



For Immediate Release

February 4th, 2011

Graphite India Limited Announces Unaudited Standalone Third Quarter and 9 Months Results for Fiscal 2011

Electrode sales volume increased by 34% y-o-y and 7% q-o-q

Gross Sales increased by 21.0% y-o-y and 3.7% q-o-q

Standalone capacity utilization up from 78% to 84% q-o-q

KOLKATA, India, February 4th, 2011 – 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 Third Quarter and 9 Months Results for Fiscal 2011.

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

“Graphite India continued to perform well in Q3 FY2011 with strong volume growth in both domestic and export markets. The steel industry is growing steadily across most geographic regions. Through our global presence, we remain well positioned to capitalize on this ongoing growth in steel production.

Over the next few quarters our focus would continue on improving capacity utilizations, cost optimization and sales realization. The earlier announced expansion at our Durgapur plant is progressing well.”

Q3 FY2011 STANDALONE FINANCIAL HIGHLIGHTS

(Rs. Crore)	Q3		y-o-y	Q2		q-o-q	9 Months		y-o-y
	FY2011	FY2010	Growth (%)	FY2011	Growth (%)		FY2011	FY2010	Growth (%)
Gross Sales	351.8	290.8	21.0%	339.0	3.7%		961.7	827.4	16.2%
Net Sales	337.5	278.9	21.0%	323.9	4.2%		919.6	792.6	16.0%
EBITDA	76.9	108.6	(29.2)%	98.1	(21.6)%		237.3	308.9	(23.2)%
EBITDA Margin (%)	22.8%	38.9%		30.3%			25.8%	39.0%	
Net Income	44.2	63.0	(29.8)%	49.2	(10.1)%		127.8	176.6	(27.6)%
Net Income Margin (%)	13.1%	22.6%		15.2%			13.9%	22.3%	
Basic EPS (Rs)	2.39	3.68	(35.1)%	2.74	(12.8)%		6.91	10.33	(33.1)%





OPERATIONAL HIGHLIGHTS

Economic Environment

The global steel industry continued to grow steadily during the last quarter. Global crude steel production in Q3 FY2011 was 348.1 million metric tons (MT), an increase of 2.4% compared to Q2 FY2011. Global steel production in CY2010 was 1,413.5 million MT, a growth of 15.9% compared to CY2009. Year-over-year growth in production moderated to some extent during Q3 FY2011 compared to the first half of FY2011, partially due to a higher production base in Q3 FY2010. The continued improvement in steel production benefited the graphite electrode industry with sales volumes continuing to rise.

During CY2010 global steel production growth was fairly consistent across regions. North America experienced the highest growth rate of 34.0% in CY2010 compared to the prior year, primarily due to a low base effect. Steel production growth in the EU, South America and Asia was robust, with an average of 13.8% growth in CY2010 compared to CY2009. Steel production growth during CY2010 in India and China was 9.3% and 6.4%, respectively, compared to the prior year. Global capacity utilization in the steel industry remained steady at approximately 74 - 75% in Q3 FY2011¹.

Business Performance

Q3 FY2011 Highlights

Q3 FY2011 Gross Sales increased by 21.0% compared to Q3 FY2010 and 3.7% compared to Q2 FY2011. This increase was primarily due to higher sales volumes, which increased by 34% from Q3 FY2010 and 7% from Q2 FY2011. Volumes benefited from new orders for electrodes as a result of continued growth in the steel industry and the completion of destocking of electrodes by steel manufacturers. Strong volume growth overall was offset to some extent by moderation in electrode prices.

Q3 FY2011 Operating Profits declined by 29.2% compared to Q3 FY2010 and declined by 21.6% compared to Q2 FY2011. This decline was primarily due to a combination of lower price realization, higher non-needle coke raw material prices and a one-time increase in employment costs. Operating Profits in Q3 FY2011 compared to Q2 FY2011 were also impacted by a relative decrease in foreign exchange gains. Graphite India continued to improve plant operations with average capacity utilization in Q3 FY2011 of 84%, up from 60% in Q3 FY2010 and 78% in Q2 FY2011.

¹ World Steel statistics, Jan 2011





9 Months FY2011 Highlights

9 months FY2011 Gross Sales increased by 16.2% compared to the same period last year. This increase was primarily due to steady volume growth on a sequential basis over the past three quarters. Sales volumes in 9 months FY2011 increased by 38% compared to the same period last year, as the steel industry continued to see signs of improvement during this period. Average capacity utilization during the first 9 months of FY2011 was 74%, up from 50% during the same period last year. Electrode prices have seen moderation during this period.

9 months FY2011 Operating Profits declined by 23.2% compared to the same period last year. This decline is due to a combination of lower electrode prices and higher input costs for the period.

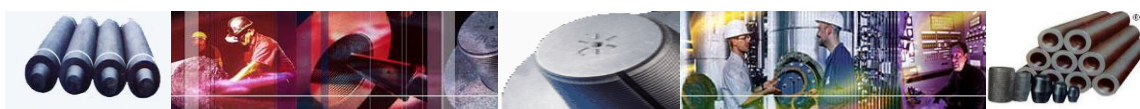
Balance Sheet Highlights

As of December 31, 2010, the Company had total debt of Rs. 156 Crore, cash and cash equivalents of Rs. 216 Crore, **surplus cash and cash equivalents of Rs. 60 Crore** and Net Worth of Rs. 1,438 Crore.

Segment Performance Highlights

(Rs. Crore)	Q3		y-o-y	Q2		q-o-q	9 Months		y-o-y
	FY2011	FY2010	Growth (%)	FY2011	FY2010	Growth (%)	FY2011	FY2010	Growth (%)
Net Sales	337.5	278.9	21.0%	323.9	323.9	4.2%	919.6	792.6	16.0%
Graphite and Carbon	293.7	242.2	21.2%	274.7	274.7	6.9%	780.2	673.1	15.9%
Power	8.8	9.4	(6.4)%	8.4	8.4	4.9%	24.0	20.0	20.2%
Steel	25.5	17.0	49.9%	23.0	23.0	10.9%	70.5	46.1	52.9%
Unallocated	21.5	22.7	(5.7)%	28.1	28.1	(23.7)%	75.0	80.1	(6.4)%
Less: Inter Segment Sales	(12.0)	(12.5)		(10.4)	(10.4)		(30.2)	(26.7)	
Profit before Tax and Interest	68.7	95.8	(28.3)%	69.6	69.6	(1.3)%	195.4	269.5	(27.5)%
Graphite and Carbon	54.5	83.4	(34.7)%	53.8	53.8	1.3%	155.5	236.3	(34.2)%
Power	7.1	7.2	(0.4)%	7.6	7.6	(6.5)%	18.7	12.8	46.2%
Steel	0.8	(0.4)	nm	0.2	0.2	420.0%	1.2	(5.3)	nm
Unallocated	6.3	5.5	13.9%	8.0	8.0	(21.6)%	20.1	25.8	(22.3)%

The total non-electrode business saw steady top line performance during the quarter compared with Q3 FY2010. This performance was driven by the Steel segment, which witnessed good volume growth during the quarter, both on a y-o-y and sequential basis.





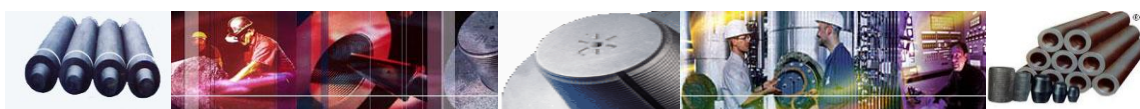
Strategic Initiatives

Progress on the Durgapur plant expansion by 20,000 MT continues as per schedule and is expected to be completed by Q3 FY2011-12.

Graphite India has short-listed suppliers for the 50MW power plant expansion and is currently awaiting environmental clearance from the Government.

Outlook

Graphite electrode production and sales volumes are expected to continue to increase over the next few quarters. Capacity utilization is also further expected to increase during Q4 FY2011. The Company is in discussions with needle coke suppliers and expects to tie up adequate quantities for FY2012.





Notes:

1. Gross Sales: Sales/Income from Operations, including excise duty
2. Operating Profit: Earnings before interest, depreciation, exceptional items 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. 2.00; 18.48 Crore shares over the period calculated on a weighted average basis

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For further information on Graphite India see www.graphiteindia.com

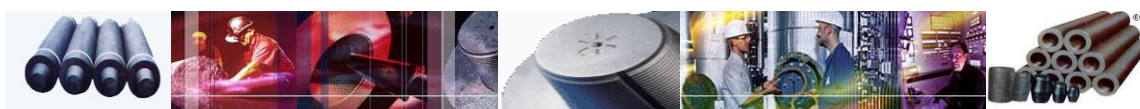
Safe Harbor

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 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 has increased from 180 million tonnes in 1985 to 382 million MT in 2010².

² EAF production based on total crude steel production less blast furnace production





GRAPHITE INDIA LIMITED

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

Unaudited Financial Results for the quarter and the nine months ended 31st December, 2010

(Rs. in lakhs)

Particulars	Quarter ended 31st December		Nine months ended 31st December		Year ended 31st March, 2010 (Audited)
	2010	2009	2010	2009	
Gross Sales/Income from Operations	35,175	29,076	96,165	82,741	117,822
Less: Excise Duty on Sales	1,430	1,182	4,210	3,478	4,703
Net Sales/Income from Operations	33,745	27,894	91,955	79,263	113,119
Other Operating Income	-	-	-	-	-
Total Income	33,745	27,894	91,955	79,263	113,119
Expenditure					
(Increase)/decrease in stock in trade and work in progress	(2,934)	(356)	(6,081)	3,074	7,546
Consumption of raw materials	16,503	10,073	42,507	24,509	34,169
Consumption of stores and spare parts	3,677	1,944	9,453	5,560	7,832
Purchase of traded goods	-	-	-	-	-
Employees cost	2,401	1,869	6,273	5,456	7,431
Electricity charges	3,630	1,756	9,273	5,759	8,015
Depreciation	987	975	2,955	2,928	3,954
Other expenditure	3,148	2,336	8,490	6,851	10,256
Total	27,412	18,597	72,870	54,137	79,203
Profit from Operations before Other Income, Interest & Exceptional Items	6,333	9,297	19,085	25,126	33,916
Other Income	371	590	1,691	2,837	3,058
Profit before Interest & Exceptional Items	6,704	9,887	20,776	27,963	36,974
Interest	88	172	225	865	1,049
Profit after Interest but before Exceptional Items	6,616	9,715	20,551	27,098	35,925
Exceptional items- Payments under Voluntary Retirement Scheme	-	-	1,273	-	-
Profit from Ordinary Activities before tax	6,616	9,715	19,278	27,098	35,925
Tax expense (Net) (Note-5)					
- Current	2,196	3,360	6,500	9,385	12,700
- Earlier Years	-	57	-	57	9
Net Profit from Ordinary Activities after tax	4,420	6,298	12,778	17,656	23,216
Extraordinary Item	-	-	-	-	-
Net Profit for the period	4,420	6,298	12,778	17,656	23,216
Paid-up equity share capital (Face Value Rs.2/- each)	3,908	3,420	3,908	3,420	3,430
Reserves excluding Revaluation Reserve					114,922
Earnings Per Share (EPS) -Face Value Rs.2/- each					
Basic EPS (Rs.)	2.39	3.68	6.91	10.33	13.58
Diluted EPS (Rs.)	2.26	3.47	6.54	9.24	12.03
Earnings Per Share (EPS) excluding Exceptional Items-Face Value Rs.2/- each					
Basic EPS (Rs.)	2.39	3.68	7.37	10.33	13.58
Diluted EPS (Rs.)	2.26	3.47	6.97	9.24	12.03
Public shareholding					
- Number of shares	83,558,735	73,951,903	83,558,735	73,951,903	62,493,251
- Percentage of shareholding	42.77	43.25	42.77	43.25	36.44
Promoters and Promoter group shareholding					
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	111,816,859	97,021,234	111,816,859	97,021,234	109,016,859
- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	100.00	100.00	100.00	100.00	100.00
- Percentage of shares (as a % of the total share capital of the company)	57.23	56.75	57.23	56.75	63.56

GRAPHITE INDIA LIMITED
Segment Reporting as per Clause 41 of the Listing Agreement

(Rs. in Lakhs)

	Particulars	Quarter ended 31st December		Nine months ended 31st December		Year ended 31st March 2010 (Audited)
		2010	2009	2010	2009	
1	SEGMENT REVENUE -					
	Graphite and Carbon	29,370	24,223	78,021	67,313	95,388
	Power	881	941	2,399	1,996	2,859
	Steel	2,550	1,701	7,048	4,610	6,871
	Unallocated	2,145	2,274	7,503	8,013	11,222
	Total	34,946	29,139	94,971	81,932	116,340
	Less: Inter Segment Revenue	1,201	1,245	3,016	2,669	3,221
	Sales/Income from Operations-Net	33,745	27,894	91,955	79,263	113,119
2	SEGMENT RESULTS -					
	Profit before tax and interest					
	Graphite and Carbon	5,449	8,344	15,545 *	23,628	31,260
	Power	714	717	1,866	1,276	1,811
	Steel	78	(36)	122	(533)	(341)
	Unallocated	624	553	2,005	2,580	3,305
	Total	6,865	9,578	19,538	26,951	36,035
	Less:					
	Interest	88	172	225	865	1,049
	Other un-allocable expenditure/(income)(net)	161	(309)	35	(1,012)	(939)
	Total Profit Before Tax	6,616	9,715	19,278	27,098	35,925
3	CAPITAL EMPLOYED -					
	(Segment Assets - Segment Liabilities)					
	Graphite and Carbon	117,219	100,055	117,219	100,055	104,165
	Power	5,499	6,271	5,499	6,271	5,963
	Steel	17,778	17,218	17,778	17,218	17,431
	Unallocated	9,890	7,580	9,890	7,580	8,428
	Total	150,386	131,124	150,386	131,124	135,987

* after exceptional item

Notes :

- 1 The above results have been reviewed by the Audit Committee and approved by the Board at its meeting held on 4th February, 2011. The Auditors of the Company have carried out a Limited Review of the financial results for the quarter and the nine months ended 31st December, 2010 in terms of Clause 41 of the Listing Agreement with Stock Exchanges.
- 2 Other income for the quarter and the nine months ended 31st December, 2010 includes exchange loss of Rs. 36 lakhs and exchange gain of Rs. 435 lakhs respectively and that for the corresponding quarter and the nine months ended 31st December, 2009 includes exchange gain of Rs. 142 lakhs and Rs. 1253 lakhs respectively. Such gain for the year ended 31st March, 2010 was Rs. 1004 lakhs.
- 3 Generation of power at hydro electrical plants is seasonal in nature.
- 4 No investor complaint was pending at the beginning of the quarter ended 31st December, 2010. During the quarter, eleven complaints were received. All the complaints were disposed off / attended to and no complaint was pending as on 31st December, 2010.
- 5 Tax expense comprises current tax and deferred tax.
- 6 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 : 4th February, 2011.

K.K.Bangur
Chairman