

Graphite India Limited

Audited Consolidated and Standalone Full Year Results for FY2011 Audited Standalone Fourth Quarter Results for FY2011

Consolidated FY2011 vs. FY2010:

Gross Sales increased by 7.7%
Dividend per Share of Rs. 3.50
Electrode sales volume increased by 25%
Average capacity utilization up from 52% to 73%

KOLKATA, India, May 9th, 2011 – Graphite India Limited, the largest Indian graphite electrode producer (referred to as “Graphite India” or the “Company”, NSE: GRAPHITE, BSE: 509488), announced its Audited Standalone Fourth Quarter and Full Year Results, as well as Consolidated Full Year Results for FY 2011, in accordance with Indian GAAP.

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

“Graphite India demonstrated a strong top line performance during FY2011. We saw significant growth in volumes across geographic regions as a result of steady growth in the steel industry. However, the electrode pricing environment was relatively moderate during the year. Despite this, our focus on operational efficiency and productivity resulted in Graphite India generating high operating profit margins of approximately 24% in FY2011. The continuing economic recovery globally is expected to drive further growth in the steel industry, which will directly benefit volumes and pricing in the graphite electrode industry.”

Consolidated Financial Highlights

(Rs. Crore)	Full Year		y-o-y Growth (%)	(Rs. Crore)	Full Year	
	FY2011	FY2010			FY2011	FY2010
Gross Sales	1,501	1,394	7.7%			
Net Sales	1,444	1,347	7.2%	Total Debt	341	324
Operating Profit	343	428	(20.0)%	Cash and Cash Equivalent	268	264
Margin (%)	23.7%	31.8%		Net Debt	73	60
Net Profit	189	235	(19.5)%	Net Worth	1,522	1,283
Net Income Margin (%)	13.1%	17.4%		Dividend per Share	3.50	3.50
Basic EPS (Rs)	10.09	13.73	(26.5)%			

Standalone Financial Highlights

(Rs. Crore)	Q4		y-o-y Growth (%)	Q3		q-o-q Growth (%)	Full year		y-o-y Growth (%)
	FY2011	FY2010		FY2011	FY2010		FY2011	FY2010	
Gross Sales	318	351	(9.2)%	352		(9.5)%	1,280	1,178	8.6%
Net Sales	303	339	(10.5)%	337		(10.2)%	1,223	1,131	8.1%
Operating Profit	76	100	(24.7)%	77		(1.7)%	313	409	(23.5)%
Margin (%)	24.9%	29.6%		22.8%			25.6%	36.2%	
Net Profit	45	56	(19.9)%	44		0.8%	172	232	(25.8)%
Net Income Margin (%)	14.7%	16.4%		13.1%			14.1%	20.5%	
Basic EPS (Rs)	2.38	3.25	(26.8)%	2.39		(0.4)%	9.19	13.58	(32.3)%



Economic Environment¹

The global steel industry continued to show strong growth in Q4 FY2011 with crude steel production of 374.5 million MT, an increase of 9.7% compared to Q4 FY2010. Global crude steel production in FY2011 was 1,446.6 million MT, a growth of 12.4% compared to FY2010. Although steel production was strong early in FY2011, growth moderated in the middle of the year and picked up again in Q4 FY2011. Steel production growth in Q4 FY2011 on a sequential quarter basis was 7.6%.

Growth in the steel industry remains significantly diversified across regions. During Q4 FY2011, Asia produced 240.5 million MT of crude steel, an increase of 10.5% over the Q4 FY2010 (with growth in India and China of 6.5% and 10.9%, respectively). North America's crude steel production during this period was 28.9 million MT, 6.0% higher than the prior year. Steel production growth in the EU and South America was 6.9% and 12.2% respectively, for Q4 FY2011 as compared to the prior year. Global capacity utilization in the steel industry increased significantly to an average of 82% in Q4 FY2011 as compared to an average of 75% in Q3 FY2011.

Crude oil prices have been steadily rising over FY2011 and have increased by approximately 37% since April 2010. This rise in crude oil prices, in addition to an increase in coal prices, has put upward pressure on key input costs.

Business Performance

Consolidated Full Year FY2011 Highlights

FY2011 Gross Sales increased by 7.7% compared to the same period last year. This increase was primarily due to steady sequential volume growth during the first three quarters of the year. Gross Sales were positively impacted by strong growth in the global steel industry but were offset to some extent by moderating electrode prices during the year. Sales volumes in FY2011 increased by 25% compared to the prior year due to strong growth in both the Indian and German operations. Volume growth was offset to some extent by a decline in Q4 FY2011 on a sequential quarter basis. This decline was due to some deferred shipments during Q4 FY2011.

FY2011 Operating Profit declined by 20.0% compared to the previous year. This decline was due to a combination of moderating electrode prices and higher input costs during the year. Costs were primarily impacted by increases in raw material, energy and labour related expenses. Graphite India continued to improve productivity and operational efficiencies across its manufacturing units, which benefited margins. Higher production and capacity utilization also resulted in better allocation of overheads. Graphite electrode production in FY2011 increased by 42% compared to FY2010. Average capacity utilization in FY2011 was 73%, up from 52% in FY2010.

FY2011 Net Profit declined by 19.5% as compared to the previous year. This was primarily due to a decrease in Operating Profit and a one-time payment under the voluntary retirement scheme at Bangalore, which will help the Company improve its cost competitiveness. A significant decrease in

¹ worldsteel.org, Mar 2011



interest expense during the year from Rs. 15 Crore in FY2010 to Rs. 8 Crore in FY2011 positively impacted Net Profit.

The non-electrode segments performed well during FY2011. The Power and Steel segments experienced significant Net Sales growth of 20.5% and 16.7%, respectively. Growth in the Power segment was driven by increased hydro-electric power generation. The Steel segment experienced strong growth due to increased demand from the auto and manufacturing sectors. This growth was offset to some extent due to a lockout of the steel plant during most of March 2011.

Graphite India continues to maintain strong liquidity on its balance sheet. Net debt remained relatively steady and increased from Rs. 60 Crore in FY2010 to Rs. 73 Crore in FY2011. The Company also redeemed or converted all outstanding FCCBs during the year.

Standalone Q4 FY2011 Highlights

Q4 FY2011 Gross Sales declined by 9.2% compared to Q4 FY2010 and 9.5% compared to Q3 FY2011. This was due to a combination of lower volumes and moderating electrode prices. Sales volumes were impacted due to some deferred shipments during Q4 FY2011. Gross Sales in Q4 FY2011 were also impacted by lower production in the Steel segment.

Q4 FY2011 Operating Profits declined by 24.7% compared to Q4 FY2010 and 1.7% compared to Q3 FY2011. This was due to a combination of lower volumes, moderating electrode prices and higher input costs during the quarter. Average capacity utilization increased from 84% in Q3 FY2011 to 91% in Q4 FY2011.

Standalone Segment Highlights

(Rs. Crore)	Q4		y-o-y Growth (%)	Q3		q-o-q Growth (%)	Full Year		y-o-y Growth (%)
	FY2011	FY2010		FY2011	FY2010		FY2011	FY2010	
Net Sales	303	339	(10.5)%	338	(10.2)%		1,223	1,131	8.1%
Graphite and Carbon	251	281	(10.6)%	294	(14.5)%		1,031	954	8.1%
Power	10	9	21.3%	9	19.0%		34	29	20.5%
Steel	10	23	(57.0)%	26	(61.8)%		80	69	16.7%
Unallocated	44	32	38.5%	22	106.7%		119	112	6.5%
Less: Inter Segment Sales	(13)	(6)		(12)			(43)	(32)	
Profit before Tax and Interest	68	91	(25.2)%	69	(1.1)%		263	360	(26.9)%
Graphite and Carbon	49	76	(36.1)%	55	(10.5)%		204	313	(34.7)%
Power	7	5	31.0%	7	(1.3)%		26	18	41.7%
Steel	(1)	2	(131.8)%	1	(176.3)%		1	(3)	nm
Unallocated	13	7	75.4%	6	101.9%		33	33	(0.8)%

Strategic Initiatives

Progress on the Durgapur plant expansion by 20,000 MT is expected to be completed by Q4 FY2011-12. Graphite India has short-listed suppliers for the 50MW power plant expansion and is currently awaiting environmental clearance from the Government. The Company has also signed an agreement with KSK Energy to obtain low cost power for its Nasik plant. This power supply is expected to commence from June 2011.



Performance Outlook

Steel consumption is expected to be 1,359 million² MT in CY2011 (a growth of 5.9% y-o-y) and 1,441 million MT in CY2012 (a growth of 6.0% y-o-y). Strong economic growth coupled with large infrastructure needs and expansion of industrial production in India is expected to drive domestic steel demand. India's steel demand is projected to grow by 13.3% y-o-y in CY2011 and 14.3% y-o-y in CY2012. Average global steel production capacity utilization (currently 82%) is expected to remain high due to this increased demand, which will directly benefit the graphite electrode industry.

Graphite India is well positioned to capture this demand growth. The Company expects to continue to grow electrode volumes through higher capacity utilization as well as expansion at its Durgapur plant. The average consolidated capacity utilization is expected to increase to 85-90% in FY2012. Graphite India is further penetrating existing geographic markets and venturing into new markets in order to grow its customer base. The Company has successfully concluded its discussions with needle coke suppliers and has secured supplies for FY2012 at comparable prices to FY2011.

Analyst / Investor / Media Enquiries

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

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 EPS: Face value of Rs. 2.00; 18.74 Crore shares over the period calculated on a weighted average basis

Safe Harbour

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.

² worldsteel.org, Apr 2011



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% 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 stays 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, and 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 2010.



GRAPHITE INDIA LIMITED

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

Audited Financial Results for the year ended 31st March, 2011

(Rs. in lakhs)

Particulars	Quarter ended		For the year ended		Consolidated for the year ended	
	31.03.2011 Audited	31.03.2010 Audited	31.03.2011 Audited	31.03.2010 Audited	31.03.2011 Audited	31.03.2010 Audited
Gross Sales/Income from Operations	31,839	35,081	128,004	117,822	150,133	139,406
Less: Excise Duty on Sales	1,534	1,225	5,744	4,703	5,744	4,703
Net Sales/Income from Operations	30,305	33,856	122,260	113,119	144,389	134,703
Other Operating Income	-	-	-	-	-	-
Total Income	30,305	33,856	122,260	113,119	144,389	134,703
Expenditure						
(Increase)/decrease in stock in trade and work in progress	-6,141	4,472	-12,222	7,546	-12,862	7,506
Consumption of raw materials	17,206	9,660	59,713	34,169	66,344	40,479
Consumption of stores and spare parts	4,293	2,272	13,746	7,832	15,400	9,341
Purchase of traded goods	-	-	-	-	-	-
Employees cost	2,167	1,975	8,440	7,431	13,068	12,161
Electricity charges	3,499	2,256	12,772	8,015	16,387	11,641
Depreciation	978	1,026	3,933	3,954	4,862	4,994
Other expenditure	3,406	3,405	11,896	10,256	15,221	13,971
Total	25,408	25,066	98,278	79,203	118,420	100,093
Profit from Operations before Other Income, Interest & Exceptional Items	4,897	8,790	23,982	33,916	25,969	34,610
Other Income	1,686	221	3,377	3,058	3,447	3,222
Profit before Interest & Exceptional Items	6,583	9,011	27,359	36,974	29,416	37,832
Interest	279	184	504	1,049	775	1,447
Profit after Interest but before Exceptional Items	6,304	8,827	26,855	35,925	28,641	36,385
Exceptional items - Payments under Voluntary Retirement Scheme	-	-	1,273	-	1,273	-
Profit from Ordinary Activities before tax	6,304	8,827	25,582	35,925	27,368	36,385
Tax expense						
- Current	1,850	3,315	8,350	12,700	8,442	12,890
- Earlier Years	-	-48	-	9	15	11
Net Profit from Ordinary Activities after tax	4,454	5,560	17,232	23,216	18,911	23,484
Extraordinary Items	-	-	-	-	-	-
Net Profit for the period	4,454	5,560	17,232	23,216	18,911	23,484
Paid-up equity share capital (Face Value Rs.2/- each)	3,908	3,430	3,908	3,430	3,908	3,430
Reserves excluding Revaluation Reserve	-	-	136,442	114,923	148,280	124,855
Earnings Per Share (EPS)-Face Value Rs.2/- each						
Basic EPS (Rs.)	2.38	3.25	9.19	13.58	10.09	13.73
Diluted EPS (Rs.)	2.28	2.96	8.82	12.03	9.68	12.17
Earnings Per Share (EPS) excluding Exceptional Items -Face Value Rs.2/- each						
Basic EPS (Rs.)	2.38	3.25	9.65	13.58	10.54	13.73
Diluted EPS (Rs.)	2.28	2.96	9.26	12.03	10.11	12.17
Public shareholding						
- Number of shares	83,558,735	62,493,251	83,558,735	62,493,251	83,558,735	62,493,251
- Percentage of shareholding	42.77	36.44	42.77	36.44	42.77	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	109,016,859	111,816,859	109,016,859	111,816,859	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	100.00
- Percentage of shares (as a % of the total share capital of the company)	57.23	63.56	57.23	63.56	57.23	63.56

GRAPHITE INDIA LIMITED

Segment-wise Revenue, Results and Capital Employed

(Rs.in lakhs)

	Particulars	For the quarter ended		For the year ended		Consolidated for the year ended	
		31.03.2011 Audited	31.03.2010 Audited	31.03.2011 Audited	31.03.2010 Audited	31.03.2011 Audited	31.03.2010 Audited
1	SEGMENT REVENUE -						
	Graphite and Carbon	25,102	28,075	103,123	95,388	125,117	116,720
	Power	1,047	863	3,446	2,859	3,446	2,859
	Steel	973	2,261	8,021	6,871	8,021	6,871
	Unallocated	4,444	3,209	11,947	11,222	12,110	11,515
	Total	31,566	34,408	126,537	116,340	148,694	137,965
	Less: Inter Segment Revenue	1,261	552	4,277	3,221	4,305	3,262
	Sales/Income from Operations-Net	30,305	33,856	122,260	113,119	144,389	134,703
2	SEGMENT RESULTS -						
	Profit before tax and interest						
	Graphite and Carbon	4,880	7,632	20,425 *	31,260	22,850 *	32,261
	Power	701	535	2,567	1,811	2,567	1,811
	Steel	-61	192	61	-341	61	-341
	Unallocated	1,272	725	3,277	3,305	3,377	3,524
	Total	6,792	9,084	26,330	36,035	28,855	37,255
	Less:						
	Interest	279	184	504	1,049	775	1,447
	Other un-allocable expenditure / (income) (net)	209	73	244	-939	712	-577
	Total Profit Before Tax	6,304	8,827	25,582	35,925	27,368	36,385
3	CAPITAL EMPLOYED -						
	(Segment Assets - Segment Liabilities)						
	Graphite and Carbon	131,878	104,165	131,878	104,165	147,086	117,600
	Power	5,245	5,963	5,245	5,963	5,245	5,963
	Steel	17,762	17,431	17,762	17,431	17,762	17,431
	Unallocated	10,574	8,428	10,574	8,428	14,546	12,181
	Total	165,459	135,987	165,459	135,987	184,639	153,175

* after exceptional items

GRAPHITE INDIA LIMITED

Statement of Assets and Liabilities

(Rs.in lakhs)

Particulars	As at		Consolidated as at	
	31.03.2011 Audited	31.03.2010 Audited	31.03.2011 Audited	31.03.2010 Audited
SHAREHOLDERS' FUNDS:				
(a) Capital	3,908	3,430	3,908	3,430
(b) Reserves and Surplus	136,442	114,923	148,280	124,855
LOAN FUNDS	26,516	24,926	34,105	32,434
DEFERRED TAX LIABILITY (NET)	6,302	7,376	6,302	7,376
TOTAL	173,168	150,655	192,595	168,095
FIXED ASSETS	55,312	48,548	61,526	54,466
INVESTMENTS	27,278	25,276	22,521	18,735
DEFERRED TAX ASSETS	-	-	147	26
CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	75,982	57,646	90,575	72,858
(b) Sundry Debtors	28,554	25,059	33,906	29,123
(c) Cash and Bank balances	3,024	7,557	4,817	8,020
(d) Other current assets	420	641	871	1,121
(e) Loans and Advances	15,251	10,779	14,645	11,881
Less: Current Liabilities and Provisions				
(a) Liabilities	20,923	15,927	24,714	19,348
(b) Provisions	11,730	8,924	11,699	8,787
MISCELLANEOUS EXPENDITURE (Not written off or adjusted)	-	-	-	-
PROFIT AND LOSS ACCOUNT	-	-	-	-
TOTAL	173,168	150,655	192,595	168,095

Notes :

- 1 The above results have been reviewed by the Audit Committee and approved by the Board at its meeting held on 9th May, 2011.
- 2 The consolidated financial results relate to Graphite India Limited (the parent Company), and its wholly owned subsidiaries Carbon Finance Limited, Graphite International B.V. and Carbon International Holdings N.V.
- 3 Other income includes exchange gain of Rs.1252 lakhs for the year ended 31st March, 2011 and Rs.933 lakhs for the year ended 31st March, 2010.
- 4 2,38,65,484 Equity Shares of Rs.2/- each (ranking pari passu in all respect with the existing Equity Shares) have been allotted on conversion of 30,000 FCCBs aggregating USD 30 million at a premium of Rs.53.31 per share during the year ended 31st March, 2011.
- 5 Generation of power at hydro electrical plants is seasonal in nature.
- 6 The Board has recommended dividend @ Rs.3.50 per equity share of Rs.2/- each.
- 7 No investor complaint was pending at the beginning of the quarter ended 31st March, 2011. During the quarter, 10 complaints were received. All the complaints were disposed off / attended to and no complaint was pending as on 31st March, 2011.
- 8 Lockout was declared at the Powmex Steel Division (PSD) in Titilagarh, Orissa, with effect from 06-March-2011, pursuant to an unfortunate emergency situation created by some suspended agitating workers.
- 9 Tax expense comprises current tax and deferred tax.
- 10 Figures for the previous year have been re-grouped / re-arranged wherever necessary.

By Order of the Board
For Graphite India Limited

Place : Kolkata
Date : 9th May, 2011

K.K.Bangur
Chairman