



Graphite India Limited

(NSE: GRAPHITE, BSE: 509488)

Unaudited Standalone First Quarter Results for FY2013

August 03, 2012

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.



Kolkata, India, August 3, 2012 – Graphite India Limited, the largest Indian graphite electrode producer (referred to as “Graphite India” or the “Company”), announces its Unaudited Standalone First Quarter Results for FY2013, in accordance with Indian GAAP.

Standalone Performance Highlights: Q1 FY2013 vs. Q1 FY2012

- Net Sales increased by 30.8%
- Net Profit increased by 10.0%
- Electrode sales volume increased by 15.0%
- Average capacity utilization increased from 79% in Q1 FY2012 to 89% in Q1 FY2013

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

“In the context of the challenging economic environment, we are pleased to announce an overall satisfactory financial performance. The global steel industry continues to remain under pressure due to the ongoing uncertainty in the European markets and weakening of Chinese demand. However, the domestic steel industry has shown relatively strong growth along with the slow and steady recovery in the US.

With its strong market positioning and low cost high quality manufacturing base, Graphite India is optimally positioned to build upon its strong relationship with global customers. The Company is focused on margin enhancement through operational efficiencies and cost optimization. We are delighted that Graphite India has recently been awarded with ‘Defence Technology Absorption Award 2011’ by the Defence Research and Development Organization (DRDO).”

Financial Highlights

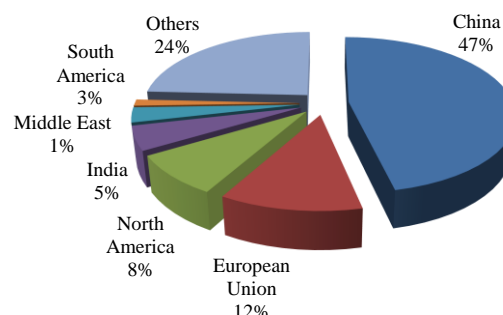
(Rs Crore)	Q1		y-o-y	Q4	q-o-q
	FY2013	FY2012	Growth (%)	FY2012	Growth (%)
Gross Sales	428	327	30.8%	463	(7.5)%
Net Sales	418	319	30.8%	452	(7.7)%
Operating Profit	78	68	13.5%	105	(25.9)%
Margin (%)	18.6%	21.4%		23.2%	
Net Profit*	41	37	10.0%	103	(60.6)%
Margin (%)	9.7%	11.5%		22.8%	
Basic EPS (Rs)	2.08	1.89	10.0%	5.27	(60.6)%

* Q4 FY 2012 Net Profit includes Rs. 29.6 Crore profit on the sale of the entire shareholding in Carbon International Holdings NV (CINV), a wholly owned subsidiary

Economic Environment¹

During Q1 FY2013, the global steel industry remained relatively flat compared to the same period last year due to the ongoing uncertainty in the Euro zone and weakening Chinese demand. Growth in the steel industry during the quarter varied significantly across regions. Domestic steel production has experienced a growth rate of 7.5% y-o-y and 3.7% q-o-q. Asia produced 252 million MT, representing an increase of 4.1% y-o-y. Production growth in China declined from 2.5% y-o-y in Q4 FY2012 to 1.6% y-o-y in the current quarter.

Regional Breakup: H1 CY 2012



North America continues to perform relatively well with a growth rate of 6.1% y-o-y and has produced 32 million MT of crude steel. European markets remained under pressure resulting in a negative growth of 6.0% y-o-y during Q1 FY2013.

Crude Steel Production (million MT)	Three Months Ended					H1 CY 2012		
	Jun-12	Jun-11	Y-o-Y Change (%)	Mar-12	Q-o-Q Change (%)	Jun-12	Jun-11	Change (%)
Asia	252	246	2.4%	242	4.1%	495	487	1.6%
India	19	18	7.5%	19	3.7%	38	37	3.1%
China	182	179	1.6%	174	4.5%	357	351	1.8%
South America	12	13	(6.7%)	12	0.2%	24	24	(3.5%)
North America	32	30	6.1%	32	0.8%	63	59	7.2%
European Union	45	48	(6.0%)	44	2.1%	89	93	(4.6%)
Middle East	5	5	1.0%	5	2.1%	10	9	6.6%
Others	43	43	0.6%	46	(5.4%)	86	87	(0.9%)
Total	389	384	1.1%	380	2.3%	767	760	0.9%

The global average steel capacity utilisation has decreased from 82.4% in Q1 FY2012 to 80.5% in Q1 FY2013. Although, this is higher than 77.4% achieved during the last quarter. Brent crude oil prices declined from approximately \$125/barrel at the beginning of Q1 FY2013 to \$98/barrel at the end of the quarter. It ranged between \$89/barrel to \$125/barrel during the quarter.

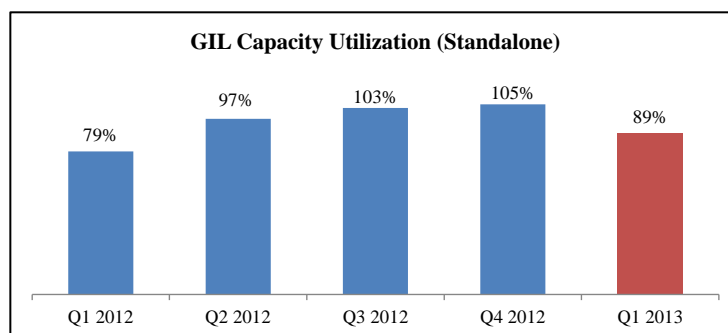
Operational Highlights

Q1 FY2013 Net Sales increased by 30.8% compared to the same period last year. During the quarter, electrode sales volumes grew by 15%. This electrodes sales growth is driven by the demand in exports markets.

Q1 FY2013 Operating Profits increased by 13.5% compared to Q1 FY2012. During the quarter, the Company experienced margin contraction due to increase in input costs. Average capacity

¹ worldsteel.org

utilization increased from 79% in Q1 FY2012 to 89% in Q1 FY2013. Graphite electrode production in Q1 FY2013 increased by 12% compared to Q1 FY2012.



Q1 FY2013 Net Profit increased by 10.0% as compared to Q1 FY2012. Margins were impacted by overall economic and inflationary pressures. The Net Profit growth was offset to certain extent by higher interest costs and depreciation. Interest expense increased from Rs. 2.6 Crore in Q1 FY2012 to Rs. 5.3 Crore in Q1 FY2013 due to an increase in working capital requirement, hardening of interest rates and capex.

Balance Sheet

As of June 30, 2012, the Company had Total Debt of Rs. 452 Crore, Cash and Cash Equivalents of Rs. 231 Crore, Net Debt of Rs. 221 Crore and Net Worth of Rs. 1,602 Crore. Total Debt consisted of Rs. 360 Crore of Secured Loans and Rs. 92 Crore of Unsecured Loans. Graphite India continues to maintain a conservative balance sheet.

Segment Analysis

(Rs Crore)	Q1		y-o-y Growth (%)	Q4	
	FY2013	FY2012		FY2012	q-o-q Growth (%)
Net Sales	418	319	31.0%	452	(7.7)%
Graphite and Carbon	366	272	34.1%	386	(5.2)%
Power	3	6	(42.6)%	9	(63.0)%
Steel	24	9	163.6%	24	(1.0)%
Unallocated	34	39	(13.1)%	49	(31.4)%
Less: Inter Segment Sales	(9)	(7)		(16)	
Profit before Tax and Interest	80	61	31.1%	81	(1.3)%
Graphite and Carbon	75	52	44.2%	53	41.3%
Power	1	4	(86.3)%	6	(90.8)%
Steel	0	(2)	nm	12	nm
Unallocated	4	7	(39.3)%	11	(61.5)%

Performance Outlook²

The demand environment in North America has shown a slow but consistent improvement, although uncertainties due to oversupply and weak construction markets persist. Overcapacity and weak demand in China, the largest producer and consumer of steel in the world, is expected to continue in the near term. Uncertainties around European markets coupled with slowing Chinese industrial activity are likely to soften the short term global steel demand. Global steel consumption is expected to increase by 3.6% to 1,422 million MT in 2012 and by 4.5% to 1,486 million MT in 2013.

² worldsteel.org and IBEF, July 2012



India is expected to be the second largest producer of crude steel in the world by FY2016 and finished steel consumption is estimated to grow at a CAGR of 12% during FY2012-14. The developing economies are expected to account for 73% of world steel demand by the end of 2012 as compared to 61% in 2007. Steel prices are likely to remain under pressure due to continuing negative market sentiments and slower economic growth.

Graphite India is well positioned to capitalize on the growing demand in the domestic and overseas markets through its increased capacity and low cost manufacturing. Management continues to win businesses from existing and new clients, and remains focussed on cost efficiency and productivity improvements. Part of the Durgapur plant facility has already been commissioned and the remaining capacity is likely to be commissioned in phases by Q3 FY2013 in synchronization with the manufacturing cycle.

With respect to the recent closure order from the Karnataka State Pollution Control Board (KSPCB), Graphite India has been granted an interim stay by the Appellate Authority and consequently, operations at the Bangalore plant have resumed. The Company has initiated the process to install air pollution control systems and is expected to complete it by September 2012. There has been no material impact on the overall production volumes.

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

Accounting 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 (incl. Other Operating Income)
4. Net Worth: Share Capital and Reserves and Surplus
5. Basic EPS: Face value of Rs. 2.00; 19.54 Crore shares

Graphite India: At a Glance

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 98,000 tonnes per annum is spread over four plants at Durgapur (54,000 MT post expansion), 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 56% of revenues and export volumes increased over 3 times from FY2001 to FY2012. 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 also manufactures Calcined Petroleum Coke ("CPC") for use in electrode manufacturing. It is 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. The capacity expansion plan at its Durgapur (West Bengal) plant is progressing well. Part of the Durgapur Plant facility has already been commissioned and the balance is likely to be commissioned in phases by Q3 FY2013 in synchronization with the manufacturing cycle. This will 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.

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 407 million MT in 2011.



Graphite India Limited

31, Chowringhee Road, Kolkata 700 016

Unaudited Standalone First Quarter Results for FY 2013 (All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

PART I				(₹ in Lakhs)
Particulars	Quarter ended			Year ended
	30th June	31st March	30th June	31st March
	2012 (Unaudited)	2012 (Unaudited)	2011 (Unaudited)	2012 (Audited)
Income from Operations				
Gross Sales / Income from Operations	42,795	46,260	32,727	169,637
Less: Excise Duty on Sales	2,117	2,154	1,617	7,119
Net Sales / Income from Operations	40,678	44,106	31,110	162,518
Other Operating Income	1,075	1,111	822	4,566
Total Income from Operations (net)	41,753	45,217	31,932	167,084
Expenses				
Cost of Materials consumed	18,072	19,636	14,408	68,762
Purchase of stock-in-trade	-	-	-	-
Changes in inventories of finished goods and work-in-progress	(1,581)	378	(1,894)	2,772
Employee benefits expense	2,606	2,786	2,062	9,704
Consumption of Stores and Spare Parts	3,105	3,140	2,335	11,502
Power and Fuel	7,423	6,753	5,751	25,402
Depreciation and amortisation expense	1,147	1,076	985	4,044
Other expenses	4,820	4,246	3,044	17,817
Total expenses	35,592	38,015	26,691	140,003
Profit from Operations before other income, finance costs and exceptional items	6,161	7,202	5,241	27,081
Other Income	453	2,190	611	3,462
Profit from ordinary activities before finance costs & exceptional items	6,614	9,392	5,852	30,543
Finance Costs	534	583	265	1,439
Profit from ordinary activities after finance costs but before exceptional items	6,080	8,809	5,587	29,104
Exceptional Items (Refer Note 4)	-	(2,962)	-	(2,962)
Profit from ordinary activities before tax	6,080	11,771	5,587	32,066
Tax expense				
- Current and deferred	2,025	2,125	1,900	9,000
- Written back relating to earlier years (Net)	-	(650)	-	(723)
Net Profit from ordinary activities after tax	4,055	10,296	3,687	23,789
Extraordinary items	-	-	-	-
Net Profit for the period	4,055	10,296	3,687	23,789
Paid-up equity share capital (Face Value ₹ 2/- each)	3,908	3,908	3,908	3,908
Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year				152,284
Earnings Per Share (EPS) - Face Value ₹ 2/- each (not annualised)				
Basic EPS (₹)	2.08	5.27	1.89	12.18
Diluted EPS (₹)	2.08	5.27	1.89	12.18
Earnings Per Share (EPS) excluding Exceptional Items- Face Value ₹ 2/- each (not annualised)				
Basic EPS (₹)	2.08	3.77	1.89	10.68
Diluted EPS (₹)	2.08	3.77	1.89	10.68

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PART II				
Particulars	Quarter ended			Year ended
	30th June	31st March	30th June	31st March
	2012	2012	2011	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
PARTICULARS OF SHAREHOLDING				
Public Shareholding				
- Number of Shares	73,793,736	73,793,736	83,558,735	73,793,736
- Percentage of shareholding	37.77	37.77	42.77	37.77
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	121,581,858	121,581,858	111,816,859	121,581,858
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00
- Percentage of shares (as a % of the total share capital of the company)	62.23	62.23	57.23	62.23

Particulars	Quarter ended 30th June 2012
INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	Nil
Received during the quarter	9
Disposed of / attended to during the quarter	9
Remaining unresolved at the end of the quarter	Nil



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Unaudited Standalone First Quarter Results for FY 2013 (All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Segment Reporting as per Clause 41 of the Listing Agreement

(₹ in Lakhs)

	Particulars	Quarter ended			Year ended
		30th June	31st March	30th June	31st March
		2012 (Unaudited)	2012 (Unaudited)	2011 (Unaudited)	2012 (Audited)
1	SEGMENT REVENUE -				
	Graphite and Carbon	36,568	38,582	27,264	143,183
	Power	337	911	587	3,403
	Steel	2,409	2,433	914	9,065
	Unallocated	3,384	4,935	3,893	16,354
	Total	42,698	46,861	32,658	172,005
	Less: Inter Segment Revenue	945	1,644	726	4,921
	Sales/Income from Operations-Net	41,753	45,217	31,932	167,084
2	SEGMENT RESULTS -				
	Profit before tax and interest				
	Graphite and Carbon	7,468	5,285	5,179	25,336
	Power	51	554	372	2,493
	Steel	35	1,167	(182)	1,199
	Unallocated	443	1,151	730	3,188
	Total	7,997	8,157	6,099	32,216
	Less:				
	Interest (including other finance costs)	534	583	265	1,439
	Other un-allocable expenditure/(income)(net)	1,383	(4,197) *	247	(1,289) *
	Total Profit Before Tax	6,080	11,771	5,587	32,066
3	CAPITAL EMPLOYED -				
	(Segment Assets - Segment Liabilities)				
	Graphite and Carbon	168,281	162,815	133,990	162,815
	Power	4,426	4,594	5,108	4,594
	Steel	18,594	18,567	17,394	18,567
	Unallocated	10,480	11,135	10,300	11,135
	Total	201,781	197,111	166,792	197,111

* after considering exceptional items

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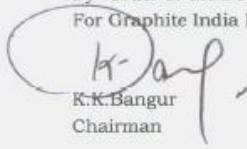
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Notes :

- 1 The above results have been reviewed by the Audit Committee and approved by the Board at its meeting held on 3rd August, 2012. The Auditors of the Company have carried out a Limited Review of the financial results for the quarter ended 30th June, 2012 in terms of Clause 41 of the Listing Agreement with Stock Exchanges.
- 2 Generation of power at hydro electrical plants is seasonal in nature.
- 3 The figures of the quarter ended 31st March, 2012 are the balancing figures between the audited figures in respect of the full financial year ended 31st March, 2012 and the unaudited published year-to-date figures up to the third quarter ended 31st December, 2011.
- 4 Exceptional items represent profit on disposal of long - term investments in a wholly owned subsidiary.
- 5 Karnataka State Pollution Control Board (KSPCB) vide its letter dated 2nd July, 2012 had ordered closure of industrial operations in the Company's plant in Bengaluru (primarily engaged in Graphite and Carbon segment), alleging non-compliance with the provisions of the Air (Prevention & Control of Pollution) Act, 1981. The closure order was complied with. The Company being aggrieved by the alleged non-compliance and the consequent closure order, filed an appeal with the Appellate Authority. The Appellate Authority has passed an interim order on 25th July, 2012 granting stay of the orders of KSPCB. Work at the plant has since been resumed.
- 6 Figures for the previous year/period have been regrouped / rearranged wherever necessary to conform to current period's classification.

Place : Kolkata
Date : 3rd August, 2012

By Order of the Board
For Graphite India Limited


K.K. Bangur
Chairman