



January 28<sup>th</sup>, 2010

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**Graphite India Limited**  
**Announces**  
**Unaudited Standalone Third Quarter and 9 Months Results for Fiscal 2010**

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3Q 2010 Net Profit of Rs. 63 crore increased by 117% compared with 3Q 2009 (Rs. 29 crore). Net Profit Margin up from 11% to 23% over the same period

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**KOLKATA, India, 28th January 2010** – Graphite India Limited (referred to as “Graphite India”) announces its Unaudited Standalone Third Quarter and 9 Months Results for Fiscal 2010.

Commenting on the results and performance, **Mr. K. K. Bangur, Chairman of Graphite India** said:

*“Despite very challenging macroeconomic global scenario, our stellar performance during the last quarter vindicates the confidence reposed by the stake holders in the management of the Company. The financial results reflect the strength of our technical capabilities and our focus on driving up the manufacturing efficiencies. Graphite India has a truly global client footprint and remained dedicated in meeting their business requirements.”*

<b>FINANCIAL HIGHLIGHTS</b>
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- 3Q 2010 Gross Revenue of Rs. 291 crore
  - increased by 3% compared with 3Q 2009 (Rs. 282 Crore)
  - Almost flat compared with 2Q 2010 (Rs. 292 Crore)
- 9 Months YTD Gross Revenue decreased by 15% to Rs. 827 Crore compared to the same period in 2009 (Rs. 971 Crore)
- 3Q 2010 Operating Profit of Rs. 109 Crore
  - increased by 82% compared with 3Q 2009 (Rs. 60 Crore); Operating Profit Margins up from 22% to 39% over the same period
  - decreased by 6% compared with 2Q 2010 (Rs. 116 Crore); Operating Profit Margins down from 42% to 39% over the same period
- 9 Months YTD Operating Profit increased by 45% to Rs.309 Crore compared to the same period in 2009 (Rs. 213 Crore); Operating Profit Margins up from 23% to 39% over the same period





- 3Q 2010 Net Profit of Rs. 63 Crore
  - increased by 117% compared with 3Q 2009 (Rs. 29 Crore); Net Profit Margins up from 11% to 23% over the same period
  - decreased by 7% compared with 2Q 2010 (Rs. 68 Crore); Net Profit Margin down from 24% to 23% over the same period
- 9 Months YTD Net Profit increased by 61% to Rs.177 Crore compared to the same period in 2009 (Rs. 110 Crore); Net Profit Margins up from 12% to 22% over the same period
- Increase in earning per share on enhanced equity base
- 3Q 2010 Basic Earnings per share (Face Value Rs.2) Rs.3.68
  - increased by 90% compared with 3Q 2009 (Rs. 1.94 per share);
  - decreased by 8% compared with 2Q 2010 (Rs.4 per share).
- 9 Months YTD Basic Earnings per share increased by 42% to Rs.10.33 per share compared to the same period in 2009 (Rs.7.30 per share).
- As on December 31, 2009, the Company's Net Debt is NIL as against the Company's Net Worth of Rs. 1195 crore.

## OPERATIONAL HIGHLIGHTS

### Economic Environment

The global steel industry showed sprinkling signs of revival in some continents during the last quarter with steel production rising to 327 million tonnes, an increase of 3% over 2Q 2010. Recent economic stimulus packages implemented by the major economies of the world have resulted in this slight increase in demand for steel, more pronounced in Asia. This has benefited to some extent the graphite electrode industry too.

### Business Performance

Graphite India continues to deploy capital in selective areas in order to steer through the current low demand cycle. This year-over-year improvement is primarily a result of cost optimization efforts across all functions and facilities & increase in realization.

Graphite electrode production in 3Q 2010 decreased by 37% from 3Q 2009 and increased by 25% from 2Q 2010. This decrease in production from the same period of last year is primarily a result of Graphite India rationalizing its production plans in tune with market demand.





Last quarter, Graphite India signaled its international debut in the 750 mm (30") dia. Electrodes by receiving its first export order from an overseas customer.

### **Durgapur Plant Expansion**

Graphite India has stepped up its construction activity on the 10,500 tonnes per annum electrode capacity expansion plan at its Durgapur Plant, in view of the competitive capital cost and the anticipated improvement in electrode demand in the medium term. The focus of the expansion plan is to provide facilities with eco-friendly advanced technology and greater energy efficiency.

### **New Investment in Power**

Power constitutes one of the major costs of electrode production. In order to attain self-sufficiency and uninterrupted availability of quality power at economical rate, the Board of Directors in its meeting held on January 28, 2010, approved setting up of a coal based thermal power plant of 50 MW capacity at Durgapur at an investment of Rs.214 crores. This will increase power generation capacity from current 33 MW to 83 MW and will enable Graphite India to further optimise its cost of production and increase its competitiveness in the global market.

### **Notes:**

1. Gross Revenue : Sales / Income from Operations, including excise duty.
2. Operating Profit : earnings before interest, depreciation and tax, and includes Other Income.
3. Net Worth : Share capital and Reserves and Surplus.

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For further information on Graphite India see [www.graphiteindia.com](http://www.graphiteindia.com)

Graphite India Limited : NSE Code: GRAPHITE  
BSE Code : 509488





## GRAPHITE INDIA FACT SHEET

### 1. COMPANY BACKGROUND

Graphite India (group) is one of the Major manufacturers of graphite electrodes in the world. Its manufacturing capacity of approximately 78000 tonnes per annum is spread over four plants at Durgapur, Bangalore, Nashik and Rothenbach in Germany. The company has over 40 years of expertise in the industry and is globally competitive. With its Corporate Office in Kolkata, India, the company services its clients in over fifty countries. Graphite India manufactures the full range of graphite electrodes but stays focussed on the higher margin, large diameter, ultra-high power (“UHP”) electrodes.

Graphite India is poised well in the global graphite electrode industry through its quality, scale of operations and low cost production base. The company’s competitive edge was particularly evident during the last decade, when low prices for graphite electrodes resulted in many of the leading players generating losses, but Graphite India however remained consistently profitable and declared dividends.

The company’s strategy is to become further vertically integrated, continue its penetration of new markets and clients as well as pursue value enhancing inorganic growth opportunities. It is also enhancing its presence in value added graphite products for the auto, aerospace, chemical, pharmaceutical, metallurgical and machine tool industries.

Graphite India is currently rationalizing production operations between plants. The company is further targeting focused reductions in its manufacturing costs. A capacity expansion plan has been initiated in its Durgapur (West Bengal) plant, to increase capacity by 10,500 tonnes per annum, taking the total capacity towards 90000 tonnes per annum.

The company has facilities designed for the manufacture of impervious graphite equipment and glass reinforced plastic pipes and tanks. It has an installed capacity of 33 MW of power generation through hydel and multi-fuel routes, which will be enhanced to 83 MW with installation of a 50 MW thermal power plant.

### 2. INDUSTRY

Graphite electrodes are used in electric arc furnace (“EAF”) based steel mills and is a consumable item for the steel industry. The graphite electrode industry is highly consolidated with the top five major global players accounting for 75% of the high end UHP electrode capacity. Majority of this capacity however, is currently located in the high cost of US, Europe and Japan. The manufacturing process, for the high end UHP electrodes is technology intensive and is a significant barrier for the entry of new players.

Due to the global economic recession, demand for electrodes is currently far less than total installed capacity of 1.2 million tonnes, of which UHP capacity





is 0.9 million tonnes. Global steel production continues to recover post-recession.

The EAF method of manufacturing steel is becoming increasingly beneficial to investors due to its low capital costs, lower breakeven tonnage, flexibility in locating plants closer to consumption

points and significantly lower pollution levels than in the blast furnace steel plants. As a result, EAF production capacity has increased from 180 million tonnes or 25% of total steel production capacity in 1985 to an estimated 418 million tonnes or 34% of total steel production capacity in 2010.

*This release contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Graphite India’s future business developments and economic performance.*

*While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.*

*These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.*

*Graphite India undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.*

