213
	Provision for Contingencies	1,237	1,211
		3,096	**3,424**
		3,403	**3,704**

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

20	Other Current Liabilities	As at 31st March, 2018	As at 31st March, 2017
	Dues Payable to Government Authorities @	5,446	3,186
	Advances from Customers	6,390	834
		11,836	**4,020**

@ Dues Payable to Government Authorities comprise sales tax, excise duty, withholding taxes, service tax, value added tax, entry tax, goods and service tax ('GST') and other taxes payable.

21 Deferred Tax Assets/Liabilities (Net)

21.1 Deferred Tax Liabilities (Net)

Significant Components and Movement in Deferred Tax Liabilities during the year

(Rs. in Lakhs)

	As at 31st March, 2017	Recognised in Profit or Loss [Charge/(Credit)]	As at 31st March, 2018
Deferred Tax Liabilities			
Property, Plant and Equipment and Intangible Assets	10,243	482	10,725
Financial Assets at Fair Value through Profit or Loss - Investments	1,788	(48)	1,740
Short-term Borrowings	7	(7)	-
Total Deferred Tax Liabilities	**12,038**	**427**	**12,465**
Set-off pursuant to set-off provisions	**(3,537)**	**522**	**(3,015)**
Deferred Tax Liabilities (Net)	**8,501**	**949**	**9,450**

(Rs. in Lakhs)

	As at 31st March, 2016	Recognised in Profit or Loss [Charge/(Credit)]	As at 31st March, 2017
Deferred Tax Liabilities			
Property, Plant and Equipment and Intangible Assets	9,286	957	10,243
Financial Assets at Fair Value through Profit or Loss - Investments	1,549	239	1,788
Financial Assets at Fair Value through Profit or Loss - Derivative Financial Instruments	63	(63)	-
Short-term Borrowings	-	7	7
Total Deferred Tax Liabilities	**10,898**	**1,140**	**12,038**
Set-off pursuant to set-off provisions	**(2,070)**	**(1,467)**	**(3,537)**
Deferred Tax Liabilities (Net)	**8,828**	**(327)**	**8,501**

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

21.2 Deferred Tax Assets (Net)

Significant components and Movement in Deferred Tax Assets during the year

(Rs. in Lakhs)

	As at 31st March, 2017	Recognised in Profit or Loss [Charge/(Credit)]	As at 31st March, 2018
Deferred Tax Assets			
Provisions for Employee Benefits	581	25	606
Employee Benefits Payable	16	(1)	15
Dues Payable to Government Authorities	749	63	812
Trade Receivables	681	(455)	226
Carry Forward Long-term Capital Loss	1,510	(185)	1,325
Carry Forward Business Loss	64	4,352	4,746#
Financial Assets at Fair Value through Profit or Loss - Investments	-	47	47
Inventories	229	(48)	181
Total Deferred Tax Assets	**3,830**	**3,798**	**7,958**
Set-off pursuant to set-off provisions	**(3,537)**	**522**	**(3,015)**
Deferred Tax Assets (Net)	**293**	**4,320**	**4,943**

After considering Rs.330 Lakhs (Previous Year - Rs. 3 Lakhs) on account of foreign exchange adjustment arising on consolidation of foreign subsidiaries.

	As at 31st March, 2016	Recognised in Profit or Loss [Charge/(Credit)]	As at 31st March, 2017
Deferred Tax Assets			
Provisions for Employee Benefits	484	97	581
Employee Benefits Payable	17	(1)	16
Dues payable to Government Authorities	618	131	749
Trade Receivables	625	56	681
Tax Credits Carry Forward	326	1,184	1,510
Carry Forward Business Loss	-	67	64#
Inventories	194	35	229
Total Deferred Tax Assets	**2,264**	**1,569**	**3,830**
Set-off pursuant to set-off provisions	**(2,070)**	**(1,467)**	**(3,537)**
Deferred Tax Assets (Net)	**194**	**102**	**293**

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

21.3 Tax Losses

	As at 31st March, 2018	As at 31st March, 2017
Relating to Overseas Subsidiaries		
Unused tax losses for which no deferred tax asset has been recognised	221	20,554
Potential tax benefit @ 27.03% (31st March, 2017 - 26.95%)	60	5,539
The unused tax losses can be carried forward for indefinite period . The deferred tax asset has not been recognised on the basis that its recovery is not probable in the foreseeable future.		
Relating to Indian Subsidiary		
Unused tax losses for which no deferred tax asset has been recognised	95	43
Potential tax benefit @ 27.5525% (31st March, 2017 - 33.063%)	26	14
The deferred tax asset has not been recognised on the basis that its recovery is not probable. The unused tax losses can be carried forward as under :		
Up to 31st March, 2019	1	1
Up to 31st March, 2021	39	39
Up to 31st March, 2022	3	3
Up to 31st March, 2023	*	*
Up to 31st March, 2025	52	-

* Amounts are below the rounding off norm adopted by the Group.

22 Revenue from Operations

	Year ended 31st March, 2018	Year ended 31st March, 2017
Sale of Products (Refer Note 22.1 below)		
Graphite Electrodes and Miscellaneous Graphite Products*	2,87,622	1,19,613
Carbon Paste	1,140	1,160
Calcined Petroleum Coke*	6,831	4,601
Impervious Graphite Equipment and Spares	11,689	11,794
GRP/FRP Pipes and Tanks	7,473	4,735
High Speed Steel	7,045	6,628
Alloy Steel	368	479
Electricity	53	39
Others	1,889	1,386
Sale of Services (Processing/Service Charges)	1,219	917
Contract Revenue (Supply and Laying of Pipes, etc.)	-	1,584
Other Operating Revenues		
Export Entitlements	3,747	2,057
Others #		
Interest Income on Loans Carried at Amortised Cost	43	46
Dividend on Investments Carried at Fair Value through Profit or Loss	2	4
Net Gain on Investments Carried at Fair Value through Profit or Loss (including Fair Value Gains of Rs. 297 Lakhs in Previous Year)	-	331
	3,29,121	**1,55,374**
*Includes Sale of Trading Goods -		
Graphite Electrodes and Miscellaneous Graphite Products	986	-
Calcined Petroleum Coke	604	-
# Relates to a subsidiary engaged in investing/financing activities		

22.1 In accordance with the requirements of Ind AS, Revenue from Sale of Products for the period after 30th June, 2017 is net of Goods and Services Tax ('GST'). However, Revenue for the period up to 30th June, 2017 is inclusive of excise duty.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

23 Other Income	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest Income		
From Financial Assets at Amortised Cost		
- Investments	107	148
- Loans and Deposits	96	150
- Trade Receivables	752	821
From Income-tax/Other Government Authorities	193	991
	1,148	**2,110**
Others		
Net Gain on Investments Carried at Fair Value through Profit or Loss [Includes Net Unrealised Fair Value Gains arising during the year Rs. 3,834 Lakhs (Previous Year- Rs. 3,673 Lakhs)]	5,243	4,705
Fair Value Gains on Derivatives Not Designated as Hedges	-	296
Liabilities No Longer Required Written Back	398	645
Provision for Doubtful Debts Written Back	423	52
Reversal of Allowance for Credit Losses on Trade Receivables	929	128
Net Gain on Disposal of Property, Plant and Equipment [Net of Loss on Disposal of Property, Plant and Equipment Rs. 38 Lakhs (Previous Year - Rs. 4 Lakhs)]	23	121
Other Non-operating Income	690	591
	7,706	**6,538**
	8,854	**8,648**

24 Cost of Materials Consumed

Opening Inventory	15,089	26,620
Add: Purchases	93,801	43,710
	1,08,890	70,330
Less: Closing Inventory	33,636	15,089
	75,254	**55,241**

25 Purchases of Stock-in-trade

Graphite Electrodes and Miscellaneous Graphite Products	645	-
Calcined Petroleum Coke	535	-
	1,180	**-**

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

26	Changes in Inventories of Finished Goods and Work-in-progress	Year ended 31st March, 2018	Year ended 31st March, 2017
	Finished Goods		
	Closing Stock	6,687	7,743
	Deduct: Opening Stock	7,743	11,606
		1,056	**3,863**
	Work-in-progress		
	Closing Stock	35,605	35,303
	Deduct: Opening Stock	35,303	34,706
		(302)	**(597)**
		754	**3,266**

26.1 Write-downs of inventories to net realisable value amounted to Rs. 26 Lakhs (Previous Year - Rs. 401 Lakhs). These were recognised as an expense and included in Changes in Inventories of Finished Goods and Work-in-progress above and Cost of Materials Consumed (Refer Note 24).

(Rs. in Lakhs)

27	Employee Benefits Expense	Year ended 31st March, 2018	Year ended 31st March, 2017
	Salaries and Wages	21,971	19,224
	Contribution to Provident and Other Funds (Refer Note 38)	2,276	2,196
	Staff Welfare Expenses	964	834
		25,211	**22,254**
28	**Finance Costs**		
	Interest Expense on		
	- Borrowings from Banks	719	714
	- Others	42	36
	Other Borrowing Costs	47	39
		808	**789**
29	**Depreciation and Amortisation Expense**		
	Depreciation of Tangible Assets (Refer Note 5.1)	5,096	4,557
	Amortisation of Intangible Assets (Refer Note 6)	66	82
		5,162	**4,639**

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

30 Other Expenses	Year ended 31st March, 2018	Year ended 31st March, 2017
Consumption of Stores and Spare Parts (Refer Note 30.1)	17,604	12,904
Power and Fuel	33,391	26,619
Rent	250	274
Repairs and Maintenance:		
-Buildings	466	429
-Plant and Machinery	3,276	3,071
-Others	357	243
Insurance	806	648
Rates and Taxes	745	997
Freight and Transport	8,745	6,405
Commission to Selling Agents	2,950	1,680
Travelling and Conveyance	525	526
Directors' Remuneration (Other than Executive Director)	1,095	101
Excise Duty on Stocks etc. (Refer Note 30.2)	(395)	(160)
Bad Debts/Advances Written Off	451	395
Provision for Doubtful Debts	30	342
Processing Charges	361	391
Net Loss on Foreign Currency Transactions and Translation	140	181
Contractors' Labour Charges	4,112	3,489
Fair Value Loss on Investments (net of gain on sale of Non-current investments)	55	-
Expenditure towards Corporate Social Responsibility Activities (Refer Note 30.3)	82	95
Miscellaneous Expenses	4,738	3,430
	79,784	**62,060**

30.1 Consumption of Stores and Spare Parts includes:

Packing Materials	1,931	1,592
Loose Tools	338	280

30.2 Represents the difference between excise duty on opening and closing stock of finished goods, etc. relating to the Parent Company.

30.3 Corporate Social Responsibility Expenditure:

(a) Gross amount required to be spent by the Parent Company and its Indian Subsidiary during the year	240	349
(b) Expenditure towards Corporate Social Responsibility Activities comprises employee benefits expense of Rs. 3 Lakhs (Previous Year - Rs. 4 Lakhs) and amount paid to B D Bangur Endowment towards construction/acquisition of assets Rs. 5 Lakhs (Previous Year - Rs. 43 Lakhs) and for other purposes Rs. 74 Lakhs (Previous Year - Rs. 48 Lakhs) respectively.	82	95

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

31 **Income Tax Expense**	**Year ended 31st March, 2018**	**Year ended 31st March, 2017**
A. Tax Expense Recognised in Statement of Profit and Loss		
Current Tax		
Current Tax on Profits for the year	47,769	3,000
Adjustment for Current Tax of Earlier Years	(299)	(2,442)
	47,470	**558**
Deferred Tax		
Origination and Reversal of Temporary Differences (Refer Note 21)	(3,371)	(429)
Income Tax Expense	**44,099**	**129**
B. Tax on Other Comprehensive Income		
Current Tax		
Remeasurements on Post-employment Defined Benefit Plans	56	(93)
	56	**(93)**

31.1 Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable

Profit before Income Tax Expense	1,47,299	7,175
Enacted Statutory Income Tax Rate in India applicable to the Parent Company	34.608%	34.608%
Computed Expected Income Tax Expense	**50,977**	**2,483**
Adjustments:-		
Expenses Not Deductible for Tax Purposes	838	78
Income Exempt from Income Taxes	(27)	(35)
Investment Allowance	-	(481)
Impact of Long-term Capital Gains on Investments	(1,118)	(1,086)
Unrealised Exchange Differences Capitalised Earlier Realised during the Year	95	-
Difference in Tax Rates applicable for Subsidiaries	(600)	346
Tax Losses for which no Deferred Tax has been Recognised	-	1,025
Deferred Tax Assets Created on Tax Losses of Earlier Years	(4,352)	-
Previously unrecognised Tax Losses used to reduce Current Tax Expense	(1,192)	-
Others	(223)	241
Adjustment for Current Tax of Earlier Years	(299)	(2,442)
Income Tax Expense	**44,099**	**129**

32 Earnings per Equity Share

Basic and Diluted			
(i)	Number of Equity Shares at the Beginning of the Year	19,53,75,594	19,53,75,594
(ii)	Number of Equity Shares at the End of the Year	19,53,75,594	19,53,75,594
(iii)	Weighted Average Number of Equity Shares Outstanding during the Year	19,53,75,594	19,53,75,594
(iv)	Face Value of Each Equity Share (Rs.)	2	2
(v)	Profit Attributable to the Equity Shareholders of the Parent Company Profit for the Year (Rs. in Lakhs)	1,03,200	7,046
(vi)	Basic/Diluted Earnings per Equity Share (Rs.) [(v)/(iii)]	52.81	3.61

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

33 Research and Development Expenditure	Year ended 31st March, 2018	Year ended 31st March, 2017
Research and Development Expenditure of revenue nature recognised in profit or loss during the year	17	13

34 Particulars of Operating Leases -

34.1 Cancellable

The Group has cancellable operating lease arrangements for certain accommodation. Terms of such lease include option for renewal on mutually agreed terms. There are no restrictions imposed by lease arrangements and there are no purchase options or sub leases or contingent rents. Operating lease rentals for the year recognised in profit or loss amounts to Rs. 78 Lakhs (Previous Year - Rs. 81 Lakhs).

34.2 Non - Cancellable

The Group has operating lease arrangements for certain vehicles and equipments. The future lease payments in respect of these are as follows:-

(Rs. in Lakhs)

Minimum lease payments:	As at 31st March, 2018	As at 31st March, 2017
i. Not later than one year	73	153
ii. Later than one year but not later than five years	32	91
	105	**244**

The lease expenses recognised during the year in this regard amount to Rs. 172 Lakhs (Previous Year - Rs. 193 Lakhs).

35 Contingencies -

(i) Claims not acknowledged as debts:		
Taxes, duties and other demands (under appeal/dispute)		
(a) Excise Duty	251	251
(b) Customs Duty	1,183	1,188
(c) Service Tax	1,310	1,326
(d) Sales Tax / Value Added Tax	546	581
(e) Entry Tax	150	150
(f) Income Tax	889	1,243
(g) Labour Related Matters	912	912
(h) Other Matters (Property, Rental, etc.)	319	319
(ii) Potential Obligation under Public Law of Germany in respect of environment	1,586	1,622
(iii) Customer appeal pending at High Court against award/order in favour of the Parent Company by Arbitral Tribunal and District Court relating to charges deducted, consequential loss of profit and interest in a construction contract. The Parent Company has withdrawn the entire disputed amount deposited by the customer before High Court with a bank guarantee for 50% of the amount as per the directions of the High Court. In respect of above, it is not practicable for the Group to estimate the timing of cash outflows, if any, pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above.	1,370	1,370

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

36 Commitments	As at 31st March, 2018	As at 31st March, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,822	3,364

37 Information relating to Contract Work-in-progress

(i)	Aggregate amount of cost incurred and recognised profits less recognised losses	8,836	8,836
(ii)	The amount of customer advances	*	*
(iii)	The amount of retentions due from customers	773	773
(iv)	Gross amount due from customers for contract work as an asset	241	299
(v)	Gross amount due to consumers for contract work as a liability	-	-

*Amounts are below the rounding off norm adopted by the Group

38 Employee Benefits:

(I) Post-employment Defined Benefit Plans:

(A) Gratuity (Funded)

The Parent Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972 without ceiling limit, except Rs 20 Lakhs for Powmex Division. As per the plan, the Gratuity Fund Trusts, administered and managed by the Trustees and funded primarily with Life Insurance Corporation of India (LICI), make payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Trustees are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. Each year an Asset-Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as set out in Note 2(q)(ii) above, based upon which, the Parent Company makes contributions to the Employees' Gratuity Funds.

The following table sets forth the particulars in respect of the Gratuity Plan (Funded) of the Parent Company :

(Rs. in Lakhs)

	2017-18	2016-17
(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	3,481	2,922
Current Service Cost	229	229
Interest Cost	235	220
Remeasurements Losses		
- Actuarial Losses arising from Changes in Financial Assumptions	(121)	219
- Actuarial Losses arising from Changes in Experience Adjustments	8	55
Benefits Paid	(259)	(164)
Present Value of Obligation at the end of the year	**3,573**	**3,481**

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

		2017-18	2016-17
(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	2,980	2,637
	Interest Income	218	209
	Remeasurements Gains		
	- Return on Plan Assets (excluding amount included in Net Interest Cost)	27	7
	Contributions by Employer	517	291
	Benefits Paid	(259)	(164)
	Fair Value of Plan Assets at the end of the year	**3,483**	**2,980**
(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	3,573	3,481
	Fair Value of Plan Assets at the end of the year	3,483	2,980
	Liabilities Recognised in the Balance Sheet	**90**	**501**
(d)	**Actual Return on Plan Assets**	**245**	**216**
(e)	**Expense Recognised in the Other Comprehensive Income:**		
	Remeasurements (Gains)/Losses (Net)	(140)	267
		(140)	**267**
(f)	**Expense Recognised in Profit or Loss:**		
	Current Service Cost	229	229
	Net Interest Cost	17	11
	Total @	**246**	**240**
	@ Recognised under 'Contribution to Provident and Other Funds' in Note 27.		
(g)	**Category of Plan Assets:**	**In %**	**In %**
	Funded with LICI	99.57	99.28
	Cash and Cash Equivalents	0.43	0.72
		100.00	**100.00**

		As at 31st March, 2018	As at 31st March, 2017
(h)	**Principal Actuarial Assumptions:**		
	Discount Rate	7.40%	7.00%
	Salary Growth Rate	7.00%	7.00%

Assumptions regarding future mortality experience are based on mortality tables of ‘Indian Assured Lives Mortality (2006-2008) published by the Institute of Actuaries of India.

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

	Sensitivity Analysis	Change in Assumption	Impact on defined benefit obligation (2017-18)	Impact on defined benefit obligation (2016-17)
(i)	Discount Rate	Increase by 1%	Decrease by Rs. 274 Lakhs	Decrease by Rs. 287 Lakhs
		Decrease by 1%	Increase by Rs. 316 Lakhs	Increase by Rs. 332 Lakhs
	Salary Growth Rate	Increase by 1%	Increase by Rs. 314 Lakhs	Increase by Rs. 328 Lakhs
		Decrease by 1%	Decrease by Rs. 277 Lakhs	Decrease by Rs. 289 Lakhs

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognised in the Balance Sheet

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(j) The Parent Company expects to contribute Rs. 351 Lakhs (Previous Year - Rs.757 Lakhs) to the funded gratuity plans during the next financial year.

(k) The weighted average duration of the defined benefit obligation is 9.56 years (Previous Year - 9.82 years).

(B) Provident Fund

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

In view of the Parent Company's obligation to meet shortfall, if any, on account of interest, Provident Fund Trusts set up by the Parent Company are treated as defined benefit plans.

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the Balance Sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, an amount of Rs. 25 Lakhs (Previous Year - Rs. 28 Lakhs) has been provided towards future anticipated shortfall with regard to interest rate obligation of the Parent Company as at the Balance Sheet date. Further during the year, the Parent Company's contribution of Rs. 34 Lakhs (Previous year - Rs. 30 Lakhs) to the Provident Fund Trusts has been expensed under the 'Contribution to Provident and Other Funds' in Note 27. Disclosures given hereunder are restricted to the information available as per the Actuary's Report -

(Rs. in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Principal Actuarial Assumptions		
Discount Rate	7.20% & 6.95%	6.62% & 6.54%
Expected Return on Exempted Fund	8.65% & 7.99%	9.10% & 8.11%
Expected Guaranteed Interest Rate	8.55%	8.65%

(C) Pension Fund

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

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

The following Table sets forth the particulars in respect of the Pension Plan (unfunded) of the Group for the year ended 31st March, 2018:

(Rs. in Lakhs)

		2017-18	2016-17
(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	285	315
	Exchange Differences	46	(24)
	Current Service Cost	6	6
	Interest Cost	4	5
	Remeasurements Losses		
	-Actuarial Losses arising from Changes in Financial Assumptions	(27)	2
	Benefits Paid	(1)	(19)
	Present Value of Obligation at the end of the year	**313**	**285**
(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	313	285
	Fair Value of Plan Assets at the end of the year	-	-
	Liabilities Recognised in the Balance Sheet	**(313)**	**(285)**
(c)	**Expense Recognised in the Other Comprehensive Income:**		
	Remeasurements (Gains)/Losses	(27)	2
		(27)	**2**
(d)	**Expense Recognised in Profit or Loss:**		
	Current Service Cost	6	6
	Interest Cost	4	5
	Total @	**10**	**11**
	@ Recognised under 'Contribution to Provident and Other Funds' in Note 27		
(e)	**Principal Actuarial Assumptions:**		
	Discount Rate	1.70%	1.40%
	Pension in Payment Increase Rate	1.50%	1.50%

Assumptions regarding future mortality experience are based on mortality tables of ‘Mortality Heubeck Table 2005.

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

(f) Sensitivity Analysis	Change in Assumption	Impact on defined benefit obligation (2017-18)	Impact on defined benefit obligation (2016-17)
Discount Rate	Increase by 1%	Decrease by Rs. 53 Lakhs	Decrease by Rs. 50 Lakhs
	Decrease by 1%	Increase by Rs. 69 Lakhs	Increase by Rs. 66 Lakhs
Pensions in Payment Rate	Increase by 1%	Increase by Rs. 50 Lakhs	Decrease by Rs. 47 Lakhs
	Decrease by 1%	Decrease by Rs. 41 Lakhs	Increase by Rs. 38 Lakhs

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period

(g) The weighted average duration of the defined benefit obligation is 24 years (Previous Year - 24 years).

(II) Post-employment Defined Contribution Plans:

(A) Superannuation Fund

Certain categories of employees of the Parent Company participate in superannuation, a defined contribution plan administered by the Trustees. The Parent Company makes quarterly contributions based on a specified percentage of each covered employee's salary. The Parent Company has no further obligations under the plan beyond its annual contributions.

(B) Provident Fund

Certain categories of employees of the Parent Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer make monthly contributions to a government administered fund at specified percentage of the covered employee's qualifying salary. The Parent Company has no further obligations under the plan beyond its monthly contributions.

During the year, an amount of Rs. 867 Lakhs (Previous Year - Rs. 842 Lakhs) has been recognised as expenditure towards above defined contribution plans of the Parent Company.

(C) Pension Fund (Overseas Subsidiaries)

During the year, an amount of Rs. 1,119 Lakhs (Previous Year - Rs. 1,073 Lakhs) has been recognised as expenditure towards defined contribution plans of the overseas subsidiaries. The contribution includes social insurance contribution by the employer on salary and wages.

(III) Leave Obligations

The Parent Company provides for accumulation of leave by certain categories of its employees. These employees can carry forward a portion of the unutilised leave balances and utilise it in future periods or receive cash (only in case of earned leave) in lieu thereof as per the Parent Company's policy. The Parent Company records a provision for leave obligations in the period in which the employee renders the services that increases this entitlement.

The total provision recorded by the Parent Company towards this obligation as on reporting date is Rs. 1,736 Lakhs (Previous Year - Rs.1,679 Lakhs). The amount of the provision is presented as current, since the Parent Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Parent Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

(Rs. in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Leave provision not expected to be settled within the next 12 months	1,536	1,515

(IV) Risk Exposure

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Through its defined benefit plans, the Group is exposed to some risks, the most significant of which are detailed below:

Discount Rate Risk

The Group is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Salary Growth Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

Demographic Risk

In the valuation of the liability, certain demographic (mortality and attrition rates) assumptions are made. The Group is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the benefit cost.

39 Segment Information

A. Description of Segments and Principal Activities

The Parent Company's Executive Director examines the Group's performance on the basis of its business and has identified three reportable segments:

a) **Graphite and Carbon Segment,** engaged in the production of Graphite Electrodes, Other Miscellaneous Graphite & Carbon Products and related Processing/Service Charges.

b) **Glass Reinforced Plastic (GRP) Pipes Segment,** engaged in manufacturing/laying of GRP Pipes; and

c) **Others Segment** engaged in manufacturing of High Speed Steel and Alloy Steel and Power Generating Unit exclusively for outside sale and investing in shares and securities.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's borrowings (including finance costs), income taxes, investments and derivative instruments are managed at head office and are not allocated to operating segments.

Sales between segments are carried out on cost plus appropriate margin and are eliminated on consolidation. The segment revenue is measured in the same way as in the Statement of Profit and Loss.

Segment assets and liabilities are measured in the same way as in the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the assets.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

B. Segment Revenues, Segment Result and Other Information as at/for the year:-

(Rs. in Lakhs)

	Graphite and Carbon		GRP Pipes		Others		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue from Operations								
External Sales	3,10,285	1,39,471	7,578	6,318	7,466	7,147	3,25,329	1,52,936
Other Operating Revenues	3,746	2,056	1	1	45	381	3,792	2,438
	3,14,031	1,41,527	7,579	6,319	7,511	7,528	3,29,121	1,55,374
Inter Segment Sales	12	31	16	7	-	-	28	38
Segment Revenues	**3,14,043**	**1,41,558**	**7,595**	**6,326**	**7,511**	**7,528**	**3,29,149**	**1,55,412**
Segment Results	**1,46,508**	**1,299**	**995**	**2,119**	**61**	**275**	**1,47,564**	**3,693**
Reconciliation to Profit before Tax:								
Net Gain on Investments Carried at Fair Value through Profit or Loss							5,243	4,705
Fair Value Gains on Derivatives Not Designated as Hedges							-	296
Finance Costs							(808)	(789)
Other Un-allocable Expenditure (Net)							(4,700)	(730)
Profit before Tax							**1,47,299**	**7,175**
Depreciation and Amortisation	**4,694**	**4,189**	**106**	**171**	**219**	**119**	**5,019**	**4,479**
Unallocable							143	160
Total							**5,162**	**4,639**
Non-cash Expenses other than Depreciation and Amortisation	**518**	**1,024**	**12**	**86**	**5**	**32**	**535**	**1,142**
Unallocable							*	*
Total							**535**	**1,142**
Interest Income	**724**	**211**	**46**	**620**	**38**	**50**	**808**	**881**
Unallocable							340	1,229
Total							**1,148**	**2,110**
Capital Expenditure	**5,406**	**5,825**	**14**	**1**	**81**	**863**	**5,501**	**6,689**
Unallocable							142	23
Total							**5,643**	**6,712**
Segment Assets	**2,28,667**	**1,69,012**	**5,319**	**4,465**	**16,008**	**15,953**	**2,49,994**	**1,89,430**
Reconciliation to Total Assets:								
Investments							1,16,570	58,851
Current Tax Assets (Net)							2,492	1,993
Deferred Tax Assets (Net)							4,943	293
Other Unallocable Assets							4,030	5,761
Total							**3,78,029**	**2,56,328**
Segment Liabilities	**55,664**	**29,803**	**2,780**	**1,640**	**1,470**	**1,689**	**59,914**	**33,132**
Reconciliation to Total Liabilities:								
Borrowings							27,218	25,923
Current Tax Liabilities (Net)							6,061	2,056
Deferred Tax Liabilities (Net)							9,450	8,501
Other Unallocable Liabilities							2,204	960
Total							**1,04,847**	**70,572**

*Amounts are below the rounding off norm adopted by the Group.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

C. Entity-wide disclosures

		(Rs. in Lakhs)	
		2017-18	**2016-17**
(i)	The Parent Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown below (excluding Other Operating Revenue):		
	India	2,02,244	84,155
	Rest of the World	1,23,085	68,781
		3,25,329	**1,52,936**

		As at 31st March, 2018	**As at 31st March, 2017**
(ii)	Non-current assets (excluding Financial Assets and Deferred Tax Assets) by location of assets is shown below:		
	India	67,820	67,731
	Rest of the World	4,560	4,050
		72,380	**71,781**

(iii) No customer individually accounted for more than 10% of the revenues from external customers during the years ended 31st March, 2018 and 31st March, 2017 respectively.

40 Related Party Disclosures:

(i) Related Parties -

Name	**Relationship**
Where control exists:	
Emerald Company Private Limited, India (ECL)	Immediate and Ultimate Holding Company of the Parent Company
Mr. K. K. Bangur, Chairman	Individual owning an interest in the voting power of ECL that gives him control over the Group, Ultimate Controlling Party (UCP)
Others with whom transactions have taken place during the year:	
Shree Laxmi Agents Limited	Fellow Subsidiary of the Parent Company
Carbo Ceramics Limited	Associate of ECL
Ms. Manjushree Bangur, Ms. Divya Bagri, Ms. Aparna Daga and Ms. Rukmani Devi Bangur	Relatives of UCP
GKW Limited, Salasar Towers Private Limited, Matrix Commercial Private Limited and B.D. Bangur Endowment	Entities under significant influence of UCP
Mr. M.B. Gadgil	Key Management Personnel (KMP)- Executive Director (ED)
Mr. P. K. Khaitan, Mr. N. S. Damani, Mr. A. V. Lodha, Dr R. Srinivasan, Mr. Gaurav Swarup, Mr. N. Venkataramani, Mr. J. D. Curravala, Ms. Shalini Kamath.	KMP- Non-executive Directors (NED)
Khaitan & Co LLP, New Delhi/Kolkata, Firm in which a Director is a Partner	Entities under significant influence of UCP
Khaitan & Co.Mumbai, Firm in which a Director is a Partner	Entities under significant influence of UCP
First Capital Consultants LLP, Kolkata, Firm in which relative of a Director is Partner	Relatives of NED
Ms. Amrutha Venkataramani N. and Ms. Yasmin Jemi Curravala	Relatives of NED
Mr. M. C. Darak, Mr. S. Marda and Mr. B. Shiva	KMP of ECL
Mr. R. G. Darak	Relative of KMP of ECL
Graphite India Limited Employees' Gratuity Fund	Post-employment Benefit Plans (PEBP)
Graphite Vicarb India Limited Employees' Gratuity Fund	
Graphite India Limited (PSD) Employees' Gratuity Fund	
Graphite India Employees Group Gratuity Scheme	
Graphite India Limited Senior Staff Superannuation Fund	
Graphite India Employees Group Superannuation Scheme	
Graphite India Limited Provident Fund	
GIL Officers Provident Fund	

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(ii) Particulars of transactions during the year

(Rs. in Lakhs)

		2017-18	2016-17
(A)	**Immediate and Ultimate Holding Company of the Parent Company**		
	Dividend Paid	8,371	-
(B)	**Fellow Subsidiary of the Parent Company**		
	Dividend Paid	62	-
(C)	**Associate of ECL**		
	Dividend Paid	27	-
(D)	**UCP**		
	Dividend Paid	133	-
	Sitting Fees	2	2
	Commission	1,000	60
	Total	**1,135**	**62**
(E)	**Relatives of UCP**		
	Dividend Paid		
	Ms. Manjushree Bangur	17	-
	Ms. Divya Bagri	12	-
	Ms. Aparna Daga	13	-
	Ms. Rukmani Devi Bangur	4	-
	Total	**46**	**-**
(F)	**Entities under significant influence of UCP**		
	Dividend Paid		
	GKW Limited	280	-
	Rent Expenses		
	Salasar Towers Private Limited	7	6
	Loan refund		
	Matrix Commercial Private Limited	-	2,500
	Interest Income		
	Matrix Commercial Private Limited	-	20
	Contributions made		
	B. D. Bangur Endowment	79	91
	Total	**366**	**2,617**
(G)	**ED**		
	Dividend Paid	*	-
	Remuneration		
	- Short Term Employee Benefits	378	172
	- Post Employment Benefits	24	21
	Total	**402**	**193**
(H)	**NED**		
	Dividend Paid		
	Mr. N. Venkataramani	*	-
	Mr. J. D. Curravala	*	-
	Sitting Fees		
	Mr. N. S. Damani	1	1
	Mr. A. V. Lodha	3	2
	Dr. R. Srinivasan	2	2
	Mr. P. K. Khaitan	2	1
	Mr. N. Venkataramani	2	2
	Mr. J. D. Curravala	2	2
	Mr. Gaurav Swarup	*	1
	Ms. Shalini Kamath	1	1
	Commission		
	Mr. N. S. Damani	8	2
	Mr. A. V. Lodha	10	3
	Dr. R. Srinivasan	10	3
	Mr. P. K. Khaitan	8	2
	Mr. N. Venkataramani	20	10
	Mr. J. D. Curravala	10	3
	Mr. Gaurav Swarup	7	2
	Ms. Shalini Kamath	7	2
	Total	**93**	**39**

*Amounts are below the rounding off norm adopted by the Group.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(ii) Particulars of transactions during the year (Contd.)

(Rs. in Lakhs)

		2017-18	2016-17
(I)	**Entities under significant influence of NED**		
	Professional fees		
	Khaitan & Co LLP, New Delhi	40	3
	Khaitan & Co LLP, Kolkata	26	16
	Khaitan & Co, Mumbai	73	81
	Total	**139**	**100**
(J)	**Relatives of NED**		
	Professional fees		
	First Capital Consultants LLP	31	-
	Dividend Paid		
	Ms. Amrutha Venkataramani N.	*	-
	Ms. Yasmin Jemi Curravala	*	-
	Total	**31**	**-**
(K)	**KMP of ECL**		
	Remuneration		
	Mr. M.C. Darak	20	18
	Mr. S. Marda	22	20
	Mr. B. Shiva	42	40
	Dividend Paid		
	Mr. M.C. Darak	*	-
	Mr. S. Marda	*	-
	Mr. B. Shiva	*	-
	Total	**84**	**78**
(L)	**Relative of KMP of ECL**		
	Remuneration		
	Mr. R.G. Darak	17	15
	Dividend Paid		
	Mr. R.G. Darak	*	-
	Total	**17**	**15**
(M)	**PEBP**		
	Contribution Made		
	Graphite India Limited Employees' Gratuity Fund	228	223
	Graphite Vicarb India Limited Employees' Gratuity Fund	75	14
	Graphite India Limited (PSD) Employees' Gratuity Fund	29	19
	Graphite India Employees Group Gratuity Scheme	185	35
	Graphite India Limited Senior Staff Superannuation Fund	149	164
	Graphite India Employees Group Superannuation Scheme	106	82
	Graphite India Limited Provident Fund	6	7
	GIL Officers Provident Fund	24	23
	Total	**802**	**567**

(iii) Balances Outstanding

		As at 31st March, 2018	As at 31st March, 2017
(A)	**UCP**		
	Other Current Liabilities	1,000	60
(B)	**ED**		
	Other Current Liabilities	269	73
(C)	**NED**		
	Other Current Liabilities		
	Mr. N.S. Damani	8	2
	Mr. A.V. Lodha	10	3
	Dr. R. Srinivasan	10	3
	Mr. P.K. Khaitan	8	2
	Mr. N. Venkataramani	20	10
	Mr. J. D. Curravala	10	3
	Mr. Gaurav Swarup	7	2
	Ms. Shalini Kamath	7	2
	Total	**80**	**27**

*Amounts are below the rounding off norm adopted by the Group.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(iii) Balances outstanding (Contd.)

	As at 31st March, 2018	As at 31st March, 2017
(D) Entities under significant influence of NED		
Other Current Liabilities		
Khaitan & Co LLP, Kolkata	**7**	**-**
(E) PEBP		
Other Current Liabilities		
Graphite India Limited Provident Fund	6	-
GIL Officers Provident Fund	5	4
Total	**11**	**4**

(iv) Terms and conditions of transactions with related parties

Transactions relating to dividend were on the same terms and conditions that applied to other shareholders. Outstanding balances at the year-end are unsecured and interest free (except for loans) and settlement occurs in cash. No provisions are held against receivables from related parties.

41 Fair Value Measurements

(Rs. in Lakhs)

(i) Financial Instruments by Category

	Notes	As at 31st March, 2018 Carrying Amount/ Fair Value	As at 31st March, 2017 Carrying Amount/ Fair Value
Financial Assets			
Assets Carried at Fair Value through Profit or Loss			
Investments			
-Equity Instruments	7	2,128	12
-Mutual Funds	7	1,08,721	63,089
Assets Carried at Amortised Cost			
Investments			
-Government Securities	7	-	*
-Preference Shares	7	-	-
-Commercial Papers	7	9,933	-
Trade Receivables	8	82,352	44,146
Cash and Cash Equivalents	9	4,054	1,136
Bank Balances other than above	10	1,504	4,018
Loans	11	1,143	1,161
Other Financial Assets	12	1,331	392
Total Financial Assets		**2,11,166**	**1,13,954**
Financial Liabilities			
Liabilities Carried at Amortised Cost			
Borrowings (including interest accrued)	16,18	27,227	25,941
Trade Payables	17	41,193	21,840
Other Financial Liabilities	18	5,677	4,510
Total Financial Liabilities		**74,097**	**52,291**

* Amount is below the rounding off norm adopted by the Group.

(ii) Fair Values

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2017.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

The following methods and assumptions were used to estimate the fair values:

(a) In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements.

(b) The management assessed that fair values, of trade receivables, cash and cash equivalents, other bank balances, other financial assets (current), investments in commercial papers, trade payables, borrowings (current) and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. Further, management also assessed the carrying amount of certain loans and long-term borrowings at floating interest rates which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

(c) The fair value of remaining financial instruments is determined on discounted cash flow analysis using a current lending/discount rate, as considered appropriate.

For financial assets carried at fair value, the carrying amounts are equal to their fair values.

(iii) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows below.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. This includes mutual funds. The mutual funds are valued using the closing Net Asset Value.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31st March, 2018 and 31st March, 2017.

(Rs. in Lakhs)

		As at 31st March, 2018			As at 31st March, 2017		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
(a)	**Recognised and Measured at Fair Value - Recurring Measurements**						
	Financial Assets						
	Investments						
	- Mutual Funds	-	1,08,721	-	-	63,089	-
	- Quoted Equity Investments	2,116	-	-	-	-	12
	- Unquoted Equity Investments	-	-	12	-	-	-
		2,116	**1,08,721**	**12**	**-**	**63,089**	**12**
(b)	**Amortised Cost for which Fair Values are Disclosed**						
	Financial Assets						
	Investments						
	- Government Securities	-	-	-	-	*	-
	- Commercial Paper	-	9,933	-	-	-	-
		-	**9,933**	**-**	**-**	*****	**-**

*Amounts are below the rounding off norm adopted by the Group.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Fair value measurements using significant unobservable inputs (Level 3)

Fair valuation of unquoted equity investments is based on valuation done by an external valuer using discounted cash flow method. A change in significant unobservable inputs used in such valuation (mainly earnings growth rate and risk adjusted discount rate) is not expected to have a material impact on the fair values of such assets as disclosed above.

42 Financial Risk Management

The Group's activities expose it to credit risk, liquidity risk and market risk. In order to safeguard against any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are entered as per Group's policy to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The Group's senior management oversees the management of above risks. The senior executives working to manage the financial risks are accountable to the Audit Committee and the Board of Directors. This process provides assurance to the Group's senior management that the Group's financial risks-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and the Group's risk appetite.

This Note explains the sources of risk which the entity is exposed to and how the entity manages the risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(A) Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The Group is exposed to credit risk from its operating activities (primarily Trade Receivables) and from its investing activities (primarily Deposits with Banks and Investments in Mutual Funds).

Trade Receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Customer credit risk is managed by each business unit subject to the Group's policy and procedures which involve credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit assurance. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss.

The Group's exposure to customers is diversified and no single customer contributes to more than 10% of total revenues.

Other Financial Assets

Credit risk from balances with banks, term deposits, loans, investments and derivative instruments is managed by Group's finance department. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements. The Group monitors ratings, credit spreads and financial strength of its counterparties.

The Group's maximum exposure to credit risk for the components of the Balance Sheet is the carrying amounts as disclosed in Note 41.

Financial Assets that are neither past due nor impaired

None of the Group's cash equivalents with banks, loans and investments were past due or impaired. Of the total trade receivables, Rs.62,390 Lakhs (Previous Year - Rs. 28,387 Lakhs) consisted of customer balances that were neither past due nor impaired.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Financial Assets that are past due but not impaired

The Group's credit period for customers generally ranges from 0 - 180 days. The aging of trade receivables that are past due but not impaired (net of provisions/allowances) is given below:

(Rs. in Lakhs)

Period (in days)	As at 31st March, 2018	As at 31st March, 2017
1-90	18,708	12,709
91-180	805	2,291
More than 180	449	759
	19,962	**15,759**

Receivables are deemed to be past due or impaired with reference to the Group's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

Other than trade receivables, the Group has no significant class of financial assets that is past due but not impaired.

(Rs. in Lakhs)

Reconciliation of Loss Allowance Provision — Trade Receivables	Allowance for Expected Credit Losses	Provision for Doubtful Debts
Opening Balance as at 1st April, 2016	1,057	750
Provision/Allowance made during the year ended 31st March, 2017	-	342
Provision/Allowance written back/reversed during the year ended 31st March, 2017	(128)	(52)
Closing Balance as at 31st March, 2017	**929**	**1,040**
Provision/Allowance made during the year ended 31st March, 2018	-	30
Provision/Allowance written back/reversed during the year ended 31st March, 2018	(929)	(423)
Closing Balance as at 31st March, 2018	**-**	**647**

The impairment provision for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market condition as well as forward looking estimates at the end of each reporting period.

(B) Liquidity Risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and maintains adequate sources of financing.

(i) Financing Arrangements

The Group had access to the following undrawn borrowing facilities (excluding non-fund based facilities) at the end of the reporting period:

(Rs. in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Floating/Fixed Rate		
- Expiring within one year (working capital facilities)	35,129	33,715
	35,129	**33,715**

The working capital facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the above facilities may be drawn at any time within one year.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(ii) Maturities of Financial Liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs. in Lakhs)

Contractual Maturities of Financial Liabilities	**Within 1 year**	**Between 1 and 3 years**	**Total**
31st March, 2018			
Borrowings	27,218	-	27,218
Trade Payables	41,190	3	41,193
Other Financial Liabilities @	5,897	1	5,898
Total	**74,305**	**4**	**74,309**
31st March, 2017			
Borrowings	25,923	-	25,923
Trade Payables	21,662	178	21,840
Other Financial Liabilities @	4,667	2	4,669
Total	**52,252**	**180**	**52,432**

@ Includes contractual interest payment based on interest rate prevailing at the end of the reporting period amounting to Rs. 212 Lakhs (Previous Year - Rs. 141 Lakhs).

(C) Market Risk

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group transacts business in local currency and in foreign currencies (primarily US Dollars and Euro). The Group has obtained foreign currency loans and has foreign currency trade receivables, trade payables and other financial assets/liabilities and is therefore exposed to foreign currency risk.

The Group strives to achieve asset-liability offset of foreign currency exposures and only the net position is hedged where considered necessary. The Group manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure per established risk management policy.

The Group uses forward exchange contracts to hedge the effects of movements in foreign exchange rates on foreign currency denominated assets and liabilities.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(a) Foreign Currency Risk Exposure:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

(Rs. in Lakhs)

	As at 31st March, 2018			As at 31st March, 2017		
	USD	**Euro**	**CAD**	**USD**	**Euro**	**CAD**
Financial Assets						
Trade Receivables	18,420	1,038	-	7,220	3,395	83
Bank Balance in EEFC Accounts	-	-	-	1	-	-
Net Exposure to Foreign Currency Risk (Assets)	**18,420**	**1,038**	**-**	**7,221**	**3,395**	**83**
Financial Liabilities						
Borrowings (including current maturities)	945	-	-	498	1,872	-
Trade Payables	21,962	332	-	5,652	224	18
Other Financial Liabilities	178	15	-	235	14	-
Net Exposure to Foreign Currency Risk (Liabilities)	**23,085**	**347**	**-**	**6,385**	**2,110**	**18**
Net Exposure to Foreign Currency Risk (Assets - Liabilities)	**(4,665)**	**691**	**-**	**836**	**1,285**	**65**

(b) Sensitivity

The sensitivity of profit or loss to changes in the foreign exchange rates arises mainly from foreign currency denominated financial instruments.

(Rs. in Lakhs)

	Impact on Profit before Tax	
	As at 31st March, 2018	**As at 31st March, 2017**
USD Sensitivity		
INR/USD - Increase by 7%*	(327)	59
INR/USD - Decrease by 7%*	327	(59)
Euro Sensitivity		
INR/EUR - Increase by 7%*	48	90
INR/EUR - Decrease by 7%*	(48)	(90)
CAD Sensitivity		
INR/CAD - Increase by 7%*	-	5
INR/CAD - Decrease by 7%*	-	(5)

* Holding all other variables constant

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to risk of changes in market interest rates relates primarily to the Group's debt interest obligation. Further the Group engages in financing activities at market linked rates, any changes in the interest rate environment may impact future rates of borrowings. To manage this, the Group may enter into interest rate swaps. The management also maintains a portfolio mix of floating and fixed rate debt.

The Group's fixed rate borrowings and investments in term deposits with bank are carried at amortised cost. They are, therefore, not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(a) Interest Rate Risk Exposure

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

(Rs. in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Variable Rate Borrowings	11,276	4,687
Fixed Rate Borrowings	15,942	21,236
Total Borrowings	**27,218**	**25,923**

As at the end of the reporting period, the Group had the following variable rate borrowings outstanding:

(Rs. in Lakhs)

	As at 31st March, 2018			As at 31st March, 2017		
	Weighted average interest rate (%)	Balance	% of Total Loans	Weighted average interest rate (%)	Balance	% of Total Loans
Cash Credit/Export Credit Facilities	6.24%	11,276	73%	5.08%	4,687	18%

An analysis by maturities is provided in Note 42(B)(ii) above. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(Rs. in Lakhs)

	Impact on Profit before Tax	
	As at 31st March, 2018	As at 31st March, 2017
Interest Rates - Increase by 100 basis points (100 bps) *	(113)	(47)
Interest Rates - Decrease by 100 basis points (100 bps) *	113	47

*Holding all other variables constant and on the assumption that amount outstanding as at reporting dates were utilised for the full financial year.

(iii) Securities Price Risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Group invests its surplus funds in various debt instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments) and fixed deposits.

To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

(a) Securities Price Risk Exposure

The Group's exposure to securities price risk arises primarily from investments in mutual funds held by the Group and classified in the Balance Sheet as fair value through profit or loss (Note 41).

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(b) Sensitivity

The sensitivity of profit or loss to changes in Net Assets Values (NAVs) as at year end for investments in mutual funds.

(Rs. in Lakhs)

	Impact on Profit before Tax	
	As at 31st March, 2018	**As at 31st March, 2017**
NAV - Increase by 1%*	1,087	631
NAV - Decrease by 1%*	(1,087)	(631)

* Holding all other variables constant

(iv) Commodity Price Risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's sales of graphite electrodes, including the raw material components for such products. Cost of raw materials forms the largest portion of the Group's cost of sales. Market forces generally determine prices for the graphite electrodes sold by the Group. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Group earns from the sales of graphite electrodes. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Group has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

43 Capital Management

(a) Risk Management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net debt to equity ratio. Net debt are long-term and short-term debts as reduced by cash and cash equivalents. The Group is not subject to any externally imposed capital requirements.

The following table summarises the capital of the Group:

(Rs. in Lakhs)

	As at 31st March, 2018	**As at 31st March, 2017**
Total Borrowings	27,218	25,923
Less: Cash and Cash Equivalents	(4,054)	(1,136)
Net Debt	**23,164**	**24,787**
Equity	**2,73,182**	**1,85,756**
Total Capital (Equity + Net Debt)	**2,96,346**	**2,10,543**
Net Debt to Equity Ratio	**0.08:1**	**0.13:1**

No changes were made to the objectives, policies or processes for managing capital during the reporting periods.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(Rs. in Lakhs)

(b) Dividends on Equity Shares	Year ended 31st March, 2018	Year ended 31st March, 2017
Dividend declared and paid during the year		
Final dividend for FY 2016-17 of Rs. 2/- (FY 2015-16 - Rs. Nil) per fully paid share	3,908	-
Dividend Distribution Tax on above	795	-
Interim dividend for FY 2017-18 of Rs. 5/- (FY 2016-17 - Rs. Nil) per fully paid share	9,769	-
Dividend Distribution Tax on above	1,989	-
	16,461	**-**
Proposed Dividend not recognised at the end of the reporting period		
In addition to the above dividend, since year end the directors have recommended the payment of a final dividend of Rs.12/- per fully paid share (FY 2016-17 - Rs. 2/- per fully paid share). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	23,445	3,908
Dividend Distribution Tax on above	4,819	795

44 Assets Pledged as Security

The carrying amounts of assets pledged as security/collateral for borrowings are:

(Rs. in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Current		
First Charge		
Financial Assets		
Trade Receivables under Bill Discounting (Refer below)	2,132	173
Other Trade Receivables @	72,811	37,772
Non-financial Assets		
Inventories	66,994	51,263
Sub-total	**1,41,937**	**89,208**
Non-current		
Second Charge #		
Plant and Equipments	42,582	40,678
Furniture and Fixtures	152	171
Office Equipments	78	83
Vehicles	259	190
Sub-total	**43,071**	**41,122**
Total	**1,85,008**	**1,30,330**

@ Excluding inter-company receivables.

Second Charge existed for all the periods presented for loans repayable on demand from banks disclosed under Current Borrowings (Refer Note 16).

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Trade Receivables under Bill Discounting

The carrying amount of trade receivables include receivables which are subject to bill discounting arrangement. Under this arrangement, the Parent Company has discounted the relevant receivables in exchange of cash and is prevented from selling or pledging the receivables. However, the Parent Company has retained late payment and credit risk. The Parent Company therefore continues to recognise such receivables in their entirety in its balance sheet. The amount payable under the bill discounting arrangement is presented as secured borrowings (Refer Note 16).

45 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).

46 The figures of previous year were audited by a firm of Chartered Accountants other than S.R. Batliboi & Co. LLP.

As per our report of even date

For **S.R.BATLIBOI & CO. LLP**
Firm Registration Number - 301003E/E300005
Chartered Accountants

For and on behalf of the Board of Directors of Graphite India Limited

per Sanjay Kumar Agarwal
Partner
Membership No. 060352
Kolkata - 11th May, 2018

S. W. Parnerkar	**B. Shiva**	**M. B. Gadgil**	**K. K. Bangur**
Sr.Vice President-Finance	Company Secretary	Executive Director	Chairman

Notes

Route map of AGM Venue of Graphite India Limited

"Kala-Kunj" Auditorium