Convenience translation
(only the original German version is authoritative)

GRAPHITE COVA GMBH

RÖTHENBACH A.D. PEGNITZ

LONG-FORM AUDIT REPORT OF THE

FINANCIAL STATEMENTS

AS OF 31 MARCH 2019

AND OF THE MANGEMENT REPORT

FOR THE FISCAL YEAR 2018/19

Preliminary Remarks

This translation report is based on our report “Bericht über die Prüfung des Jahresabschlusses zum 31. März 2019 und des Lageberichts für das Geschäftsjahr 2018/19” dated 6 May 2019 which has been prepared in German language.

Should there be any doubt concerning the interpretation or the understanding of individual passages of the translation of the report or the contents of the translated documents, solely the original text in German language is authoritative.

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LIST OF ABBREVIATIONS

AuS 450	Generally Accepted Standards for the Issuance of Audit Reports for the Audits of Financial Statements, dated 17 December 2017 (“IDW PS 450”)
BCH	Bavaria Carbon Holdings GmbH, Röthenbach a.d. Pegnitz
BCS	Bavaria Carbon Specialities GmbH, Roethenbach a.d. Pegnitz
BE	Bavaria Electrodes GmbH, Röthenbach a.d. Pegnitz
Company	Graphite COVA GmbH, Röthenbach a.d. Pegnitz
Et seq.	Et sequens
GmbHG	Limited Liability Companies Act („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., Dusseldorf
IDW-AAB	General engagement terms for Wirtschaftspürfer und Wirtschaftsprüfungsgesellschaften (German Public Auditors and German Public Audit Firms)
kEUR	Thousand Euro
Para.	Section
p.y.	Previous year

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 2019 including the underlying books and records, and the management report for the financial year 2018/19 using generally accepted auditing standards, as well as to provide a written report of our findings.

The audit engagement letter as of 15 March 2019 is based on the resolution of the shareholders’ meeting as of 15 March 2019 at which we have been appointed as auditors (§ 318 para. 1 sentence 1 of the German Commercial Code).

The Company ranks as a large corporation as defined by the terms of § 267 para. 3 of the German Commercial Code and is therefore subject to mandatory auditing in accordance with § 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 § 321 para. 4a HGB.

In the following, we would like to report on the nature and scope of the audit as well as on its results according to the German Audit Standards for the issuance of long-form audit reports for the audits of financial statements (IDW AuS 450) issued by the Institute of Public Auditors in Germany (IDW).

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 STATEMENTS

I. Comment on 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 2019 (exhibit 1 to 3) and other documents, especially the budget for financial year 2019/20.

1. Situation of the Company

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

- The main business of the Company is the production and worldwide distribution of graphite electrodes, speciality products and electrode coating services. GC is providing raw materials to the sister companies BE and BCS for the production of graphite electrodes and speciality products.
- The year was impacted by material changes in the production landscape of steel and graphite products in China and the global production of electrodes. Despite a lower utilization of the worldwide steel capacities, an increase of the production occurred in 2018 compared to 2017
- Both the production (13,319 MT; p.y. 10,669 MT) and the sale (12,037 MT; p.y. 11,049 MT) of graphite electrodes were higher in 2018/19 compared to 2017/18. In addition, the average sales price per MT for export business increased by 286 % from EUR 3,227 to EUR 12,444 and for the national business by 348 % from EUR 2,518 to EUR 11,289.
- Specialty sales slightly decreased from EUR 10,783k to EUR 10,625k while coating sales increased again from EUR 1,053k to EUR 2,668k.
- Due to higher sales prices and higher volumes the Company generated a profit of EUR 71,813k compared to EUR 14,340k in 2017/18.
- As a further consequence of the improved profit situation of the Company, the bank loans have been totally repaid in 2018/19 in the volume of EUR 14,500k. Consequently, the debt equity ratio is 60.52 %, compared to 216.02 % 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.
- The consolidation of the global market for graphite electrodes and the consequent reduction of production capacities are highly impacting the price level for electrodes. 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.
- The Company counters the general market risks by entering markets beyond Europe in order to reduce the dependence of the European Market. In general, supply contracts for raw

materials, gas and electricity are renewed on a timely basis. There is 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 Company expects the improvements to continue in the long run. For the next financial year, the Company expects revenues in a range of EUR 75 million to EUR 100 million. In addition, GC expects a result before taxes in the amount of EUR 15 million to EUR 20 million.

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. Our audit did not provide any indications that the going concern of the Company is endangered.

II. Findings according § 321 para. 1 sentence 3 HGB

According to § 321 para. 1 sentence 3 HGB, we have to report about non-compliance by managing directors with regard to legal requirements or requirements by the articles of association which we identify in course of our audit.

Despite § 42a para 2 GmbHG neither the financial statements as of 31 March 2018 have been approved nor the resolution about profit allocation have been resolved within eight months after balance sheet date.

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C. SUBJECT, NATURE AND SCOPE OF THE AUDIT

During our audit, we examined whether the books and records, the annual financial statements as of 31 March 2019 (exhibits 1 to 3) including the management report for the fiscal year 2018/19 (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 association and bylaws. Assessment criteria for the management report were the provisions of § 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. In addition, we audited whether the relevant accounting provisions for the compilation of the management report were considered.

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 of the annual financial statements – with interruptions - from 18 March 2019 to 6 May 2019 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 2019 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 2018 audited by us which had been rendered an unqualified audit opinion on 11 May 2018 and were approved unchanged by the shareholders' resolution as of 15 March 2019.

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. 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.

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 Company as well as all disclosures required by § 289 HGB.

Our audit was carried out in accordance with § 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:

- Audit of the internal control over financial statement closing, purchase, sales and payroll
- Existence and valuation of inventories
- Existence of trade receivables and cut-off of revenues
- Completeness and valuation of accruals
- Analysis of the going concern assumption (however, this is not an examination in accordance with sec. 317 para. 4a HGB)
- 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 together with support by the software excel.

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 large company as defined by § 267 para. 3 of the German Commercial Code. The annual financial statements as of 31 March 2019 were prepared in accordance with the requirements of German Commercial Code regarding large companies.

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 § 266 para. 2 and 3 of the German Commercial Code. The income statement (exhibit 2) was compiled applying the cost-summary method according to § 275 para. 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.

The disclosures pursuant to § 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 (§ 264 para. 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 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 production overhead as well as depreciation of fixed assets, if used for production. Risks resulting from a reduction in realizable value and aging are covered by impairment charges.

- Trade Receivables (EUR 24,434k; p.y. EUR 9,189k) are accounted for at nominal value. Known risks are appropriately covered by provisions. Most trade receivables are covered by credit insurance.

- Deferred tax assets in the amount of kEUR 5,796 resulting from tax loss carry forward have been completely used up in 2018/19.

- 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 § 253 para. 2 sentence 1 and 2 German Commercial Code amounts to 3.07 %. When calculating the settlement value, the tables by "Dr. Klaus Heubeck "Richttafeln 2018 G" and a fluctuation of 1.5% was used. As of balance sheet date, the provision amounts to EUR 21k (p.y. EUR 19k). Due to bankruptcy of the predecessor company in 2004, 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).

III. Assessment of the Risk Management System

The Company does not belong to the group of organizations that are legally obliged to implement a Risk Management System (cf. § 317 para. 4 German Commercial Code).

When assessing the economic situation of the Company, management evaluates the risk on basis of the annual report as well as financial forecasts. In doing so, management also made use of a system of financial indicators which takes risk factors into account.

E. AUDIT OPINION AND CONCLUDING STATEMENTS

Based on the results of our audit of the annual financial statements as of 31 March 2019 enclosed as Exhibits 1 to 3 and of the management report for the financial year 2018/19 enclosed as Exhibit 4 of Graphite COVA GmbH, Röthenbach a.d. Pegnitz, we have issued the following unqualified audit opinion, dated 6 May 2019:

"**Independent Auditor's Report**

To Graphite COVA GmbH, Röthenbach a.d. Pegnitz

Audit Opinion

We have audited the annual financial statements of Graphite COVA GmbH, Röthenbach a.d. Pegnitz, which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss for the financial year from 1 April 2018 to 31 March 2019, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Graphite COVA GmbH, Röthenbach a.d. Pegnitz, for the financial year from 1 April 2018 to 31 March 2019.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2019 and of its financial performance for the financial year from 1 April 2018 to 31 March 2019 in compliance with German legally required accounting principles and the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 para. 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the Audit Opinion

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Responsibilities of the Executive Directors for the annual financial statements and for the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit."

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

Use of the audit opinion presented outside of this audit report requires our prior consent. If the annual financial statements and/or the management report 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 § 328 of the German Commercial Code).

Munich, 6 May 2019

Altavis GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

(signed)	(signed)
Roller	Rettenmayr
Wirtschaftsprüfer	Wirtschaftsprüfer
(Certified Public Auditor)	(Certified Public Auditor)

GRAPHITE COVA GMBH
RÖTHENBACH A.D. PEGNITZ
BALANCE SHEET
AS OF 31 MARCH 2019

ASSETS

	31 March 2019	31 March 2018
A. FIXED ASSETS		
I. Intangible assets		
Concessions. Industrial property rights acquired for a consideration as well as licences to such rights and values	4,097.00	0.00
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	4,252.00	0.00
1. Technical equipment and machines	3,317,642.00	3,509,085.00
2. Other Plants, office fixtures and fittings	414,783.00	304,946.00
3. Down-payments made and plants under construction	731,708.00	159,800.00
	4,468,385,35	3,973,831.00
	4,472,482,35	3,973,831.00
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials, supplies and operating materials	23,912,903.90	8,764,757.83
2. Unfinished products, unfinished services	14,898,800.00	5,107,687.23
3. Finished goods and merchandise	6,183,993.32	1,413,580.37
	44,995,697.25	15,286,025.43
II. Receivables and other assets		
1. Trade receivables	24,434,231.55	9,188,659.52
2. Receivables from affiliated undertakings	877,954.13	994,038.82
3. Receivables from shareholders	0.00	352,984.30
4. Other assets	452,372.41	268,899.47
	25,764,558.09	10,804,582.11
III. Cash, bank deposits and cheques	47,667,881.43	2,897,724.67
C. PREPAID EXPENSES	40,700.84	37,730.29
D. DEFERRED TAX ASSET	0.00	5,795,590.28
	122,941,319.96	38,795,483.78

EQUITY AND LIABILITIES

	31 March 2019	31 March 2018
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	-4,043,600.70	-18,383,412.28
IV. Profit of the year	71,812,513.81	14,339,811.58
V. Dividend paid out	-7,500,000.00	0.00
	76,588,913.11	12,276,399.30
B. PROVISIONS AND ACCRUALS		
1. Provisions for pensions and similar obligations	21,149.00	18,536.00
2. Provisions for taxes	22,907,159.47	983,441.06
3. Other provisions	218,378.27	235,016.79
	23,146,686.74	1,236,993.85
C. LIABILITIES		
1. Liabilities due to credit institutions	0.00	14,500,000.00
2. Trade payables	7,348,255.99	2,146,935.13
3. Liabilities due to affiliated undertakings	12,714,503.21	7,079,029.04
4. Liabilities due to shareholders	3,016,160.53	1,306,096.87
5. Other liabilities	126,800.38	250,029.59
- thereof for taxes: EUR 68,127.88 (pr. yr.: EUR 40,575.53)	23,205,720.11	25,282,090.63
	122,941,319.96	38,795,483.78

GRAPHITE COVA GMBH
RÖTHENBACH A.D. PEGNITZ
INCOME STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2018 TO 31 MARCH 2019

	2018/2019 EUR	2017/2018 EUR
1. Sales	162,082,493.05	52.673.812,67
2. Increase or decrease in the inventory of finished products and work in progress	14,561,525.75	-560.000,90
3. Other operating income	1,168,918.18	147.761,69
- thereof for exchange rate gains: EUR 1,087,520.86 (pr. yr.: EUR 118,011.30)		
4. Cost of materials		
a) Cost of raw materials, supplies, operating materials and acquired goods	-42,749,635.74	-15.670.038,65
b) Cost of services acquired	-23,876,281.57	-18.904.973,20
5. Gross Profit	111,187,019.67	17.686.561,61
6. Personnel costs		
a) Wages and salaries	-792,304.76	-764.029,20
b) Social security and expenses for old age pensions and support	-167,410.58	-157.935,74
- thereof for old age pensions: EUR 1,951.00 (pr. yr.: EUR 1,274.00)		
	-959,715.34	-921.964,94
7. Depreciation for intangible fixed assets and tangible assets	-636,743.32	-563.101,95
8. Other operating expenses	-10,016,223.01	-6.253.413,23
- thereof for exchange rate losses: EUR 57,461.29 (pr. yr.: EUR 458,918.59)		
9. Operating Income	99,564,388.00	9.948.081,49
10. Other interest and similar income	226,097.98	4.127,99
11. Interest and similar expenses	-149,261.03	-419.087,81
- thererof from compounding: EUR 662.00 (p.y.: EUR 654.00)		
- thererof to affiliated companies: EUR 71,090.99 (p.y.: EUR 182,094.00)		
12. Financial Result	76,836.95	-414.959,82
13. Taxes on income and profit from ordinary business operations	-27,823,615.78	4.812.045,27
- thereof expense from deferred taxes EUR 5,796,590.28 (p.y.: income EUR 5,796,590.28)		
14. Profit after taxes	71,817,559.17	14.345.166,94
15. Other taxes	-5,045.36	-5.355,36
16. Loss carried forward	-4,043,600.70	-18,383,412.28
17. Dividend paid out	-7,500,000.00	0.00
18. Net result for the year	60,268,913.11	-4,043,600.70

**GRAPHITE COVA GMBH, ROETHENBACH A.D. PEGNITZ
NOTES TO ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
1 APRIL 2018 TO 31 MARCH 2019**

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 big-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. The useful economic lifes remain between 3 and 12 years.

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 (since 2018: EUR 250.00) 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 2018 G of Klaus Heubeck. An interest rate of 3.07 %, 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.

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. Deferred taxes are valued with a combined tax rate of 28,075 %. This tax rate comprises corporation tax, business tax and solidarity tax. The deferred tax, which was generated in the last business year, was completely dissolved, because of the use of the taxable loss carried forward.

All assets are evaluated carefully. Namely all risks and losses are included up to the accounting date, even those which are emerged between accounting date and compilation of the financial statement.

Income statement

Profits are only taken into the account, when they are realized up to the accounting date. Expenses / income are taken into the account independently from their payment date.

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 receivables against affiliated companies and

shareholders relate to receivables from supplies and services. The other assets mainly include receivables from VAT amounting to kEUR 384.

Deferred tax asset
The deferred tax, which was generated in the last business year, was completely dissolved, because of the use of the taxable loss carried forward.

Balance as of 1 April 2018: kEUR 5,796
Balance as of 31 March 2019: kEUR 0

Other reserves and accrued liabilities
The accrued liabilities mainly consist personnel accruals (kEUR 63, p.y. kEUR 53) and outstanding invoices (kEUR 114, p.y. kEUR 129)

Trade payables
There are no security interest on the trade payables and other liabilities. All liabilities are short-term.

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 3,016, p.y. kEUR 1,306).

Restriction on dividend payout
The deferred tax, which was generated in the last business year, was completely dissolved, because of the use of the taxable loss carried forward. 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 divided into geographic regions:

Revenues	2018/2019	2017/2018
	kEUR	kEUR
Domestic	28,886	10,065
European Union	84,298	15,604
Other countries	47,919	23,259
Intercompany business	979	3,746
	162,082	52.674

Revenues divided into areas of operation

Revenues	2018/2019	2017/2018
	kEUR	kEUR
Electrodes	147,969	40,018
Special Graphite	10,625	10,783
Coating	2,668	1,053
Intercompany lease	820	820
	162,082	52.674

Other operating income and expenses
The other operating income includes income of kEUR 38 and the other expenses includes kEUR 15 relating to other periods.

Raw Materials and Supplies
Raw Materials and supplies add up to kEUR 67,190 and is mainly a result of operating supplies (kEUR 43,314) and ordered benefits (kEUR 23,876).

Financial result

	2018/2019 kEUR
Other interest and similar income	226
(therof from affiliates)	*7*
Other interest and similar expense	149
(thereof from affiliates)	*71*
(thereof from compound interest)	*1*
	77

Taxes on income
Taxes on income include income from dissolution of deferred tax assets (kEUR 5,796), expenses related to trade tax (kEUR 9,681) and corporation tax and solidarity surcharge in the amount of kEUR 12,299.

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 118 and till the tenure of the leasing another kEUR 345.
The lease contracts are operating Leasing contracts and therefore businesses outside of the balance sheet according § 285 sec 3 HGB.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 (thereof commercial workers: 0).

Fees to the Auditors

The company will pay for auditing purpose an amount of kEUR 36 that totally relates to audit services.

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 (consolidated accounts for the smallest circle of the companies), which is a subsidiary of Graphite India Ltd., Kolkata, India. The consolidated accounts of Graphite India Ltd., Kolkata, India (consolidated accounts for the widest circle of the companies), the ultimate parent company, are published in India at National Stock Exchange and Bombay Stock Exchange in Mumbai.

Management board
During the financial year 2018/2019, the management was carried out by:

Adrian Nikolov Bojilov, Röthenbach / Pegnitz, Graduate Economist, managing director
Nitin Shridharrao Deshpande, Nasik, India, Graduate Mechanical Engineer, managing director
Sanjay Wamanrao Parnerkar, Kolkata, India (from 21 November 2018), managing director
Lallan Prashad, Röthenbach / Pegnitz (from 19 November 2018), managing director

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

Proposed appropriation of results
According of the resolutions of the shareholders´ meeting on 20 August 2018 and 30 August 2018, the company paid an upfront dividend with the amount of kEUR 7,500 to the Shareholder Graphite International B.V., Breda, the Netherlands on 31 August 2018. The remaining net profit of the financial year in the amount of kEUR 64,313 and the retained profit shall be carried forward onto new account.

Events after balance sheet date
There are no events after the balance sheet date with an effect on the financial statements which would require disclosure.

Röthenbach an der Pegnitz, 6 May 2019

A.N. Bojilov N.S. Deshpande S.W. Parnerkar L. Prashad

DEVELOPMENT OF FIXED ASSETS DURING THE FINANCIAL YEAR 2018/19

		AQUISITION COSTS				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
		1. Apr. 2018 EUR	Additions EUR	Disposals EUR	31. Mar. 19 EUR	1. Apr. 2018 EUR	Additions EUR	Disposals EUR	31. Mar. 19 EUR	31. Mar. 19 EUR	31. Mar. 18 EUR
I.	**INTANGIBLE ASSETS**										
	Concessions. Industrial property rights acquired for a consideration as well as licences to such rights and values	30,698.73	5,900.00	0.00	36,598.73	30,698.73	1,803.00	0.00	32,501.73	4,097.00	0.00
II.	**PROPERTY, PLANT AND EQUIPMENT**										
1.	Land, land rights and buildings, including buildings on third-party land	0.00	4,361.34	0.00	4,361.34	0.00	109.34	0.00	109.34	4,252.00	0.00
2.	Technical equipment and machines	12,240,228.08	393,208.89	0.00	12,633,436.97		8,731,143.08	584,651.89	0.00	9,315,794.97	3,317,642.00
3.	Other plants, office fixtures and fittings	691,909.75	171,221.09	13,555.46	876,686.30	386,963.75	60,179.09	12,350.46	459,493.30	417,193.00	304,946.00
4.	Prepayments and assets under construction	159,800.00	581,908.35	0.00	731,708.35	0.00	0.00	0.00	0.00	731,708.35	159,800.00
		13,091,937.83	1,140,699.67	13,555.46	14,246,192.96	9,118,106.83	644,940.32	12,350.46	9,775,397.61	4,470,795.35	3,973,831.00
		13,122,636.56	1,146,599.67	13,555.46	14,282,791.69	9,148,805.56	646,743.32	12,350.46	9,807.899,34	4,474,892.35	3,973.831.00

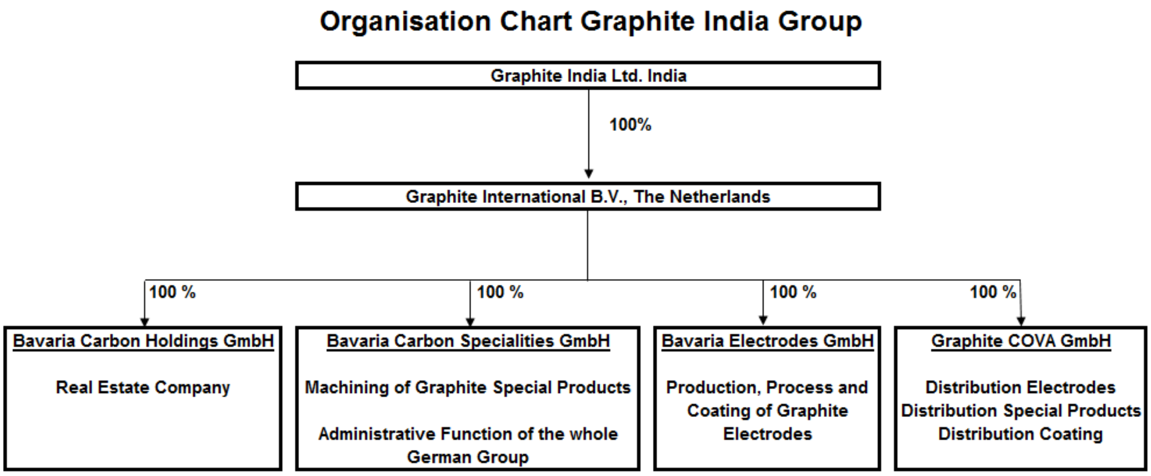
Graphite Cova GmbH
Röthenbach an der Pegnitz
Management Report for the business year
from 1 April 2018 until 31 March 2019

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



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

Global Steel production was higher in CY 2018 compared to CY 2017. However, this was still lower compared to CY 2007 / period before the outbreak of the economic 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

Graphite Electrode production at 13,319 MT was higher as compared to 10,669 MT in 2017 - 18 and sales at 12,037 MT were higher as compared to 11,049 MT in 2017 - 18. In addition to this pitch impregnated electrodes sold to Graphite India Limited was 30 MT compared to 1,508 MT in 2017-18. Specialties sales at kEUR 10,625 in 2018-19 compared to kEUR 10,783 in 2017-18 were lower by 1.46%. Revenue from coating services in 2018 - 19 was higher by 153.28% compared to previous year. The Company made a profit after tax of kEUR 71,813 compared to a previous year profit after tax of kEUR 14,340.

b) Economic Overall Situation and Trade Based Market Conditions

i. Economic Overall Situation Frame Conditions*

According to initial calculations by the Federal Statistical Office (Destatis), the price-adjusted gross domestic product (GDP) in 2018 was 1.5 % higher than in the previous year. The German economy has thus grown for the ninth year in succession, but growth has lost momentum. In the previous two years, the price-adjusted GDP had risen by 2.2 % in each case. A longer-term view shows that German economic growth in 2018 is above the average of +1.2 % for the last ten years.

Positive growth impulses in 2018 came primarily from Germany: Both private consumer spending (+1.0%) and government spending (+1.1%) were higher than in the previous year. However, growth was significantly lower than in the last three years.

The price-adjusted gross investments increased overall by 4.8 % compared to the previous year. Investments in equipment were 4.5 % higher than in the previous year. Construction investments increased by 3.0%.

The price-adjusted exports of goods and services were 2.4 % higher than in 2017. Imports increased more strongly by +3.4 % in the same period.

On the production side, almost all sectors of the economy made a positive contribution to economic development in 2018.

* Source: DE Statis

ii. Trade Based Frame Conditions*

Global crude steel production reached 1,808.6 million tonnes (Mt) for the year 2018, up by 4.6% compared to 2017. Crude steel production increased in all regions in 2018 except in the EU, which saw a 0.3% contraction.

Asia produced 1,271.1 Mt of crude steel in 2018, an increase of 5.6% compared to 2017. China's crude steel production in 2018 reached 928.3 Mt, up by 6.6% on 2017. China's share of global crude steel production increased from 50.3% in 2017 to 51.3% in 2018. India's crude steel production for 2018 was 106.5 Mt, up by 4.9% on 2017, meaning India has replaced Japan as the world's second largest steel producing country. Japan produced 104.3 Mt in 2018, down 0.3% compared to 2017. South Korea produced 72.5 Mt of crude steel in 2018, an increase of 2.0% compared to 2017.

The EU produced 168.1 Mt of crude steel in 2018, a decrease of 0.3% compared to 2017. Germany* produced 42.4 Mt of crude steel in 2018, a decrease of 2.0% on 2017. Italy produced 24.5 Mt in 2018, up by 1.7% on 2017. France produced 15.4 Mt of crude steel, a decrease of 0.7% on 2017. Spain produced 14.3 Mt of crude steel in 2018, a decrease of 0.1% on 2017.

Crude steel production in North America was 120.5 Mt in 2018, 4.1% higher than in 2017. The US produced 86.7 Mt of crude steel, up by 6.2% on 2017.

The CIS produced 101.3 Mt, an increase of 0.3%. Russia* produced 71.7 Mt of crude steel in 2018, up by 0.3% on 2017. Ukraine produced 21.1 Mt of crude steel in 2018, a decrease of -1.1% compared to 2017.

Annual crude steel production for South America was 44.3 Mt in 2018, an increase of 1.3% on 2017. Brazil produced 34.7 Mt in 2018, up by 1.1% compared to 2017.

The Middle East produced 38.5 Mt of crude steel in 2018, an increase of 11.7% on 2017. Iran* produced 25.0 Mt in 2018, up 17.7% on 2017.

Turkey's crude steel production for 2018 was 37.3 Mt, down by 0.6% on 2017.

* Source: World Steel Association

** estimated

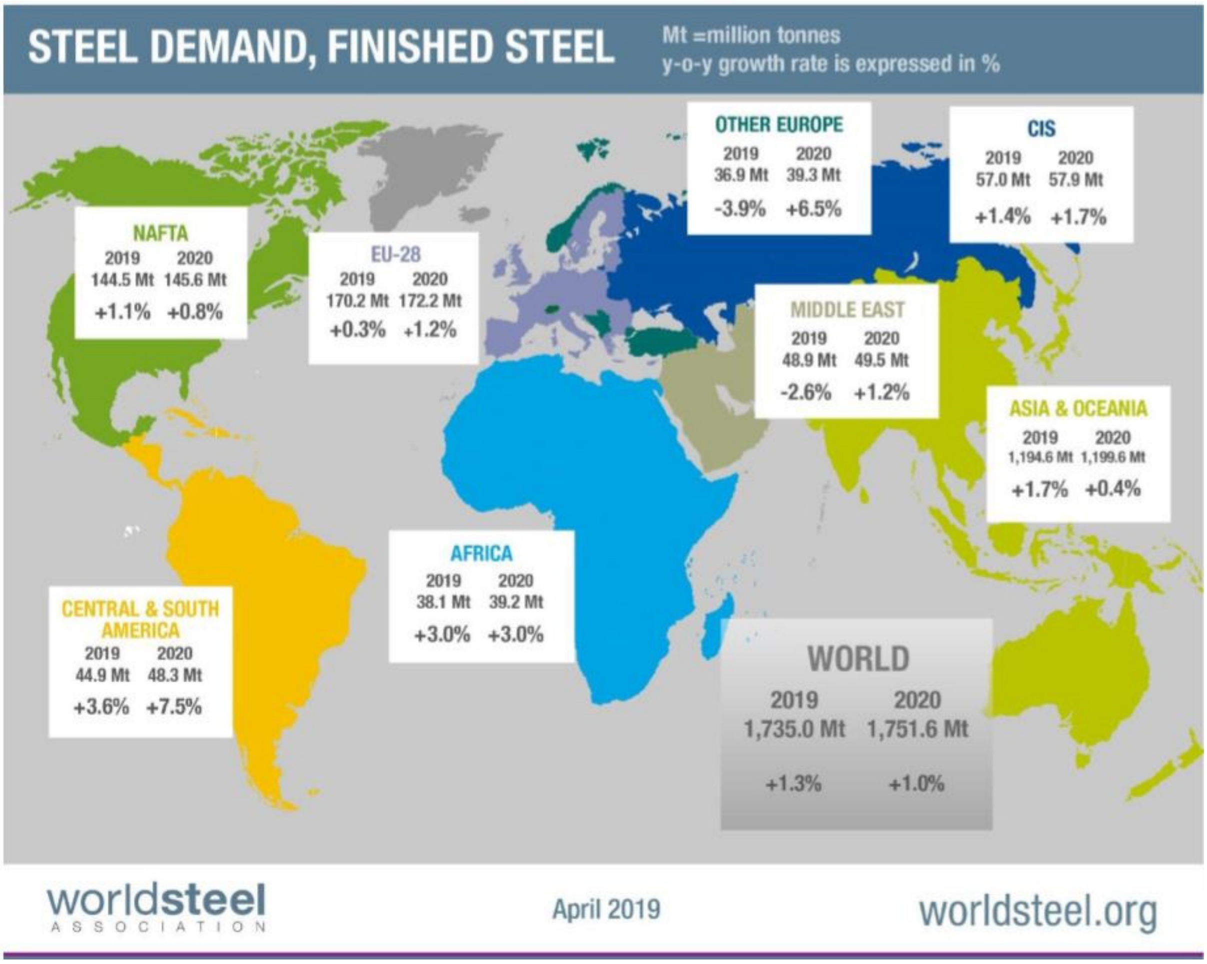
In 2019*:

The World Steel Association (**worldsteel**) released its April 2019 Short Range Outlook (SRO). **Worldsteel** forecasts global steel demand will reach 1,735 Mt in 2019, an increase of 1.3% over 2018. In 2020, demand is projected to grow by 1.0% to reach 1,752 Mt.

Commenting on the outlook, it was said, "In 2019 and 2020, global steel demand is expected to continue to grow, but growth rates will moderate in tandem with a slowing global economy. Uncertainty over the trade environment and volatility in the financial markets have not yet subsided and could pose downside risks to this forecast."

In 2018, global steel demand increased by 2.1% (after adjusting for China induction furnace closures), growing slightly slower than in 2017. In 2019 and 2020 growth is still expected, but in a less favourable economic environment. China's deceleration, a slowing global economy, and uncertainty surrounding trade policies and the political situation in many regions suggest a possible moderation in business confidence and investment.

* Source: World Steel Association


STEEL DEMAND, FINISHED STEEL
Mt =million tonnes
y-o-y growth rate is expressed in %
NAFTA
2019 2020
144.5 Mt 145.6 Mt
+1.1% +0.8%
EU-28
2019 2020
170.2 Mt 172.2 Mt
+0.3% +1.2%
OTHER EUROPE
2019 2020
36.9 Mt 39.3 Mt
-3.9% +6.5%
CIS
2019 2020
57.0 Mt 57.9 Mt
+1.4% +1.7%
MIDDLE EAST
2019 2020
48.9 Mt 49.5 Mt
-2.6% +1.2%
ASIA & OCEANIA
2019 2020
1,194.6 Mt 1,199.6 Mt
+1.7% +0.4%
AFRICA
2019 2020
38.1 Mt 39.2 Mt
+3.0% +3.0%
CENTRAL & SOUTH AMERICA
2019 2020
44.9 Mt 48.3 Mt
+3.6% +7.5%
WORLD
2019 2020
1,735.0 Mt 1,751.6 Mt
+1.3% +1.0%
worldsteel ASSOCIATION
April 2019
worldsteel.org

c) Situation of the Company

i. Profit Situation

	2018-19 kEUR	% with sales	2017-18 kEUR	% with sales
Net Sales	162,082		52,674	
Other Income	1,169		148	
Total Income	163,251		52,822	
Operating Expenses	63,034	**38.89**	42,310	**79.24**
PBIDT	100,207	**61.83**	10,511	**21.04**
Interest	77	**0.04**	-415	**0.79**
PBDT	100,284	**61.87**	10,096	**20.25**
Depreciation	647	**0.40**	563	**1.07**
PBT	99,637	**61.47**	9,533	**19.18**
Tax	27,824	**17.17**	4,807	**-1.88**
PAT	71,813	**44.31**	14,340	**17.,3**
Product wise turn-over				
Electrodes	147,969		40,018	
Specialities	10,625		10,783	
Coatings	2,668		1,053	
Rent income intercompany	820		820	

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 13,319 MT (py 10,669 MT).

Starting from April/May 2017, we noticed a higher demand for graphite electrodes along with a 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.

Restricted steel production/steel exports from China, resulted in consequent increase in steel production in many other countries of the world which explains the increased demand and in turn the increase sale prices for electrodes in the Financial Year 2018/19.

Domestic Electrode sales quantity increased from 1,314 MT to 1,866 MT. This 42% increase in tonnage was coupled with an increase of 348% increase in sale prices from EUR 2,518 PMT to EUR 11,289 PMT. In Export Electrode the sales quantity increased by 4% from 9,735 MT to 10,171 MT. Moreover, increase in sale prices was 258% from EUR 3,484 PMT to EUR 12,475 PMT.

The other income increased mainly on account of foreign exchange fluctuation gain kEUR 1,028 (loss of kEUR 340 in PY 2017/18) and interest on fixed deposits kEUR 219.

The operating expenses increased mainly due to higher raw material consumption and also higher raw material rates (increased production levels) compared to previous year 2017/18. The ratio of operating expenses to sales went down from 79% to 39% mainly due to increase in sales prices somewhat offset by increase in raw material prices.

As a result of the high sales prices and higher volumes the Company made profits after tax of kEUR 71,813 in 2018/2019.

ii. Financial Situation

The working capital limit from bank was kEUR 24,000 as at 31 March 2019. Total utilization of fund based limits from the bank was Nil at the end of the year 2018/2019. This consists of short term drawdowns. The interest rate is fixed at 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 a collateral in the form of a Corporate Guarantee of kEUR 24,000 from Graphite India Limited, which is valid until 30 September 2020.

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

Company has started investing surplus USD cash in fixed term deposits.

Utilisation of bank limit by the end of the year is decreased to Nil from Euro 14.50 Million. 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

	31/03/2019 kEUR	% with sales	31/03/2018 kEUR	% with sales
Equity	76.589		12.276	
Return on Equity		**93,76**		**116,81**
Accruals	23.147		1.237	
Liabilities	23.206		25.282	
Total Debts	**46.353**		**26.519**	
Debt Equity Ratio		**60,52**		**216,02**
Fixed Assets	**4,472**		**3,974**	
Stocks	44.996		15.286	
Trade Receivables	24,434		9,188	
Receivables from affiliated companies	878		994	
Other Receivables	452		269	
Deferred tax assets	0		5,796	
Receivables from Shareholders	0		0	
Cash	47.668		2.898	
Prepaid Expenses	41		38	
SHORT TERM ASSETS	**118,469**		**34,822**	
Accruals for Tax	22.907		983	
Other Accruals	240		254	
Short term liabilities to Banks	0		14.500	
Trade Payables	7.348		2.147	
Payables due to affiliated companies	12.715		7.079	
Other Payables	127		250	
Payables to Shareholders	3.016		1.306	
SHORT TERM LIABILITIES	**46.353**		**26.519**	
Current Ratio		**255.58**		**131.31**

Inventory increased in the current period due to:

- increase in raw material by Euro 15.12 Million due to higher raw material prices

- Work in Process by Euro 9.79 Million and Finished Goods stock by Euro 4.77 Million due to increase in stock in light of anticipated sales for upcoming financial year.

Trade receivables increased due to higher realization rates for the year than those in 2017-18 and a strong first quarter CY 2019.

Cash was more during the comparable year end amount of 2017-18 because of higher profits, partly off-set by higher working capital needs.

Trade payables increased due to a large purchase of needle coke in March 2019. Payable to shareholders increased due to higher than usual liabilities on account of Trademark fees as it is a function of revenue. Payables to affiliated companies also increased mainly due to higher processing costs incurred by them.

The current ratio of short term liabilities in comparison to short term assets (incl. prepayments and DTA) increased compared to the previous year, as indicated above mainly due to an increase in cash & bank balances, receivables and inventory amounting to Euro 44.77 Million, Euro 15.25 Million and Euro 29.71 Million respectively. Further, the liabilities increased on account of increase in tax accruals by Euro 21.92 Million (which will be payable in Dec 2020), Trade Payables by Euro 5.20 Million, Payable to Affiliated Companies by Euro 5.64 Million, Payable to Shareholders by Euro 1.71 Million offset by decrease in bank borrowing by Euro 14.50 Million.

d) Financial and Non-financial Performance Factors

i. Financial Performance Factors

The Company recorded for the business year 2018 - 19 an annual net profit in the amount of kEUR 71,813 (previous year: TEUR 9,115). The global market for graphite electrodes is dominated by a few producers. Due to higher demand situation, Graphite COVA GmbH produced 13,319 MT (i.e. 76%) of its total production capacity of 17,500 MT in the 2018–19 compared to 10,669 MT (i.e. 61%) in the previous year 2017-18.

Due to the higher sales prices and higher volumes sold, the Company made profits of kEUR 71,813 in 2018 - 19, as the revenues increased to kEUR 162,082 from kEUR 52,674.

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.

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.

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 36 to 72 months. Future minimum lease payments are kEUR 345 till 2025.

iii. Environment

For Graphite COVA, commercial success is closely connected to engagement with the environment. The company invests high amounts in order to continuously improve environmental protection. Last investment was made for a thermal oxidiser (RTO) for regenerative waste air purification.

iv. Employee Interest

Graphite Cova continuously engages itself in employee related interests. It ensures that the compensation packages for individuals are up to normal industry standards as well as ensures that these individuals are always up to date with respect to the skills required of them. Fire Training is constant at our facility as well as other workshops for skill upgradation. For Top – Mid level management, trainings such as Emotional Quotient are held in co-ordination with Graphite India.

v. 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. However 2018-19 financial results did not meet the budgeted expectations even though they far exceeded those prior years' revenues and profits. Due to strong market conditions and increased sales prices the actual revenues amounted to kEUR 162,082 (previous year kEUR 52,674). Due to lower than targeted sales quantity, the Company achieved a lower profit before tax of kEUR 99,637 as against a budgeted profit of kEUR 120,000 before tax. The sales volume expected in the current year was based on reclaiming European customers, our extended market of North and South

America, Russia, etc. Company could reach growth in sales volume by 9 % approx. Overall the Management is satisfied with the results of the Company because it brought in unprecedented growth in revenues and profits.

3. Forecast, Chance and Risk Report

A) Forecast Report

In FY 2018/19 a spot market had developed as a result of the reduced availability of needle coke and graphite electrodes. This forced the customers to look for graphite electrodes in order to keep their production running. Chinese producers have reacted immediately and have started offering and supplying electrodes with domestic needle coke and of low quality. Customers have bought such electrodes in order to guarantee their production. As a consequence of this process, many customers are now covered with electrodes for the CY 2019. For this reason, the demand of graphite electrodes is limited. This could lead to a lower production compared to the previous year.

The market for FY 2019-20 is still uncertain and evolving. As such, the management has not finalized on a budget and is studying the market more closely to finalise realistic estimates. Nevertheless, the Company expects for the business year 2019/2020, a sub-dued development of the global consolidation of the market for Graphite Electrodes and expects sales around Euro 75 -100 Million. A positive annual result of approx. Euro 15-20 Million before tax is expected.

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

Investments for further improvement of environmental, safety and social issues are started since the 2nd half of FY 2018/19 and will last till upcoming financial year. Modernisation of some tangible assets is under discussion and subject to market condition going forward.

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 MT. 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.

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 industry will improve further but the quantities to be sold will be limited because of the fact that many customers are already covered with electrodes from other suppliers, mainly from China.

b) Sales Risks

The product Graphite Electrode involves various manufacturing processes and hence needs to be produced as per requirement of the Customers. Production planning is based on expected market developments from the global steel industry and specific requirements of the major steel industry customers. Risks may occur when the actual demand for graphite electrodes deviates from our expectation / forecast, in particular if situation in China is changing.

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 influence the input cost in a major way.

The Company does not see any problem in getting raw materials.

d) Risks arising from the use of financial instruments

i. Credit Risks

Majority of sale receivables 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. The currency fluctuations are dealt by the way of natural hedging therefore no material currency fluctuation risk arises. Surplus funds realizations in USD currency after payments in USD are invested in fixed term deposits. The exchange risk on those deposits is somewhat hedged through interest earned on them.

iii. **Interest Rate Risk**

The credit line will be 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 society in the globally active group of Graphite India, additional market opportunities generated outside Europe and cost benefits especially Needle Coke from the globally organized production network. The Company expects significant benefits from the consolidation of the industry in the next one to two years.

The Company has a long standing relationship with almost all of its customer base and has build-up the trade name of COVA as the go to European supplier. The employee retention is very good and most of the employees have long served the Company.

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 its 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, 6 May 2019

A. N. Bojilov   N. S. Deshpande   Lallan Prashad   S. W. Parnerkar

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 products from graphite or carbon industries. 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)
- Shareholder	Graphite International B.V., Rotterdam / Niederlande (100%)
- Management	- Bojilov, Adrian Nikolov - Deshpande, Nitin Shridharrao - Parnerkar, Sanjay Wamanrao (with resolution as of 21 November 2018) - Prashad, Lallan (with resolution as of 19 November 2018) If only one director is appointed, he is the sole representative 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. Mr Parnerkar is entitled as sole representative.

- Procuration
  - Atawane, Ishwar Tukaram (until 20 July 2018)
  - Renner, Helmut
  - Poddar, Rounak (since 20 June 2018)
  - Sasle, Suryakant Laxman (until 29 January 2019)
  - Shenoy, Vittaldas (until 29 January 2019)

- Advisory board

  Shareholder resolutions as of 12 February 2018 an advisory board has been established with the following members:

  - Gadgil, Makarand Bhalchandra
  - Dixit, Ashutosh

- Shareholder resolutions

  Shareholder resolutions on 15 March 2019

  - Approval of Financial statements as of 31 March 2018
  - Relief of management from their duties for financial year 2017/18
  - Carry on of profit 2017/18 to new account
  - Appointment of Altavis GmbH as auditors for year end 31 March 2019

  Shareholder resolutions on 29 January 2019

  - Revocation of proxy of Mr. Suryakant Laxman Sasle and of Mr. Vittaldas Shenoy

  Shareholder resolutions on 21 November 2018

  - Appointment as managing director with sole representation to Mr. Sanjay Wamanrao Parnerkar

  Shareholder resolutions on 19 November 2018

  - Appointment as managing director to Mr. Lallan Prashad

  Shareholder resolutions on 30 August 2018

  - Resolution of up-front dividend of

EUR 1.5 million.

Shareholder resolutions on 20 August 2018

- Resolution of up-front dividend of EUR 6.5 million.

Shareholder resolutions on 20 June 2018

- Granted power of procuration to Mr. Rounak Poddar

ECONOMIC BACKGROUND

1. Inter Group 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 kEUR 30 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 p.a. is 15 % of original acquisition costs.

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.

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 EUR 24 million. 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 EUR 24 million 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	Nuremberg
- Tax ID	241/115/52408
- Tax group	VAT group with BE, BCS and BCH
- Head of tax group	GC
- Tax returns and assessments	Tax returns for 2017 are filed and assessed.
- Tax field audits	Tax field audits regarding 2009 – 2013 were completed in the year 2017/18 and are fully incorporated in the year financial statements 2017/18.