Graphite India Limited

Q4 FY2012 and FY2012 Earnings Presentation

Important Notice

Forward Looking Statements

This presentation 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.

Financial Highlights

FY2012 Consolidated Performance

- Gross Sales increased by 32% y-o-y
- Electrode sales volume increased by 33% y-o-y
- Net Profit increased by 12% y-o-y
- Average capacity utilization increased from 73% in FY2011 to 90% in FY2012
- Dividend per share of Rs. 3.50

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

“Overall I am delighted to report a very respectable set of results for another financial year. This has been achieved in a year which has continued to experience global economic uncertainties and volatility. Graphite India has delivered robust top line growth and steady operating margins, which are in line with our expectations. Although the pricing environment will most likely remain stable, volume growth in both India and export markets are expected to be encouraging. Medium term industry dynamics are attractive and we are better positioned with the additional 20,000 MT capacity at Durgapur coming on line. Furthermore, as a management team we remain focused on implementing operating efficiencies and optimizing our capacity utilization levels.”

Business Snapshot

Global Market Position

- Largest Indian producer of graphite electrodes by total capacity
- One of the leading players in a highly consolidated industry
- Accounts for 6.5% of global electrode capacity
- Diversified global client base with no client accounting for more than 6.0% of revenues

Best-in-Class Operations

- Strong quality with over 60% of electrode production exported in competition with global players
- Focus on efficiency and productivity resulting in industry leading operating margins
- Secured supplies of key raw material, needle coke
- Access to low cost sources of power

Attractive Industry Dynamics

- Graphite electrodes are critical to the electric arc furnace (EAF) steel making process, with no substitutes available
- Strong secular support for EAF route due to significant advantages over traditional blast furnace method
- EAF[1] is expected to contribute 50% (with current level of 30%) of global steel production by 2020
- Consolidated industry with significant entry barriers due to technology intensive nature of operations

Strong Financial Performance

- Steady double-digit revenue CAGR over the past five years despite a global slowdown
- Strong cost management resulting in average EBITDA margins of approximately 24% from FY 2008 to FY 2012
- Steady growth of exports, which nearly tripled in size from FY2001 to FY2012
- Strong balance sheet with low leverage
- History of consistent profitability even during challenging pricing environments

Graphite India is globally well positioned through its product quality, scale of operations and manufacturing platform base

Note:
1. 08th April 2011, The Financial Express

FY2012 Financial Performance – Consolidated

(₹ Crore)	FY2012	FY2011	*% Y-o-Y Growth*
Gross Sales	1,943	1,471	*32.1%*
Net Sales (incl Other Operating Income)	1,912	1,444	*32.5%*
Operating Profit[2]	361	344	*5.1%*
% Margin	*18.9%*	*23.8%*	
Net Profit	212	189	*12.4%*
% Margin	*11.1%*	*13.1%*	
Basic EPS (Rs.)	10.88	10.09	*7.8%*

(₹ Crore)	Consolidated 31.3.2012	Consolidated 31.3.2011
Secured Debt	468	272
Unsecured Debt	125	65
Total Debt	**593**	**337**
Less: Cash & Cash Equivalents	263	268
Net Debt / (Net Cash)	**330**	**70**
Net Worth	**1,656**	**1,522**
Net Debt / Equity (x)	0.20	0.05
Dividend per share (₹)	3.50	3.50

Key Observations

- Electrode sales volume increased significantly by 33%
- Average capacity utilization increased from 73% in FY2011 to 90% in FY2012
- Electrode production volume increased by 23% y-o-y
- Volume growth was driven by both the domestic market as well as exports
- Higher raw material costs, power & fuel and other expenses
- Increase in net debt to support higher working capital requirements and ongoing Durgapur expansion
- Consistent dividend policy

FY2012 Financial Performance – Standalone

Standalone Performance

(₹ Crore)	Q4 FY2012	Q4 FY2011	*% Y-o-Y Growth*	Q3 FY2012	*% Q-o-Q Growth*	FY2012	FY2011	*% Y-o-Y Growth*
Gross Sales[1]	463	312	*48.4%*	441	*4.9%*	1,696	1,249	*35.8%*
Net Sales (incl Other Operating Income)	452	304	*48.6%*	437	*3.5%*	1,671	1,226	*36.3%*
Operating Profit[2]	105	76	*38.1%*	96	*9.0%*	346	313	*10.3%*
% Margin	*23.2%*	*24.9%*		*22.0%*		*20.7%*	*25.6%*	
Net Profit[4]	103	45	*131.2%*	56	*83.3%*	238	172	*38.1%*
% Margin	*22.8%*	*14.6%*		*12.9%*		*14.2%*	*14.1%*	
Basic EPS (₹)	5.27	2.38	*121.4%*	2.88	*83.3%*	12.18	9.19	*32.5%*

Notes:

1. Gross Sales includes excise duty
2. Operating Profit defined as earnings before depreciation, interest, exceptional items and taxes; includes other income
3. All margins calculated as a percentage of Net Sales (incl Other Operating Income))
4. Net Profit includes ₹ 29.6 Crore profit on the sale of the entire shareholding in Carbon International Holdings NV (CINV), a wholly owned subsidiary

Segment Financial Performance

Standalone

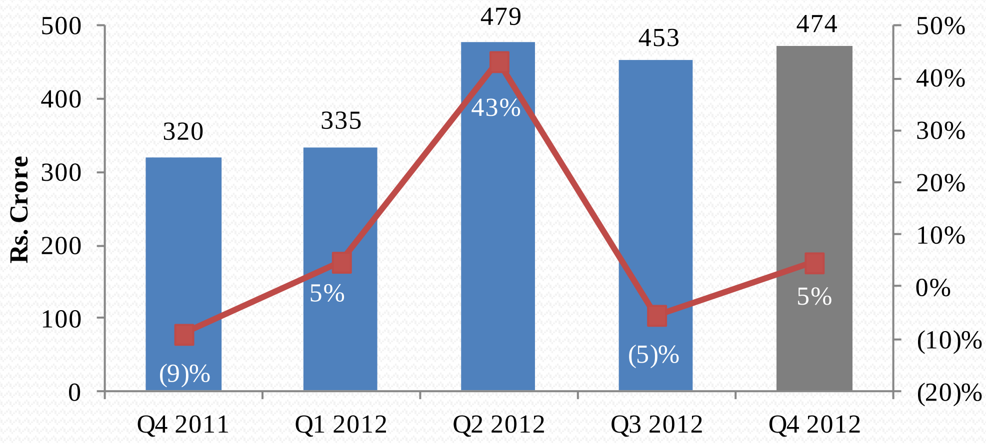
(₹ Crore)	FY2012	FY2011	*% Y-o-Y Growth*
Net Sales (incl Other Operating Income)	**1,671**	**1,226**	***36.3%***
Graphite and Carbon	1,432	1,035	*38.4%*
Power	34	34	*(1.2%)*
Steel	91	80	*13.0%*
Unallocated	164	119	*36.9%*
Less: Intersegment	(49)	(43)	
EBIT	**322**	**267**	***20.8%***
Graphite and Carbon	253	208	*22.0%*
Power	25	26	*(2.9%)*
Steel	12	1	*nm*
Unallocated	32	33	*(2.7%)*

Consolidated

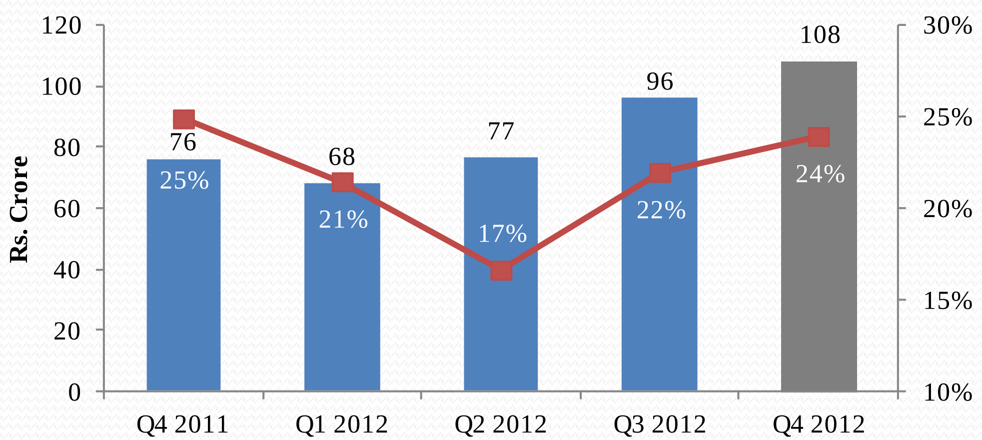
(₹ Crore)	FY2012	FY2011	*% Y-o-Y Growth*
Net Sales (incl Other Operating Income)	**1,912**	**1,444**	***32.5%***
Graphite and Carbon	1,673	1,251	*33.8%*
Power	34	34	*(1.2)%*
Steel	91	80	*13.0%*
Unallocated	164	121	*35.0%*
Less: Intersegment	(49)	(43)	
EBIT	**330**	**289**	***14.1%***
Graphite and Carbon	261	229	*13.9%*
Power	25	26	*(2.9)%*
Steel	12	1	*nm*
Unallocated	32	34	*(5.3)%*

Quarterly Financial Performance – Standalone

Gross Sales and Growth



Operating Profit and Margins

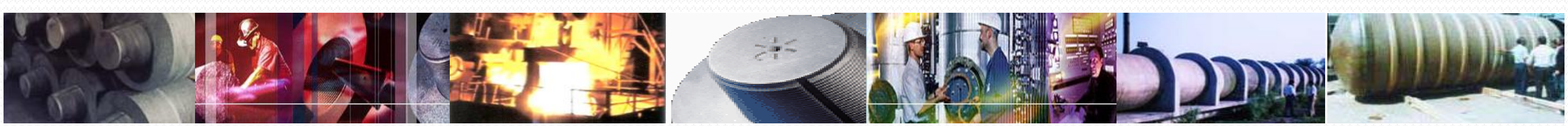


Note:
1 All numbers shown are for the standalone business

Historical Trends

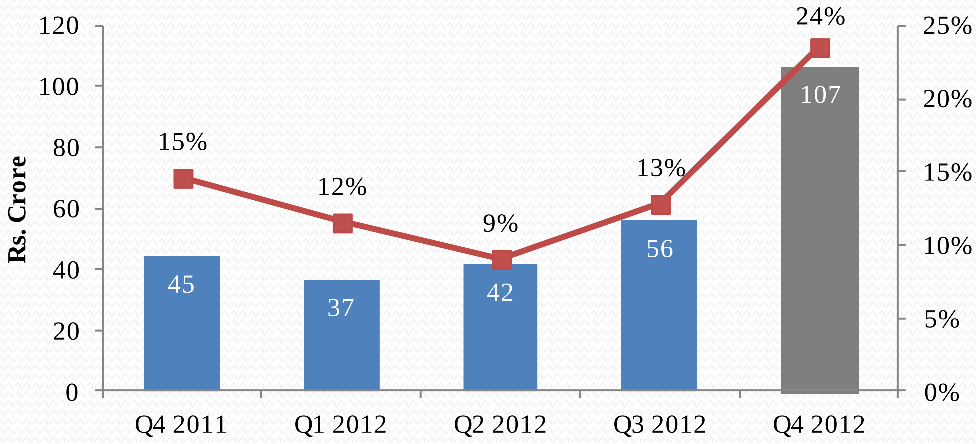
- Increase in sales primarily due to better contribution by all segments other than steel
- Lower electrodes sales volumes in Q3 FY2012. In Q2 FY2012, it was higher due to the clearance of backlog
- Robust sales volume growth of ~40% coupled with the steady pricing in Q2 FY2012
- Higher volumes and steady electrode prices in Q1 FY2012 on a y-o-y and sequential basis
- Deferral of some shipments resulted in lower electrode sales volumes in Q4 FY2011
- Q3 FY2011 electrode volume growth increased by 34% y-o-y and 7% q-o-q, offset to some extent by moderation in electrode prices

- Better contribution from steel and other segments
- Margins benefited from improved productivity and optimum capacity utilizations in Q3 FY2012
- Higher operating profits offset by increasing input costs and adverse forex fluctuations in Q2 FY2012
- Increase in input costs other than needle coke in Q1 FY2012 on a y-o-y and sequential basis
- Combination of lower volumes, moderating electrode prices and higher input costs in Q4 FY2011, compared to the prior year



Quarterly Financial Performance – Standalone

Net Profit and Margins



(Rs. Crore)	Standalone 31.3.2012	Standalone 31.3.2011
Secured Debt	336	200
Unsecured Debt	125	65
Total Debt	**462**	**265**
Less: Cash & Cash Equivalents	235	231
Net Debt / (Net Cash)	**226**	**34**
Net Worth	**1,562**	**1,403**
Net Debt / Equity (x)	0.14	0.02

Note:
1 All numbers shown are for the standalone business

Historical Trends

- Q4 FY2012 Net Profit increased due to higher Operating profit and profit on the disposal of Carbon International Holdings NV
- Q3 FY2012 Net Profit increased due to higher operating profits despite an increase in finance costs
- Q2 FY2012 Net Profit margins moderated due to lower operating margins due to foreign exchange loss
- Lower Operating Profit along with higher incidence of taxation in Q1 FY2012
- Lower Operating Profit and higher finance costs in Q4 FY2011

Capital Structure

- Outstanding shares as of March 31, 2012 is 195,375,594
- Net debt position of Rs. 226 Crore
- Significant financial flexibility available for future organic / inorganic growth

Strategic Initiatives

Durgapur Plant Expansion

- Electrode capacity expansion plan of 20,000 MT per annum
  - Continue to position Graphite India as the largest Indian producer of graphite electrodes
  - Key drivers are access to capital at competitive costs and anticipated improvement in electrode demand in the medium term
  - Eco-friendly advanced technology and greater energy efficiency
  - Cost of expansion is expected to be Rs. 255 Crore, to be funded through internal accruals and debt
  - Part of the facility has already been commissioned and the balance is likely to be commissioned in phases during the first half of FY2013 in synchronization with the manufacturing cycle

Performance Outlook

Revenues

- Traction in graphite electrode demand due to increased capacity utilization by steel manufacturers
- Well positioned to capitalize on expected demand through increased capacity
- Exports to continue to show strong volume growth
- Capacity expansion at the Durgapur Plant is progressing well. Part of the facility has already been commissioned and the balance is likely to be commissioned in phases during the first half of FY2013 in synchronization with the manufacturing cycle
- Increase in Graphite electrode prices to offset the higher input costs

Costs

- Optimum capacity utilization levels
- Continued focus on cost efficiency and productivity
- Needle coke supplies secured for FY2013 at increased but competitive prices

Graphite India: At a Glance

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 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. The capacity expansion plan at its Durgapur (West Bengal) plant is progressing well. Part of the facility has already been commissioned and the balance is likely to be commissioned in phases during the first half of 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

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.

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