Convenience translation
(only the original German version is binding)

Audited Financial Statements as of March 31, 2018 and Management Report for the Financial Year 2017/18 of

Graphite Cova GmbH
Röthenbach a.d. Pegnitz

INDEX

EXHIBITS

1. Balance Sheet as of 31 March 2018
2. Income Statement for the financial year 2017/18
3. Notes for the financial year 2017/18
4. Management Report for the financial year 2017/18
5. Legal Background
6. Economic Background
7. Tax Background

General Conditions of Engagement dated 1 January 2017

LIST OF ABBREVIATIONS

AuS	German Audit Standard (Prüfungsstandard des IDW)
BCH	Bavaria Carbon Holdings GmbH, Röthenbach a.d. Pegnitz
BCS	Bavaria Carbon Specialities GmbH, Röthenbach a.d. Pegnitz
BE	Bavaria Electrodes GmbH, Röthenbach a.d. Pegnitz
GmbHG	Gesetz betreffend die Gesellschaften mit beschränkter Haftung
GIBV	Graphite International B.V., Rotterdam, Netherlands
GIL	Graphite India Ltd., Kolkata, India
HGB	German Commercial Code (Handelsgesetzbuch)
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf
IDW-AAB	General engagement terms for Wirtschaftspürfer und Wirtschaftsprüfungsgesellschaften (German Public Auditors and German Public Audit Firms)
kEUR	Thousand Euro

A. AUDIT ENGAGEMENT

The Management of

<u>Graphite COVA GmbH,</u>

<u>Röthenbach a.d. Pegnitz</u>

(referred to as "GC" or simply "the Company")

engaged us to perform an audit of the annual financial statements as of 31 March 2018 including the underlying books and records, and the management report for the financial year 2017/2018 using generally accepted auditing standards, as well as to provide a written report of our findings.

The audit engagement letter as of 10 November 2017 is based on the resolution of the shareholder's meeting as of 27 November 2017 at which we have been appointed as auditors (Sec. 318 para. 1 sentence 1 of the German Commercial Code).

The Company ranks as a mid-sized corporation as defined by the terms of Sec. 267 para. 2 of the German Commercial Code and is therefore subject to mandatory auditing in accordance with Sec. 316 et seq. of the German Commercial Code.

We confirm that, during the course of our audit, we have observed the independence rules according to Sec. 321 para. 4a HGB.

Our reporting complies with the German Audit Standards for the Issuance of long-form Audit Reports for the Audits of Financial Statements (IDW AuS 450, dated 1 March 2012) issued by the Institute of Public Auditors in Germany (IDW).

Our long-form audit report includes our comments on management's assessment of the company's situation in section B. The audit methodology and audit results are individually reported in sections C and D accordingly. The unqualified opinion is reprinted in section E.

We have attached the audited financial statements, including Balance Sheet (exhibit 1), Income Statement (exhibit 2) and Notes (exhibit 3) as well as the audited management report (exhibit 4) to this audit report.

We have analyzed the legal, economic and tax background of the company in a table format in exhibits 5 to 7.

The performance of our engagement and our liability - also in relation to third parties - are subject to the general engagement terms for auditors and accountancy firms in the version dated 1. January 2017.

B. GENERAL FINDINGS

I. Comments on Management's Assessment of the Company's Situation

Management has commented on the Company's economic situation in the management report (exhibit 4), based on the financial statements as of 31 March 2018 (exhibit 1 to 3) and other documents, especially the budget for financial year 2018/2019.

According to Sec. 321 para. 1 sentence 2 HGB, we as the auditors comment on management's discussion and analysis in the annual financial statements and in the management report. We especially comment on the assessment of going concern and anticipated development in view of the management report. Our comments are based on our own assessment on the company's situation, which we have reached during the course of our audit of the financial statements and the management report.

1. Situation of the Company

In our opinion, the management report contains the following core statements:

- The main business of the Company is the worldwide distribution of Graphite Electrodes, Speciality Products, Electrode Coating Services and other Miscellaneous Carbon and Graphite Products, which are solely produced by the sister companies BE and BCS. GC reimburses expenses incurred plus a margin.
- Despite a lower utilization of the worldwide steel capacities continued in 2017, GC's expectations were exceeded, mainly due to the restricted steel production and steel exports from China. This led to an intensified steel production in other parts of the world and hence an increased demand for electrodes, leading to an increase in the quantity sold was well as the sales price.
- Consequently, the production of Graphite Electrodes at GC increased from 8,949 metric tons in 2016/2017 to 10,669 metric tons in 2017/2018. This represents an utilization of about 61%, as compared to 51% in the prior year. Sales volume of Graphite Electrodes also increased from 9,157 metric tons in 2016/2017 to 11,049 metric tons in 2017/2018.
- Specialty sales and coating revenues have also improved compared to previous year.
- As a result of the high sales prices, higher volumes, the company made profits after tax of kEUR 14,340 in 2017/2018. This includes first time capitalization of deferred tax assets from tax loss carry forwards in the amount of kEUR 5,796 due to the improved outlook.
- Due to the improved profit situation, the utilization of the short term credit facility was reduced, from kEUR 19,100 in 2016/2017 to kEUR 14,500 in 2017/2018. Furthermore, the debt equity ratio is 216%, compared to a negative ratio in the prior year.

2. Future development with its key opportunities and risks

In our opinion, the management report contains the following core statements:

- The company is integrated into the risk management system of the parent company. Key factors are the development of the steel industry, the development of the commodity and energy markets and the price policy of the market leaders.
- Consolidation of the electrode industry and the resulting reduction of production capacity has a marginal impact on price levels. In addition individual market leaders and their price behavior are essential.
- The company counters the general market risks as follows. In order to reduce the dependence of the European Market the company started extending the market outside Europe.
- In general, supply contracts for raw materials, gas and electricity are renewed on a timely basis. But there can be a risk for the company due to a price increase in the most important raw materials and their derivatives.
- Due to an improvement in the market and an extension of the market on other continents, the entity expects the improvements to continue. For the next financial year, the entity expects revenues above 200 Mio. EUR and an improved result before tax in the amount of 120 Mio. EUR. This is based on a sales volume of 15,775 metric tons, as compared to 11,049 metric tons and a significant increase in the average sales price.

3. Concluding Assessment

According to the result of our audit and the knowledge gained, the assessment of the company's situation including the risks and opportunities of future development is plausible and derived logically. Management's assessment of the company's situation is adequate and correct.

C. PURPOSE, NATURE AND SCOPE OF THE AUDIT

During our audit, we examined whether the books and records, the annual financial statements as of 31 March 2018 (exhibits 1 to 3) including the management report (exhibit 4) comply with the relevant regulations concerning financial accounting.

Assessment criteria for our audit of the financial statements were the accounting provisions of Secs. 242 to 256a and Secs. 264 to 288 HGB and the special provisions of the GmbHG. No additional accounting requirements result from the articles of incorporation and bylaws. Assessment criteria for the management report were the provisions of Sec. 289 HGB.

Our audit procedures pertaining to the management report were aimed at determining whether it is consistent with the annual financial statements, gives a true and fair view of the Company’s situation, and whether it suitably presents the opportunities and risks relating to its future development.

The maintenance of the books and records and the preparation of the annual financial statements and management report are the responsibility of the Company’s management. Our task is to provide an opinion on the documents and information within the official framework of our audit.

We carried out the audit for the annual financial statements from 19 March 2018 to 11 May 2018 on the company’s premises in Röthenbach a.d. Pegnitz and in our office in Munich. Subsequently, this audit report was prepared.

To prepare our audit, we have performed an interim audit in March 2018 on the company’s premises in Röthenbach a.d. Pegnitz, during which we have mainly assessed the company´s internal control over financial reporting.

Our audit was based on the annual financial statements as of 31 March 2017 audited by us which had been rendered an unqualified audit opinion on 10 May 2017 and were approved unchanged by the shareholders’ resolution of 27 November 2017.

The documents provided for the purpose of the audit included accounting documents, receipts and confirmation documents from banks as well as the Company's files and records.

The management and other responsible staff members readily provided us with all requested explanations and proofs.

Furthermore, management has provided written confirmation using the standard general representation letter that all declarable assets, liabilities, risks, and deferrals as well as all expenses and revenues, required statements, and contingent liabilities were included in the accounting and in the financial statements under review. The representation letter also states that the management report contains all material aspects, including their anticipated development, that are significant for an assessment of the position of the entity as well as all disclosures required by Sec. 289 HGB. According to the representation letter, post-balance sheet events of particular importance have not occurred and have also not become known to us during our audit.

Our audit was carried out in accordance with Sec. 316 et seq. of the German Commercial Code and in compliance with the generally accepted German standards for the audit of financial Statements established by the IDW. Accordingly, we performed our audit with a risk-oriented strategy - however without any specific focus on risk for embezzlement in such a manner that inaccuracies or infringements materially affecting the presentation of the Company's true and fair view of the net assets, financial position, and results of operation are detected with reasonable assurance, if such inaccuracies or infringements had existed.

The audit plan for the key auditing areas was based on our initial estimates of the Company's situation and the efficiency of the internal control system over accounting (risk-oriented audit approach). Our estimates were particularly based on an appreciation of the basic legal and economic conditions. Through meetings with the managing directors and Company employees we were made aware of market risks, the Company's strategy and the particular risks resulting.

As part of our risk oriented auditing approach our audit focused on the following areas:

- Analysis of the going concern assumption (however, this is not an examination in accordance with sec. 317 para. 4a HGB)
- Audit of the internal control over financial statement closing, purchase, sales and payroll
- Existence and valuation of inventories
- Existence and valuation of deferred tax assets
- Existence and cut-off of revenues and trade receivables
- Completeness and valuation of accruals
- Other items with a material impact on the presentation of the financial statements

Basis for our audit procedures was a preliminary assessment of the internal control system. Considering the materiality and efficiency, this implies that timing and extent of analytical procedures, as well as test of details, were limited to selective spot checks depending on the particular auditing areas and organization of the accounting information system. The spot checks were selected in a way that the economic significance of the individual entries in the financial statements were taken into account and gave the opportunity to sufficiently determine whether the statutory regulations had been adhered to.

The audit regarding the existence of assets and liabilities was carried out by attending the physical inventory count and requesting confirmations of banks, lawyers as well as debtors and creditors on random sample basis.

Nature, timing and findings of our detailed audit procedures are included in our working papers.

D. FINDINGS ON ACCOUNTING RECORDS AND FINANCIAL STATEMENTS

I. Compliance of Accounting Records and Financial Statements

1. Accounting Records and Other Audited Documentation

The Company's accounting is carried out by their own IT system using the standard-software SAP ECC 6.0 of the supplier SAP SE, Walldorf. Payroll accounting is also done in-house within this program.

The internal control system over financial accounting, as set up by the Company, provides an adequate instrument of regulation for the organization and the control of operational processes for business purposes and can sufficiently handle current business volumes. There were no significant organizational changes in the accounting procedures during the reporting period.

The organization of the accounting department and the internal control over financial reporting is sufficient and appropriate to assure a complete, correct, timely, and proper recording of the business transactions. The chart of accounts is sufficiently structured and the records are clear and well ordered. The accounts were correctly carried forward from the previous year's financial statement and were determined as having been kept in order throughout the entire financial year.

The information gathered from other audited documents also presents an orderly picture concerning the books and records, the annual financial statements and the management report.

Overall we can determine that the accounting practices in place and the other audited documents (including receipts, internal control and budgeting) all adhere to the applicable, statutory regulations including the Generally Accepted Accounting Principles. The audit has not led to any reservations.

2. Annual Financial Statements

As of the balance sheet date, the Company was classified as being a mid-sized company as defined by Sec. 267 para. 2 of the German Commercial Code. The annual financial statements as of 31 March 2018 were prepared in accordance with the requirements of German Commercial Code regarding mid-sized companies. The Company partly exercised options for mid-sized companies as laid out in Sec. 288 of German Commercial Code.

The balance sheet and the income statement were compiled coherently from the accounting documents and other documents included in the audit. The structure of the balance sheet (exhibit 1) adheres to the scheme provided by Sec. 266 paragraphs 2 and 3 of the German Commercial Code. The income statement (exhibit 2) was compiled applying the cost-summary method according to Sec. 275 paragraph 2 of the German Commercial Code.

As far as there are options regarding disclosure with regard to balance sheet and income statement items, disclosures were mostly made in the notes.

In the notes compiled by the Company (exhibit 3), the accounting and valuation methods used for the balance sheet and income statements are sufficiently explained. All legally required data as well as the optional entries for the balance sheet and income statements contained in the notes are fully complete and accurately represented.

The annual financial statements therefore conform to statutory requirements including the German Accepted Accounting Principles. The audit has not led to any reservations.

3. Management Report

Audit of the management report has concluded that the management report is consistent with the financial statements and our audit findings and as a whole gives a true and fair view of the Company's situation.

Our audit, based on Sec. 317 para 2 sentence 2 of the German Commercial Code, leads us to conclude that the significant opportunities and risks relating to the Company's future development are suitably presented in the management report. The disclosures pursuant to Sec. 289 para 2 of the German Commercial Code and other legal requirements are complete and accurate.

Concluding one can say that the management report contains all required disclosures and therefore is in compliance with the legal requirements.

II. Overall Picture of the Annual Financial Statements

1. Conclusion on the Annual Financial Statements

Our audit has concluded that the annual financial statements as a whole - comprising the balance sheet, income statement and notes - give a true and fair view of the net assets, financial position and results of operations in accordance with Generally Accepted Accounting Principles (Sec. 264 paragraph 2 of the German Commercial Code).

2. Accounting and Valuation Methods and Constitutive Measures as well as Associated Changes

The following accounting and valuation methods appear material to us:

- The financial statements were set up on the assessment of the company as a going concern (Sec. 252 para. 1 Nr. 2 German Commercial Code).

- The valuation of raw materials is done according to the moving average of purchasing prices, taking into account the strict principle of the lower of cost or market. Valuation of work in progress and finished goods is based on manufacturing costs, which include costs of manufacturing and material, as well as adequate parts of material and facturing overhead and depreciation of fixed assets, if used in the course of production. Risks resulting from a reduction in realizable value and aging are covered by impairment charges.

- Trade Receivables (kEUR 9,189, p.y.: kEUR 8,945) are accounted for at nominal value. Known risks are appropriately covered with provisions. Most Trade receivables are covered by credit insurance.

- Deferred tax assets in the amount of kEUR 5,796 result from tax loss carry forward and have been capitalized for the first time in the current year with regard to the option in Sec. 274 para. 1 S.2 German commercial code. Due to the positive outlook, realization of the deferred tax asset is expected for the upcoming financial year. The tax rate used is a combined rate of 28,075% and covers trade tax, corporate tax as well as solidarity surcharge.

- The pension accrual is accounted for using the settlement value. Valuation was done under observation of actuarial principles under application of the projected unit credit method. The average interest rate for a duration of 10 years according to Sec. 253 sec. 2 sentence 1 and 2 German Commercial Code amounts to 3.57 %. When calculating the settlement value, the tables by Klaus G Heubeck and a fluctuation of 1.5% was used. As of balance sheet date, the provision amounts to kEUR 19 (PY kEUR 17). Due to bankruptcy of the predecessor company, the pension safety net (Pensionssicherungsverein) has taken over part of the pension liability.

The accounting and valuation methods are unchanged compared to prior year.

In addition, please see the comments made in the Notes (exhibit 3).

E. AUDIT OPINION AND CONCLUDING STATEMENTS

Based on the results of our audit of the annual financial statements as of 31 March 2018 (exhibits 1 to 3) and the management report for the financial year 2017/18 (exhibit 4) of Graphite Cova GmbH, Röthenbach a.d. Pegnitz, we have rendered the following unqualified audit opinion, dated 11 May 2018:

The translation of this audit opinion states as follows:

“We have audited the annual financial statements – comprising the balance sheet, the income statement, and the notes to the financial statements – together with the bookkeeping system, and the management report of Graphite Cova GmbH, Röthenbach a.d. Pegnitz, for the financial year from 1 April 2017 to 31 March 2018. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German Commercial Law are the responsibility of the Company’s management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB (‘Handelsgesetzbuch’: German Commercial Code) and German Generally Accepted Standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German Principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements, and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position, and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements, complies with requirements, as a whole provides a suitable view of the Company’s position and suitably presents the opportunities and risks of future development.”

We issue the above report on the audit in accordance with the legal provisions and the Generally Accepted Standards for the Issuance of Audit Reports for the Audits of Financial Statements (IDW AuS 450).

Use of the audit opinion presented outside of this audit report requires our prior consent. If the annual financial statements are made public or passed on to a third party in any form other than the official, authenticated form (including translation into any other language), then we will be required to provide a new audit opinion, so long as our audit opinion is to be quoted or the audit itself is referred to (see Sec. 328 of the German Commercial Code).

Munich,11 May 2018

Altavis GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Roller Wirtschaftsprüfer (Certified Public Auditor)	Schirmer Wirtschaftsprüferin (Certified Public Auditor)

GRAPHITE COVA GMBH
RÖTHENBACH A.D. PEGNITZ
BALANCE SHEET
AS OF 31 MARCH 2018

ASSETS

	31.03.2018	31.03.2017
A. FIXED ASSETS		
I. Tangible assets		
1. Technical equipment and machines	3,509,085.00	3,685,407.00
2. Other Plants, office fixtures and fittings	304,946.00	309,921.00
3. Down-payments made and plants under construction	159,800.00	570,304.20
	3,973,831.00	4,565,632.20
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials, supplies and operating materials	8,764,757.83	6,698,980.23
2. Unfinished products, unfinished services	5,107,687.23	4,805,460.93
3. Finished goods and merchandise	1,413,580.37	2,275,807.57
	15,286,025.43	13,780,248.73
II. Receivables and other assets		
1. Trade receivables	9,188,659.52	8,944,565.42
2. Receivables from affiliated undertakings	994,038.82	333,737.83
3. Receivables from shareholders	352,984.30	0.00
4. Other assets	268,899.47	352.36
	10,804,582.11	9,278,655.61
III. Cash, bank deposits and cheques	2,897,724.67	1,426,550.44
C. PREPAID EXPENSES	37,730.29	24,508.37
D. DEFERRED TAX ASSET	5,795,590.28	0.00
E. DEFICIT NOT COVERED BY EQUITY	0.00	2,063,412.28
	38,795,483.78	31,139,007.63

EQUITY AND LIABILITIES

	31.03.2018	31.03.2017
A. EQUITY		
I. Capital subscribed	4,000,000.00	4,000,000.00
II. Capital reserves	12,320,000.00	12,320,000.00
III. Profit carried forward; loss carried forward	-18,383,412.28	-12,881,294.20
IV. Profit of the year / net loss	14,339,811.58	-5,502,118.08
V. Deficit not covered by equity	0.00	2,063,412.28
	12,276,399.30	0.00
B. PROVISIONS AND ACCRUALS		
1. Provisions for pensions and similar obligations	18,536.00	16,608.00
2. Provisions for taxes	983,441.06	0.00
3. Other provisions	235,016.79	1,148,331.56
	1,236,993.85	1,164,939.56
C. LIABILITIES		
1. Liabilities due to credit institutions	14,500,000.00	19,100,000.00
2. Trade payables	2,146,935.13	734,800.67
3. Liabilities due to affiliated undertakings	7,079,029.04	9,041,006.77
4. Liabilities due to shareholders	1,306,096.87	880,344.08
5. Other liabilities - thereof for taxes: EUR 40,575.53 (pr. yr.: EUR 17,880.40)	250,029.59	217,916.55
	25,282,090.63	29,974,068.07
	38,795,483.78	31,139,007.63

EXHIBIT 2

GRAPHITE COVA GMBH
RÖTHENBACH A.D. PEGNITZ
INCOME STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2017 TO 31 MARCH 2018

	2017/2018 EUR	2016/2017 EUR
1. Sales	52,673,812.67	33,313,081.41
2. Increase or decrease in the inventory of finished products and work in progress	-560,000.90	-1,884,242.27
3. Other operating income	147,761.69	91,789.84
- thereof for exchange rate gains: EUR 118,011.30 (pr. yr.: EUR 60,940.58)		
4. Cost of materials		
a) Cost of raw materials, supplies, operating materials and acquired goods	-15,670,038.65	-14,365,253.62
b) Cost of services acquired	-18,904,973.20	-16,750,163.14
5. Gross Profit	17,686,561.61	405,212.22
6. Personnel costs		
a) Wages and salaries	-764,029.20	-710,821.86
b) Social security and expenses for old age pensions and support	-157,935.74	-148,243.48
- thereof for old age pensions: EUR 1,274.00 (pr. yr.: EUR 951.00)		
	-921,964.94	-859,065.34
7. Depreciation for intangible fixed assets and tangible assets	-563,101.95	-516,225.10
8. Other operating expenses	-6,253,413.23	-4,184,495.37
- thereof for exchange rate losses: EUR 458,918.59 (pr. yr.: EUR 5,777.34)		
9. Operating Income	9,948,081.49	-5,154,573.59
10. Other interest and similar income	4,127.99	1,442.88
11. Interest and similar expenses	-419,087.81	-347,069.37
- thererof from compounding: EUR 654.00 (p.y.: EUR 638.00)		
- thererof to affiliated companies: EUR 182,094.00 (p.y.: EUR 167,327.00)		
12. Financial Result	-414,959.82	-345,626.49
13. Taxes on income and profit from ordinary business operations	4,812,045.27	0.00
- thereof income from deferred taxes EUR 5,796,590.28 (p.y.: EUR 0.00)		
14. Profit after taxes	14,345,166.94	-5,500,200.08
15. Other taxes	-5,355.36	-1,918.00
16. Net result for the year	14,339,811.58	-5,502,118.08

GRAPHITE COVA GMBH, ROETHENBACH A.D. PEGNITZ
NOTES TO ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
1. APRIL 2017 TO 31. MARCH 2018

A. General Information

Graphite Cova GmbH (“the Company”) is domiciled in Röthenbach a. d. Pegnitz and incorporated in the Register of Companies HRB 21271 maintained by the local civil Court Nuremberg.

The annual financial statements of Graphite Cova GmbH were prepared in accordance with the regulations of the German Commercial Code (HGB) and the Limited Liability Company Act (GmbHG).

For the income statement, the total cost method in accordance with § 275 para. 2 HGB was applied. The company is a medium-sized company according to § 267 para. 2 HGB.

B. Accounting policies

The accounting and valuation policies applied in the previous year were retained. The accounting and valuation of items in the balance sheet and income statement are based on the going concern assumption according to § 252 sec. 1 Nr. 2 HGB.

The **fixed assets** acquired in August 2004 from the insolvency administrator of the Conradty Group, Dr. Pöhlmann, are valued with the acquisition costs, reduced by the regular straight-line depreciation assuming remaining life of assets to be seven years for plant and machinery and ten years for buildings.

Newly acquired **intangible assets and fixed assets** are valued at the acquisition costs reduced by the straight-line depreciation. Assets manufactured in-house are valued according to the production costs considering adequate parts of the required general and administrative costs. Depreciation is done according to the current official tax depreciation tables.

Low-value assets with product related acquisition costs of up to EUR 150.00 are depreciated completely in the year of acquisition and shown in the asset table as a disposal. Capital assets with acquisition costs from EUR 150.00 to EUR 1,000.00 are accumulated in a pool item. Depreciation is done in the year of purchase and the following four years.

Raw materials, supplies and operating materials as well as **merchandise** are valued at their acquisition costs including incidental acquisition expenses, taking into account the lower of cost or market.

Work-in-process and finished products are valued at lower of production cost and net realisable value. The production costs contain, apart from the product related costs, parts of the required material and production related general and administrative costs.

Accounts receivable and **other assets** are accounted with nominal values. Individual risks are considered by valuation allowances. Receivables from deliveries and services are for the most part covered by a credit insurance.

Cash on hand and **bank balances** were measured at nominal value.

The **prepaid expenses** relate to payments made before the reporting date, which represent expenses for a certain period after that date.

The **accruals for pensions and similar rights** are valued using the projected-unit-credit method applying the tables 2005 G of Klaus Heubeck. An interest rate of 3.57 %, a pensions dynamic of 1.50 % are assumed. § 253 Sec. 2 sentence 1 and sec. 6 HGB were applied, using the average discount rate of the past 10 years. Consequently, the total dividend payout restriction and active difference amounts to KEUR 3.

Tax accruals and Other accruals with respect to any risk and expected liabilities are accounted in an amount required for the settlement on the basis of a reasonable commercial assessment and are recognized in consideration of anticipated price and cost increase in the future. For short term accruals, the discounting option was not used.

The **liabilities** are entered in the balance sheet according to their settlement amount. All liabilities are short-term.

Foreign currency translation
The conversion of receivables and liabilities in foreign currencies is based on the principles of § 256a HGB [German Commercial Code]. Receivables and liabilities denominated in foreign currency are translated at the average spot exchange rate at the date of the initial account entry and are later converted at the average spot exchange rate on balance sheet date. For maturities longer than 1 year, the principles of lower acquisition costs and realization are adhered.

Deferred taxes
For discrepancies between the commercial valuation on the one hand and the tax base of assets, debts and accrued and deferred items which can expected to be settled in later financial years, according to § 274 HGB [German Commercial Code], an overall tax burden resulting from these differences shall be shown in the balance sheet as deferred tax Asset. An overall tax relief resulting from these differences can be shown in the balance sheet as deferred tax assets amounting to kEUR 5,796. Deferred taxes are valued with a combined tax rate of 28,075 %. This tax rate comprises corporation tax, business tax and solidarity tax.

C. Comments on the balance sheet

Fixed assets

The development of the fixed assets is stated in the asset table attached to these notes.

Receivables and other assets
The receivables and other assets have a residual maturity of up to one year in the business year as well as in the previous year. The other assets mainly include receivables from VAT amounting to kEUR 259.The receivables against affiliated companies and shareholders relate to receivables from supplies and services.

Deferred tax asset
In the current year, a deferred tax asset on tax loss carry forwards was capitalized for the first time.
Balance 1 April 2017: kEUR 0
Balance 31 March 2018: kEUR 5,796

Other reserves and accrued liabilities
The accrued liabilities mainly consist of accruals for litigation in the amount of Nil (p.y.: kEUR 930) and annual closing costs in the amount of kEUR 53 (p.y.: kEUR 53) and personnel accruals (kEUR 52, p.y. kEUR 39). Accrued liabilities went down due to settlement of the litigation.

Liabilities due to banks
The liabilities due to banks have a maturity of under a year and are secured with a collateral provided by the ultimate parent.

Payables due to affiliated companies
Payables due to affiliated companies are related to payables for supplies and services and are short term.

Liabilities to shareholders
Liabilities to shareholders concern liabilities in connection with patent fees respectively the Trademark (kEUR 1,306).

Restriction on dividend payout
Due to capitalization of deferred tax assets resulting from tax loss carryforwards, the restriction on dividend payout according to Sec. 268 para. 8 HGB is kEUR 5,796. In addition, there is a payout restriction with regard to the difference according to Sec. 253 para. 6 HGB in the amount of kEUR 3.

D. Comments on the income statement

Revenues	2017/2018 TEUR	2016/2017 TEUR
Domestic	10.065	10.840
European Union	15.604	9.412
Other countries	23.259	9.363
Intercompany business	3.746	3.697
	52.674	33.313

Other operating income and expenses
The other operating income includes income of kEUR 11 and the other expenses includes kEUR 6 relating to other periods.

Extraordinary expenses
Other expenses include extraordinary expenses relating to the write-off of an advance for a planned investment (kEUR 573).

Taxes on income
Taxes on income include income from capitalization of deferred tax asssets (kEUR 5,796), expenses related to trade tax (kEUR 387) and corporation tax and solidarity surcharge in the amount of kEUR 540. In addition, tax payments for previous years in the amount of kEUR 56.

E. Other disclosures

Contingencies, Guarantees, other financial obligations
The company has operating lease arrangements for vehicles including operating vehicles with tenures ranging between three and six years. Operating lease rentals for the financial year 2018/2019 would be kEUR 85 and till the tenure of the leasing another kEUR 40.

The advantages are the financing as well as the calculability of the costs, disadvantages result from the longer binding to a contract partner.

Number of employees:
The average number of employees during the year was 16 white-collar workers (blue-collar: 0).

Comments on the consolidated accounts
The annual accounts of the company will be included in the consolidated accounts of Graphite International B. V., Rotterdam, The Netherlands, which is a subsidiary of Graphite India Ltd., Kolkata, India. The consolidated accounts of Graphite India Ltd., Kolkata, India, the ultimate parent company, are published in India at National Stock Exchange and Bombay Stock Exchange in Mumbai.

Management board
During the financial year 2017/2018, the management was carried out by:

Makarand Bhalchandra Gadgil, Nasik, India, Bachelor of Technology / Master of Business Administration (until 12 February 2018)
Adrian Nikolov Bojilov, Röthenbach / Pegnitz, Graduate Economist
Nitin Shridharrao Deshpande, Nasik, India, Graduate Mechanical Engineer

The company did not pay any compensations to the management. The compensations were paid by Bavaria Carbon Specialities GmbH, Röthenbach a.d. Pegnitz, and Graphite India Ltd., Kolkata, India.

Proposed appropriation of results
The net profit of the financial year in the amount of kEUR 14,340 and the retained profit shallbe carried forward onto new account.

Röthenbach an der Pegnitz, 11 May 2018

A.N. Bojilov N.S. Deshpande

DEVELOPMENT OF FIXED ASSETS DURING THE FINANCIAL YEAR 2017/18

	AQUISITION COSTS					ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	1. Apr. 2017 EUR	Additions EUR	Reclassifications EUR	Disposals EUR	31. Mar. 18 EUR	1. Apr. 2017 EUR	Additions EUR	Disposals EUR	31. Mar. 18 EUR	31. Mar. 18 EUR	31. Mar. 17 EUR
INTANGIBLE ASSETS											
Concessions. Industrial property rights acquired for a consideration as well as licences to such rights and values	30,698.73	0.00	0.00	0.00	30,698.73	30,698.73	0.00	0.00	30,698.73	0.00	0.00
PROPERTY, PLANT AND EQUIPMENT											
Technical equipment and machines	13,502,413.56	341,092.15	0.00	-1,603,277.63	12,240,228.08	9,817,006.56	517,414.15	1,603,277.63	8,731,143.08	3,509,085.00	3,685,407.00
Other plants, office fixtures and fittings	659,659.95	46,965.80	0.00	-14,716.60	691,909.15	349,738.95	45,687.80	8,463.60	386,963.15	304,946.00	309,921.00
Prepayments and assets under construction	570,304.20	159,800.00	0.00	-570,304.20	159,800.00	0.00	0.00	0.00	0.00	159,800.00	570,304.20
	14,732,377.71	547,857.95	0.00	-2,188,298.43	13,091,937.23	10,166,745.51	563,101.95	1,611,741.23	9,118,106.23	3,973,831.00	4,565,632.20
FINANCIAL ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	14,763,076.44	547,857.95	0.00	-2,188,298.43	13,122,635.96	10,197,444.24	563,101.95	1,611,741.23	9,148,804.96	3,973,831.00	4,565,632.20

EXHIBIT 4

Graphite Cova GmbH
Röthenbach an der Pegnitz
Management Report for the business year from 1. April 2017 until 31. March 2018

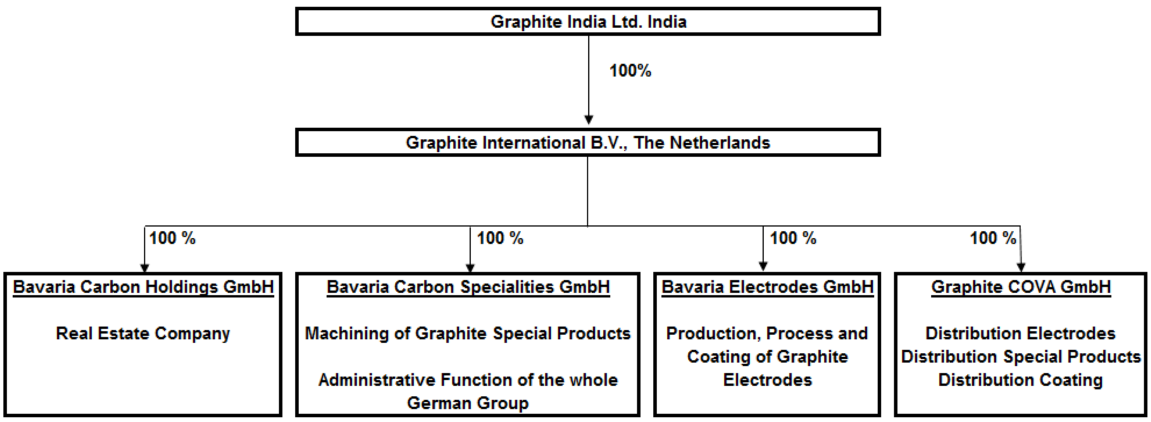
1. Business Model of the Company

The main business of the Company is to manufacture and market Graphite Electrodes, Speciality Products, Electrode Coating Services and other Miscellaneous Carbon and Graphite Products.

Graphite Electrode is used in electric arc furnace (EAF) based steel mills for conducting current and is a consumable item for the steel industry. Graphite Electrodes remain the main source of revenue for the Company.

Group Structure

Organisation Chart Graphite India Group



Graphite Cova is a wholly owned subsidiary of Graphite International BV, the Netherlands, which is a wholly owned subsidiary of Graphite India Ltd., India. Graphite Cova deals with purchases of raw materials and the sale of finished goods to customers. Graphite Cova provides raw materials to group companies Bavaria Electrodes GmbH and Bavaria Carbon Specialities GmbH, for processing of finished goods i.e. graphite electrodes, specialities products, etc.

The company is located in Grünthal 1 - 6, D-90552 Röthenbach an der Pegnitz, Germany.

a) Business- and Market Conditions

In spite of increase in production in 2017 as compare to 2016, the year 2017 witnessed lower utilization of steel capacities similar to 2007 before outbreak of the crisis. The year was marked by strong changes in the steel and graphite production in China as well as further restructuring of the worldwide electrode production.

b) Research and Development

Graphite India Ltd. pursues research and development activities on an on-going basis at its in-house research and development centre engaged in the innovation of improved products and processes in the field of Graphite and Carbon. R & D initiatives are in areas of raw materials, productivity, process development, reduction in carbon emissions etc. Many of the cost savings achieved were significant and in compliance with the “pollution control and clean environment norms”.

2. Overall Economic Report

a) Business Overview /Total Statement

At Cova, Graphite Electrode production at 10,669 MT was higher as compared to 8,949 MT in 2016 - 17 and sales at 11,049 MT was higher as compared to 9,157 MT in 2016 - 17. In EUR, electrode sales have increased from kEUR 21,978 to kEUR 39,589. In addition to this Pitch Impregnated electrode sold was 1,508 MT compared to 2,632 MT in 2016-17. Specialties sales at kEUR 10,783 in 2017-18 compared to kEUR 9,565 in 2016-17 were higher by 12.73%. Revenue from coating services in 2017 - 18 was higher by 10.49% compared to previous year. The Company made a profit after tax of kEUR 14,340 compared to a previous year loss of kEUR 5,502. The loss in 2016 - 17 was mainly due to constant low sales prices, even though there was a reduction in the purchase prices of raw material.

b) Economic Overall Situation and Trade Based Market Conditions

i. Economic Overall Situation Frame Conditions

The German Gross Domestic Product (GDP) rose by 2.2 per cent in 2017. This is the largest growth since 2011, when Germany recovered from the consequences of the global finance crisis. In 2016, the GDP rose by 1.9 per cent.

The strong economic upswing resulted from the consumers’ propensity to buy, more investments of many businesses and a strong global economy stimulating the demand for products which are “Made in Germany". In 2017, German exporters are heading for the fourth record year in a row. In the first 11 months, machines, cars and other goods at a value of 1.18 trillion Euros were exported (a plus of 6.5 per cent).

The forecast says that the upswing is going to continue. The labour market is still improving, even though not quite as much as before. Wages are probably going to improve more than in the past few years.

ii. Trade Based Frame Conditions

World crude steel production reached 1,691.2 million tonnes (Mt) for the year 2017, up by 5.3% compared to 2016. Crude steel production increased in all regions in 2017 except in the CIS (Community of independent States), which has remained stable (subject to current estimates).

Annual production for Asia was 1,162.5 Mt of crude steel in 2017, an increase of 5.4% compared to 2016. China's crude steel production in 2017 reached 831.7 Mt, up by 5.7% on 2016. China's share of world crude steel production increased from 49.0% in 2016 to 49.2% in 2017. Japan produced 104.7 Mt in 2017, down by -0.1% compared to 2016. India's crude steel production for 2017 was 101.4 Mt, up by 6.2% on 2016. South Korea produced 71.1 Mt of crude steel in 2017, an increase of 3.7% compared to 2016.

In 2017, the EU (28) produced 168.7 Mt of crude steel, an increase of 4.1% compared to 2016. Italy produced 24.0 Mt in 2017, up by 2.9% on 2016. Spain produced 14.5 Mt of crude steel in 2017, an increase of 6.2% compared to 2016.

Crude steel production in North America was 116.0 Mt, 4.8% higher than in 2016. The US produced 81.6 Mt of crude steel, up by 4.0% on 2016.

The World Steel's estimation of 2017 crude steel production in the CIS based on available data was 102.1 Mt, the same amount as in 2016. Russia produced 71.3 Mt of crude steel in 2017, up by 1.3% on 2016. Ukraine recorded a decrease of 6.4% with a year-end figure of 22.7 Mt.

Annual crude steel production for South America was 43.7 Mt in 2017, an increase of 8.7% on 2016. Brazil produced 34.4 Mt in 2017, up by 9.9% compared to 2016.

In 2018:

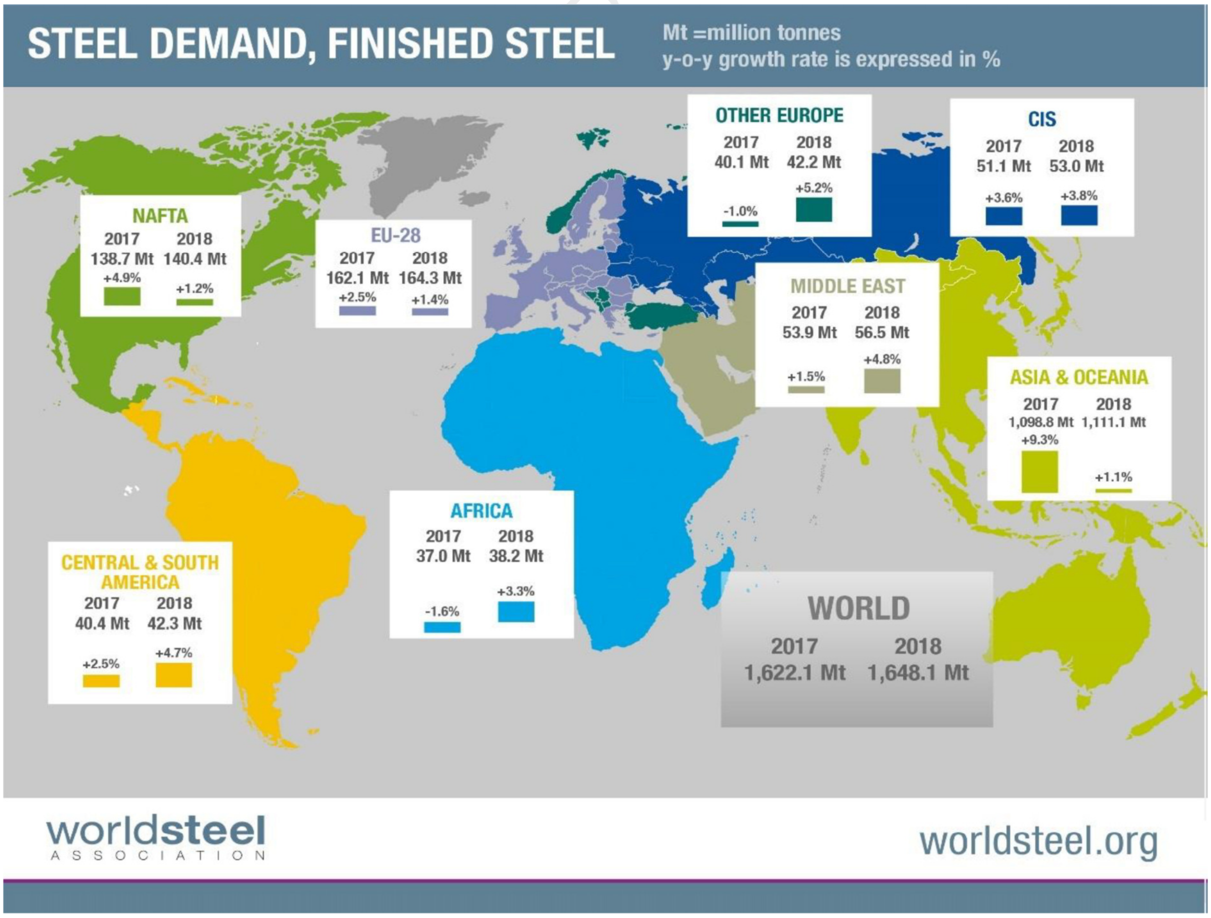
The World Steel's Association (world steel) released its October 2017 Short Range Outlook (SRO). In 2018, it is forecast that global steel demand will reach 1,648.1 Mt. world steel forecasts that global steel demand excluding China will reach 856.4 Mt, an increase of 2.6% in 2017 and 882.4 Mt, an increase of 3.0% in 2018.

Commenting on the outlook, it was said, “progress in the global steel market this year to date has been encouraging. We have seen the cyclical upturn broadening and firming throughout the year, leading to better than expected performances for both developed and developing economies, although the MENA region and Turkey have been an exception”.

“The risks to the global economy, such as rising populism/protectionism, US policy shifts, EU election uncertainties and China deceleration, although remaining, have to some extent abated. This leads us to conclude that we now see the best balance of risks since the 2008 economic crisis. However, escalating geopolitical tension in the Korean peninsula, China’s debt problem and rising protectionism in many locations continue to remain risk factors.”

”In 2018, we expect global growth to moderate, mainly due to slower growth in China, while in the rest of the world, steel demand will continue to maintain its current momentum.

So, world steel demand is recovering well, driven largely by cyclical factors rather than structural. The lack of a strong growth engine to replace China and a long term decline in steel intensity due to technological and environmental factors will continue to weigh on steel demand in the future” (Quote provided by World Steel Association).



c) Situation of the Company

i. Profit Situation

	2017-18 kEUR	% with sales	2016-17 kEUR	% with sales
Net Sales	52,674		33,313	
Other Income	148		92	
Total Income	52,822		33,405	
Operating Expenses	42,310	**80.32**	38,042	**114.2**
PBIDT	10,511	**19.95**	-4,637	**-13.92**
Interest	415	**0.79**	346	**1.04**
PBDT	10,096	**19.17**	-4,983	**-14.95**
Depreciation	563	**1.07**	516	**1.55**
PBT	9,533	**18.10**	-5,500	**-16.59**
Tax	+4,807	**9.10**	-2	**0.01**
PAT	14,340	**27.22**	-5,502	**-16.52**
Product wise turn-over				
Electrodes	39,589		21,978	
Specialities	10,648		9,565	
Coatings	1,053		953	

Due to reduction in electrodes demand in Europe, the company has started entering markets outside Europe and Russia.

In spite of available capacity of 17.500 MT of Electrodes, the company could produce only 10,669 MT.

We managed to sell the planned electrode quantity for FY 2017-18. Starting from April/May 2017, we noticed a higher demand for graphite electrodes as well as an extremely limited availability of raw materials, especially needle coke. Needle coke prices started to soar. At the same time, China tightened its measures for environment protection for the Chinese industry. Consequently, several businesses of the steel and electrode branch were shut down temporarily or for a longer time. Due to the restricted steel production/steel exports from China, the steel production in many other countries of the world could be intensified which explains the increased demand for electrodes.

The operating expenses increased mainly due to higher raw material consumption at more or less the same raw material rates compared to previous year 2016/17.

Due to the improved outlook for the upcoming year, a deferred tax asset resulting from tax loss carry forwards in the amount of kEUR 5,796 was capitalized.

As a result of the high sales prices and higher volumes, the company made profits after tax of kEUR 14,340 in 2017/2018.

Present credit limit of 24 Million EUR from Citibank is sufficient to meet the requirement of business operations.

ii. Financial Situation

The working capital limit from bank was kEUR 24,000 as at 31 March 2018. Total utilization of fund based limits from the bank was kEUR 14,500 at the end of the year 2017 - 18. This consists of short term drawdowns. The interest rate is fixed at EURIBOR +1.35% for each drawdown. The credit line is extended for one year i.e. up to June 2019. That part of the credit line which has not been used can be terminated on short notice.

The total funding is provided by Citibank against collateral in the form of a Corporate Guarantee of kEUR 24,000 from Graphite India Limited, which is limited until 30 September 2020.

Utilisation of bank limit by the end of the year is decreased to Euro 14,50 mn from Euro 19,10 mn. This decrease is due to higher realizations made from customers during the year.

The risks arising due to foreign currency fluctuations are dealt by way of natural hedging.

iii. Financial Situation

	31/03/2018 kEUR	**%**	**31/03/2017 kEUR**	**%**
Equity	12,276		-2,063	
Return on Equity		**140.4**		**Negative**
Accruals	1,237		1,165	
Liabilities	25,282		29,974	
Total Debts	**26,519**		**31,139**	
Debt Equity Ratio		**216.0**		**Negative**
Fixed Assets	**3,974**		**4,566**	
Stocks	15,286		13,780	
Trade Receivables	9,188		8,945	
Receivables from affiliated companies	994		334	
Other Receivables	6,065		0	
Receivables from Shareholders	353		0	
Cash	2,898		1,426	
Prepaid Expenses	38		25	
SHORT TERM ASSETS	**34,822**		**24,510**	
Other Accruals	1,237		1,165	
Short term liabilities to Banks	14,500		19,100	
Trade Payables	2,147		735	
Payables due to affiliated companies	7,079		9,041	
Other Payables	250		218	
Payables to Shareholders	1,306		880	
SHORT TERM LIABILITIES	**26,519**		**31,139**	
Current Ratio		**131.3**		**78.71**

Inventory increased in the current period due to increase in Raw Material and unfinished goods by Euro 2.36 Million, partially offset by a decrease in Finished Goods stock by Euro 0.86 Million.

Trade receivables increased due to higher realization rates for the year than those in 2016-17.

Cash was more during the comparable year end amount of 2016-17 because of higher receipts in USD collections towards the year end.

Trade payables increased due to a large purchase of needle coke in March 2018. The comparable purchase from last year was made in January 2017 and was already settled at year end.

Due to current year's positive result, there is a tax provision in the amount of kEUR 983.

However, the current ratio increased compared to the previous year, as indicated above mainly due to an increase in receivables, other assets and inventory amounting to Euro 1.53 Million and Euro 1.51 Million respectively and decrease in bank borrowing by Euro 4,60 Million.

d) Financial and Non-financial Performance Factors

i. Financial Performance Factors

The company recorded for the business year 2017 - 18 an annual net profit in the amount of kEUR 14,340 (previous year: Loss of kEUR 5,502). The global market for graphite electrodes is dominated by a few producers. Lower Steel production through EAF route resulted in excess capacity of graphite electrodes. Hence, due to the difficult market situation, Graphite COVA GmbH could produce 10,669 MT (i. e. 61%) of its total production capacity of 17,500 MT in the 2017 – 18 compared to 8,949 MT (i.e. 51%) in the previous year 2017-18.

However, due to the higher sales prices and higher volumes sold, the company made profits of kEUR 14,340 in 2017 - 18, as the revenues increase to kEUR 52,674 from kEUR 33,313. Although there was increase in purchase price of Raw Material during the year, the weighted average cost was almost same as that in 2016-17.

ii. Non-Financial Performance Factors

Product quality has been further stabilised on a level allowing comparison to that of the leading graphite producers. Customer acceptance is encouraging. Customer service has been strengthened. Confidence on the part of customers, suppliers and authorities keeps on growing. However, the capacity of the Company is restricted to graphite electrodes of 550 mm diameter. The technology of steel making has undergone significant advancements. Hence, in tune with the improved quality requirements of customers, it is imperative to scale up and modernize the production facility.

Modernization of production facility will start once the market is improved.

Due to the crisis in the European market, the company has already started entering new markets to increase the customer base.

We found new customers in South and North America as well as in Russia and North Africa. These customers permit another increase of production in 2018-19 and are a further step towards full capacity-utilization.

The company has continued initiating rationalisation measures for controlling costs such as Material prices, negotiations of cost of services from third parties etc.

The company has lease agreements with leasing companies mostly for equipment, with duration of 48 to 60 months. Future minimum lease payments are kEUR125 till 2021.

iii. Comparison to Previous Year

In the management report for the previous year, the company expected a further positive development of economic growth in 2017/2018 and moderate growth of the entire steel industry. This years' financial results exceeded those prior years' expectations by far, as predicted revenues amounted to EUR 37mn, a loss of EUR 2.5mn was forecasted. Due to strong market conditions and hugely increased sales prices the actual revenues amount to kEUR 52,674 (previous year kEUR 33,313). This huge price effect has also impacted the financial net result. Management predicted a net loss of approx. kEUR 2,490 before tax but realised a net profit of kEUR 14,340 after taxes. The sales volume expected in the current year is based on reclaiming European customers, our extended market of North and South America, Russia, etc. and not on the growth of Steel Industries.

3. Supplementary Report

There were no events with a material influence of the financial statements for the Financial Year 2017/2018.

4. Forecast, Chance and Risk Report

A) Forecast Report

The Company looks forward to improving its performance in the Financial Year 2018/2019 following favourable business indications of global steel industry brightening and extension of the market in other continents. In 2018, the global steel industry is expected to grow, even though at a lower rate.

With the revival of global industry and extension to new markets, the Company expects growth in sales and an improvement in results. For the business year 2018/2019, the company expects a further positive development of the global consolidation of the market for Graphite Electrodes and expects sales above Euro 200 Million, the increase being mainly due to an increase in quantities sold and the sale rate. A positive annual net result of approx. Euro 120 Million before tax is expected. The budget 2018 - 19 is based on a sales volume of 15,775 MT for finished electrodes.

It cannot be excluded that the actual business will diverge from expectations, because of some unforeseeable developments in the economic and commercial environment of the market.

B) Risk Report

i. Risk Management System

The company is integrated into the risk management system of the parent company. The implemented risk management system of the company uses appropriate management tools and indicators in the key areas sales and earnings development, raw material management, sales and production control as well as financing and securing of liquidity.

The integrated early detection system based on rolling budgeting is aimed at the early identification of business risks, to analyse and to classify them, to be able to handle issues which threaten the existence, in time. The management receives information on risk-relevant issues in regular reports. Depending on requirements, supplementary reports to individual circumstances can be created.

Based on the controlling reports and rolling expansions for the current business year all significant developments are presented and explained in detail by the department heads in regular meetings with the management, the current risk situation is discussed and appropriate measures to control the development of the company are defined.

The business development of the company is regularly discussed and coordinated with the parent company Graphite India.

ii. General Risks

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

It is not only the steel industry which plays a quite decisive role but also the development in raw material and energy prices as well as the market leaders' pricing policy influence our performance.

iii. Specials Risks

a) Market Risks

The global market for graphite electrodes is in a consolidation phase. In business year 2014/2015 dominant competitors decided the reduction of production capacity in the amount of 120,000 tons.

The reduction of this capacity to adapt to the reduced demand from the steel industry is essential for the consolidation of the industry. The timing and extent of the positive effects of these measures on the consolidation of the industry are fraught with uncertainties. In August 2015, one of the biggest electrode producers – GrafTech, was sold to investment group Brookfield. As a consequence, the electrode stocks which the new owner had taken over, were sold heavily, resulting in a strong decline in prices. The company expects a normalization of the markets in one to two years

In 2017, SGL decided to sell its electrode production. The plants in Europe and Malaysia were sold to SDK and the plants in the U.S. were sold to Tokai, Japan. This way a new giant emerged – SDK – with approx. 255.000 mt of electrode production.

Because of the reduced total demand for electrodes in Europe and the continuously growing import of Chinese electrodes in this market in the past, the company has started extending the market outside Europe. The increased share of sales to customers outside of Europe has proven this decision right. The Company markets Graphite Electrodes under the brand name of 'COVA', which has good acceptance in the market.

Summarising the risk factors, the company expects that the steel and also electrodes market will improve in due course.

b) Sales Risks

The product Graphite Electrode involves various manufacturing processes and hence needs to be produced as per requirement of Cova. The production planning is based on expected market developments from the global steel industry and specific requirements of the major steel industry customers. Risks may happen when the actual demand for graphite electrodes deviates from the expectations of the production.

c) Risks from Energy- and Raw Material Prices

Company has ensured the supply of basic raw materials like Calcined Petroleum Coke, Binder Pitch and Impregnation Pitch and contracts for regular supply of them are renewable before the end of the existing contracts. The company has also signed the contract for supply of utilities like Gas and Power.

The main raw materials are either petroleum based or coal based. The price of crude and coal and its direct impact on its derivative materials like Needle Coke, Pitch, Furnace Oil, Met Coke, etc. will all tend to impact the input cost in a major way.

The company also does not see any problem in getting raw materials.

d) Risks arising from the use of financial instruments

i. Credit Risks

Most of the sales are covered by credit insurance and thus the risk of non-payment is mitigated to minimum.

ii. Currency Risks

The majority of the sales of graphite electrodes is invoiced in Euros except few customers will be charged in local currency. The currency fluctuations are dealt by the way of natural hedging therefore no material currency fluctuation risk arises.

iii. **Interest Rate Risk**

The credit line is used rather short term based on demand. Therefore, the company does not see a major interest rate risk.

C) Opportunity Report

Through the involvement of company in the globally active group of Graphite India, additional market opportunities generated outside Europe and cost benefits from the globally organized production network. The Company expects significant benefits from the consolidation of the industry in the next one to two years.

Acknowledgement

The Management takes this opportunity to place on record its appreciation of the assistance and support extended by all government authorities, consultants, banks, solicitors, customers, vendors and others. The Management also expresses their appreciation for the dedicated and sincere services rendered by employees of the Company.

A special acknowledgement to the technical team and management of Graphite India for extending support from time to time during the year.

Röthenbach an der Pegnitz, 11. May 2018

A. N. Bojilov N. S. Deshpande

LEGAL BACKGROUND

- Company name	Graphite COVA GmbH
- Registered seat	Röthenbach an der Pegnitz
- Commercial Register	Amtsgericht Nürnberg HRB 21271
- Articles of Association	Latest version dated 28 November 2006
- Financial year	1 April – 31 March
- Purpose of the company	Sale and Distribution of raw materials and finished goods, sale and marketing of electrodes and speciality produts from graphite or carbon inudstries. Furthermore, possessing and making available for use as well as rental of production equipment and machines.
- Share capital	EUR 4,000,000.00 (fully paid in – single shareholder is GIBV)
- Management	- Bojilov, Adrian Nikolov - Gadgil, Makarand Bhalchandra (until 12 February 2018) - Deshpande, Nitin Shridharrao If only one director is appointed, he is the sole representant of that company. In the case of appointment of several directors, the company is represented by two directors or by one director together with one proxy

- Shareholder resolutions

  Shareholder resolutions on 27 November 2017

  - Approval of Financial statements as of 31 March 2017
  - Relief of management from their duties for financial year 2016/17
  - Carry on of loss carryforward 2016/17
  - Appointment of RSM Altavis GmbH as auditors for year end 31 March 2018

  Shareholder resolutions on 12 February 2018

  - Installation of an Advisory Board with the following members:

    Gadgil, Makarand Bhalchandra
    Dixit, Ashutosh

- Proxies

  - Atawane, Ishwar Tukaram
  - Renner, Helmut
  - Sasle, Suryakant Laxman
  - Shenoy, Vittaldas

No material change subsequent to balance sheet date.

ECONOMIC BACKGROUND

1. Intercompany Contracts

Lease agreement regarding immovables from BCH dated 9 September 2004 (start of lease period 13 August 2004). Automatic renewal when no termination is done. Maintenance and smaller repairs need to be covered by the lessee. Leasing costs amount to 30 kEUR per year.

Lease agreement for equipment (mainly production machines and tools) with BE and BCS dated 9 September 2004. Automatic renewal when no termination is done. Lessee has to pay for all repairs, auxiliary costs and insurance. Rent is 15% of acquisition costs per year.

Production agreement with BE and BCS dated 9 September 2004. Automatic renewal if no termination is done. BCS is instructed to produce graphite specialities, BE is instructed to produce graphite electrodes. Fee is cost plus 4%.

General services agreement with BCS dated 9 September 2004. Automatic renewal in case no termination is done. BCS is performing services such as accounting, IT, HR and administration of property. Fee is cost plus 7%, excluding third party costs that are covered directly.

Trademark licensing agreement with GIBV dated 9 September 2004. Non-exclusive trade mark licensing agreement with indefinite life relating to the trademark “COVA”. License fee is 1,5% of net revenues per quarter after trade discounts, taxes, claims, and value addition in coating division.

Patent licensing agreement with GIBV dated 9 September 2004. Automatic renewal in case no termination is done. License fee is 1,5% of net revenues per quarter after trade discounts, taxes, claims.

Knowhow licensing agreement with GIL dated 9 September 2004. Non-exclusive knowhow licensing agreement with indefinite life relating to reduction in scrap generation, yield in machining, manufacturing processes and practices and bigger sizes of electrodes (>24 inch) License fee is 1,5% of net revenues per quarter after trade discounts, taxes, claims, and value addition in coating division.

Supply Agreement with GIL dated 1 April 2013 regarding delivery of raw materials, finished goods, unfinished goods and purchase of the same products according to the transfer price guideline.

2. Loan contracts

Contract regarding uncommitted short term credit facility with Citibank, London, in the amount of 24 Mio. EUR. Smaller drawdowns are possible. Interest calculation is done based on the positive EURIBOR 1 1/360 plus 1.35%.

Corporate Guarantee from GIL for above mentioned short term credit facility up to 24 Mio. EUR until 30 September 2020. Guarantee fee is 1% of outstanding amount.

3. Public law contract

Contract with State of Bavaria dated 14 July 2004 regarding contamination on the property now belonging to BCH.

EXHIBIT 7

TAX BACKGROUND

-	Tax authority	Nürnberg
-	Tax ID	241/115/52408
-	Tax groups	VAT group
-	Head of tax group	Graphite Cova GmbH, Röthenbach a.d. Pegnitz
-	Tax returns and assessments	Tax returns for 2016 are filed and assessed.
-	Tax field audits	Tax field audits regarding 2009 – 2013 were completed in the current year and are fully incorporated in the current year financial statements.

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.