



For Immediate Release

July 29<sup>th</sup>, 2010

---

**Graphite India Limited Announces  
Unaudited Standalone First Quarter Results for Fiscal 2011**

Gross Revenue increased by 11% y-o-y  
Electrode sales volume increased by 30% y-o-y  
Significant financial flexibility with Rs. 107 Crore net cash

---

**KOLKATA, India, July 29<sup>th</sup>, 2010** – Graphite India Limited, the largest Indian graphite electrode producer, (referred to as “Graphite India” or the “Company”, NSE: GRAPHITE, BSE: 509488) announces its Unaudited Standalone First Quarter Results for Fiscal 2011.

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

*“Graphite India showed strong top line growth during Q1 FY2011, both in terms of volume and value. The steel industry continued to recover during the quarter and we expect further strengthening in steel production going forward. Despite a difficult electrode pricing environment in Q1 FY2011 our focus on efficiency and cost management have resulted in Graphite India continuing to be one of the most profitable electrode manufacturers globally. We have also significantly enhanced our liquidity position and through our investment in capacity additions, are well positioned to capture the upside in electrode demand going forward.”*

<b>STANDALONE Q1 FY2011 FINANCIAL HIGHLIGHTS</b>
--

- Q1 FY2011 Gross Revenue of Rs. 271 Crore
  - Increased by 11% as compared with Q1 FY2010 (Rs. 245 Crore)
  - Decreased by 23% as compared with Q4 FY2010 (Rs. 351 Crore)
- Q1 FY2011 Operating Profit of Rs. 62 Crore
  - Decreased by 26% compared with Q1 FY2010 (Rs. 84 Crore)
  - Operating Profit margin down from 36% to 24% over the same period
  - Decreased by 38% compared with Q4 FY2010 (Rs. 100 Crore)
  - Operating Profit margin down from 30% to 24% over the same period
- Q1 FY2011 Net Profit of Rs. 34 Crore
  - Decreased by 24% compared with Q1 FY2010 (Rs. 45 Crore)
  - Net Profit margin down from 19% to 13% over the same period
  - Decreased by 39% compared with Q4 FY2010 (Rs. 56 Crore)





- Net Profit margin down from 16% to 13% over the same period
- Q1 FY2011 Basic Earnings per Share Rs. 1.99
  - Decreased by 25% compared with Q1 FY2010 (Rs. 2.64 per share)
  - Decreased by 39% compared with Q4 FY2010 (Rs. 3.25 per share)
- As of June 30, 2010, total debt is Rs. 183 Crore, cash and cash equivalents is Rs. 290 Crore, surplus cash and cash equivalents is Rs. 107 Crore and Net Worth is Rs. 1,231 Crore
  - Total debt consists of Rs. 124 Crore of FCCBs, Rs. 26 Crore of secured loans and Rs. 33 Crore of unsecured loans

## OPERATIONAL HIGHLIGHTS

### **Economic Environment**

The global steel industry continued to show signs of recovery in some continents during Q1 FY2011, with steel production rising to 364 million MT, an increase of 6% over Q4 FY2010. Steel production volumes year to date for calendar year 2010 are approximately 30% higher than the prior year period. Steel demand is rising due to the continued favourable impact of economic stimulus packages implemented by the major economies of the world. The resulting improvement in steel production has benefited the graphite electrode industry. Although graphite electrode volumes have been rising, they are expected to remain below pre-recession levels during the course of the year. Despite rising volumes, sales realization has moderated. However, prices are now showing signs of improvement.

### **Business Performance**

Although Gross Revenues and production volumes increased, the Operating Profit margin for Q1 FY2011 declined to 24% from 36% for Q1 FY2010. This is primarily due to lower price realization, higher input cost and sub-optimal capacity utilization levels. Average capacity utilization in Q1 FY2011 was approximately 60%.

Graphite electrode production volume in Q1 FY2011 increased by 35% compared to Q1 FY2010. Graphite electrode sales in terms of volume during Q1 FY2011 were higher by 30% compared to Q1 FY2010.

Graphite India's liquidity position improved during Q1 FY2011. As of June 30, 2010, the Company had Rs. 107 Crore in net cash and cash equivalents. Interest expense for the quarter was Rs. 0.52 Crore, a significant decrease from the prior year quarter (Rs. 3.87 Crore). This decrease was primarily due to greater reliance on cash from operations to fund working capital requirements. The Company also reduced debt outstanding during the quarter and utilized forex loans with significantly lower interest rates, contributing to a lower interest expense.





Production and sales volumes should increase over the next quarter in line with improving steel production globally. Capacity utilization is further expected to increase during Q2 FY2011. Should the pricing environment improve in H2 FY2011, there will be a positive impact on margins for the fiscal year. In the meantime, Graphite India continues to further improve operational efficiency, contain costs and carefully monitor maintenance capital expenditure. The Company is fully covered for its needle coke requirements for FY2011.

The non-electrode businesses performed well during the quarter compared with Q1 FY2010 and are expected to post improved performance during the current fiscal year.

### **Durgapur Plant Expansion**

In Q4 FY2010 Graphite India revised its electrode capacity expansion plan at its Durgapur Plant from 10,500 MT to 20,000 MT per annum given the competitive capital cost and anticipated improvement in electrode demand in the medium term. Progress on this expansion plan continues on schedule and is expected to be completed by 3Q FY2011-12. The additional capacity of 9,500 MT will be installed at a low capex of Rs. 67.50 Crore. The focus of the expansion plan is to provide facilities with eco-friendly advanced technology and greater energy efficiency. The total cost of expansion is expected to be Rs. 255 Crore, to be funded through internal accruals and debt.

### **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 rates, the Company decided to set up a coal based thermal power plant of 50 MW capacity at Durgapur. This is at an investment of Rs. 214 Crore. Power generation capacity will increase from the current 33 MW to 83 MW and will enable Graphite India to further optimise its cost of production and increase its global competitiveness. The Company is in the process of obtaining various statutory clearances. The project is expected to be commissioned by 4Q FY2011-12.





**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. All financial margins are calculated based on Net Sales / Income from Operations
4. Net Worth: Share Capital and Reserves and Surplus
5. Basic Earnings per Share: Each share face value of Rs. 2; 17.25 crore shares over the period calculated on a weighted average basis

**Analyst / Investor / Media Enquiries:**

S. Chaudhary, Graphite India Limited	+91 33 2229 3792
Vikram Rao, Churchgate Partners LLP	+44 (0) 207 389 7914
Sudhir Shetty, Adfactors Public Relations	+91 22 2281 3565

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





## GRAPHITE INDIA FACT SHEET

### 1. Company Background

Graphite India is the largest Indian producer of graphite electrodes and one of the largest globally, by total capacity. Its manufacturing capacity of approximately 78,000 tonnes per annum is spread over four plants at Durgapur (34,000 MT), Bangalore (13,000 MT), Nashik (13,000 MT) and Nurnberg in Germany (18,000 MT). The Company accounts for approximately 6.5% of global electrode capacity and has over 40 years of technical expertise in the industry. With its corporate office in Kolkata, India, the Company services its clients in over fifty countries, with no client accounting for over 6.5% of revenues. Exports account for approximately 60% of revenues and export volumes increased over 3 times from FY2001 to FY2009. Graphite India manufactures the full range of graphite electrodes but remains focused on the higher margin, large diameter, ultra-high power (“UHP”) electrodes. Approximately 85% of the Company’s total capacity is currently UHP.

Graphite India is well poised 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 experienced steady double digit revenue CAGR over the past five years despite a global slowdown. Graphite India currently has a conservative leverage profile, with significant financial capacity for organic or inorganic expansion.

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. Graphite India currently manufactures Calcined Petroleum Coke (“CPC”) for use in electrode manufacturing. It is also enhancing its presence in value added graphite products for the auto,

aerospace, chemical, pharmaceutical, metallurgical and machine tool industries.

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 20,000 MT per annum, taking the total capacity towards 100,000 MT per annum.

The Company also 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 high cost regions like 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 less than total installed capacity of 1.2 million MT, of which UHP capacity is 0.9 million MT. Global steel production continues to recover post-recession.

The EAF method of manufacturing steel is becoming increasingly attractive 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 MT 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.*





# GRAPHITE INDIA LIMITED

Regd. Office: 31, Chowringhee Road, Kolkata 700 016

Unaudited Financial Results for the quarter ended 30th June, 2010

(Rs. in Lakhs)

Particulars	Quarter ended 30th June		Year ended 31st March 2010 (Audited)
	2010	2009	
Gross Sales/Income from Operations	27,086	24,451	1,17,822
Less: Excise Duty on Sales	1,262	1,007	4,703
Net Sales/Income from Operations	25,824	23,444	1,13,119
Other Operating Income	-	-	-
<b>Total Income</b>	<b>25,824</b>	<b>23,444</b>	<b>1,13,119</b>
Expenditure			
(Increase)/decrease in stock in trade and work in progress	(1,337)	1,901	7,546
Consumption of raw materials	11,687	6,851	34,169
Consumption of stores and spare parts	2,329	1,795	7,832
Purchase of traded goods	-	-	-
Employees cost	1,936	1,847	7,431
Electricity charges	2,491	1,826	8,015
Depreciation	984	981	3,954
Other expenditure	2,777	2,416	10,256
Total	20,867	17,617	79,203
<b>Profit from Operations before Other Income, Interest &amp; Exceptional Items</b>	<b>4,957</b>	<b>5,827</b>	<b>33,916</b>
Other Income	288	1,578	3,058
<b>Profit before Interest &amp; Exceptional Items</b>	<b>5,245</b>	<b>7,405</b>	<b>36,974</b>
Interest	52	387	1,049
<b>Profit after Interest but before Exceptional Items</b>	<b>5,193</b>	<b>7,018</b>	<b>35,925</b>
Exceptional items	-	-	-
<b>Profit from Ordinary Activities before tax</b>	<b>5,193</b>	<b>7,018</b>	<b>35,925</b>
Tax expense (Net) (Note-6)			
- Current	1,754	2,500	12,700
- Earlier Years	-	-	9
<b>Net Profit from Ordinary Activities after tax</b>	<b>3,439</b>	<b>4,518</b>	<b>23,216</b>
Extraordinary Item	-	-	-
<b>Net Profit for the period</b>	<b>3,439</b>	<b>4,518</b>	<b>23,216</b>
Paid-up equity share capital ( Face Value Rs.2/- each )	3,478	3,022	3,430
<b>Reserves excluding Revaluation Reserve</b>			<b>1,14,922</b>
Earnings Per Share (EPS)-Face Value Rs.2/- each			
Basic EPS (Rs.)	1.99	2.64	13.58
Diluted EPS (Rs.)	1.89	2.64	12.03
Public shareholding			
- Number of shares	6,48,79,799	6,84,70,106	6,24,93,251
- Percentage of shareholding	37.31	45.32	36.44
Promoters and Promoter group			
a) Pledged/Encumbered			
- Number of shares	-	-	-
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-
- Percentage of shares (as a % of the total share capital of the company)	-	-	-
b) Non-encumbered			
- Number of shares	10,90,16,859	8,26,14,695	10,90,16,859
- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	100	100	100
- Percentage of shares (as a % of the total share capital of the company)	62.69	54.68	63.56

# GRAPHITE INDIA LIMITED

## Segment Reporting as per Clause 41 of the Listing Agreement

(Rs.in Lakhs)

Particulars	Quarter ended 30th June		Year ended 31st March 2010
	2010	2009	(Audited)
<b>1 SEGMENT REVENUE -</b>			
Graphite and Carbon	21,181	20,046	95,388
Power	678	543	2,859
Steel	2,199	1,418	6,871
Unallocated	2,546	2,144	11,222
<b>Total</b>	<b>26,604</b>	<b>24,151</b>	<b>1,16,340</b>
Less: Inter Segment Revenue	780	707	3,221
<b>Sales/Income from Operations-Net</b>	<b>25,824</b>	<b>23,444</b>	<b>1,13,119</b>
<b>2 SEGMENT RESULTS -</b>			
Profit before tax and interest			
Graphite and Carbon	4,715	6,465	31,260
Power	388	37	1,811
Steel	29	(226)	(341)
Unallocated	577	415	3,305
<b>Total</b>	<b>5,709</b>	<b>6,691</b>	<b>36,035</b>
Less:			
Interest	52	387	1,049
Other un-allocable expenditure / (income)(net)	464	(714)	(939)
<b>Total Profit Before Tax</b>	<b>5,193</b>	<b>7,018</b>	<b>35,925</b>
<b>3 CAPITAL EMPLOYED -</b>			
(Segment Assets - Segment Liabilities)			
Graphite and Carbon	1,00,820	88,769	1,04,165
Power	5,594	6,291	5,963
Steel	17,543	18,157	17,431
Unallocated	8,720	8,961	8,428
<b>Total</b>	<b>1,32,677</b>	<b>1,22,178</b>	<b>1,35,987</b>

**Notes :**

- 1 The above results have been reviewed by the Audit Committee and approved by the Board at its meeting held on 29th July, 2010. The Auditors of the Company have carried out a Limited Review of the financial results for the quarter ended 30th June, 2010 in terms of Clause 41 of the Listing Agreement with Stock Exchanges.
- 2 Other expenditure for the quarter ended 30th June, 2010 includes exchange loss of Rs. 333 lakhs, whereas Other income for the quarter ended 30th June, 2009 and for the year ended 31st March, 2010 includes exchange gain of Rs.1004 lakhs and Rs.933 lakhs respectively.
- 3 During the quarter ended 30th June, 2010 and subsequent thereto, the Company has allotted 23,86,548 and 1,03,41,710 Equity Shares (ranking pari-passu in all respects with the existing Equity Shares) of Rs.2/- each at a premium of Rs.53.31 per share on conversion of 3,000 Foreign Currency Convertible Bonds (FCCBs) aggregating USD 3 million and 13,000 FCCBs aggregating USD 13 million respectively as per terms of related Offering Circular.
- 4 Generation of power at hydro electrical plants is seasonal in nature.
- 5 No investor complaint was pending at the beginning of the quarter ended 30th June, 2010. During the quarter, ten complaints were received. All the complaints were disposed off / attended to and no complaint was pending as on 30th June, 2010.
- 6 Tax expense comprises current tax, deferred tax and also fringe benefit tax, where applicable.
- 7 Figures for the previous year/period have been re-grouped / re-arranged wherever necessary.

By order of the Board  
For Graphite India Limited

Place : Kolkata  
Date : 29th July, 2010.

K.K.Bangur  
Chairman