



GRAPHITE INDIA LIMITED

REGD. & H.O. : 31, CHOWRINGHEE ROAD, KOLKATA - 700 016, W.B., INDIA
PHONE : 91 33 4002 9600, 2226 5755 / 4942 / 4943 / 5547 / 2334, 2217 1145 / 1146
FAX : 91 33 2249 6420, E-MAIL: gilro@graphiteindia.com
WEBSITE : www.graphiteindia.com, CIN: L10101WB1974PLC094602

GIL:SEC:15/16:
August 10, 2016

Fax/Hand Delivery

Bombay Stock Exchange Limited
The Corporate
Relationship Department
1st Floor, New Trading Ring,
Rotunda Bldg., P.J.Towers,
Dalal Street, **Mumbai 400 001.**
Fax No. 2272 1072/3121/ 3719/ 2061
DCS-CRD
Scrip Code - 509488
Corp.relations@bseindia.com

The Manager
Listing Department
National Stock Exchange
Exchange Plaza, 5th Floor,
Plot No-C/1, G Block,
Bandra-Kurla Complex,
Bandra (E)
Mumbai 400 051
Fax No. 2659 8237/ 38
cmlist@nse.co.in

Re : June 2016 Quarterly Results.

Dear Sir,

An Earning Presentation made by the Company in connection with our Unaudited Quarterly Financial results for the quarter ended 30th June, 2016 is enclosed for your information and records.

Thanking you,

Yours faithfully,
For Graphite India Limited


M B Gadgil
Executive Director

Encl: as above



Graphite India Limited

(NSE: GRAPHITE, BSE: 509488)

Q1 FY2017 Earnings Presentation August 10, 2016



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Q1 FY2017 Financial Performance¹

Profit and Loss

- Gross Sales of Rs. 291.5 Crores, a decrease of (13.4)% y-o-y
- EBITDA declined by (30.5)% y-o-y to Rs. 28.4 Crores; Margin of 10.3%
- Net Profit decreased (42.8%) to Rs. 11.0 Crores; Margin of 4.0%
- Interest Coverage: 15.4x

Balance Sheet

- Gross Debt of Rs. 110 Crores (As on 30th June 2015: Rs. 234 Crores)
- Net Cash of Rs. 403 Crores (As on 30th June 2015: Rs. 200 Crores)

Operations

- Capacity utilization of 68% in Q1 FY2017 (Q1 FY2016: 69%)
- Sales volumes grew 3% y-o-y during the quarter

Industry Overview

- World crude steel production declined by (0.4)% y-o-y to 410 million MT in Q2 CY2016
- World steel capacity utilization ratio stood at 71.8% in June 2016, as compared to 72.7% in June 2015

Note:

1. Financials as per IND-AS



Mr. K. K. Bangur,
Chairman

"The steel industry may be showing signs of bottoming out but we are yet to see a recovery in the graphite electrode sector. With the backdrop of declining industry margins, our focus during the quarter remained on tightening cost controls and maintaining market share.

The World Steel Association forecasted in April 2016 that global steel demand will decrease by (0.8)% to 1,488 million tons in 2016, lower than its previous estimate of 1,523 million tons. The decrease is primarily attributable to China, Brazil and Russia. The growth forecast for the developed economies is 1.7%. 2017 is anticipated to be better with global demand estimated to grow by 0.4%, and China expected to be the only country to register a decline in demand. Overall, the global steel demand scenario is expected to remain sluggish and uneven across regions.

India, however, remains better placed than most other economies owing to better economic growth and the recent upsurge in public sector spending. Indian steel demand rose 4.5% in FY2016. While the recent measures by the Indian government to support the steel industry are welcome, tangible benefits of such measures may take some time to be realised.

Despite the ongoing weakness, we are optimistic about the medium to long term demand scenario in the graphite electrode industry. Graphite India is focussed on financial discipline and shielding margins in these challenging times, whilst staying fully committed to its stakeholders."

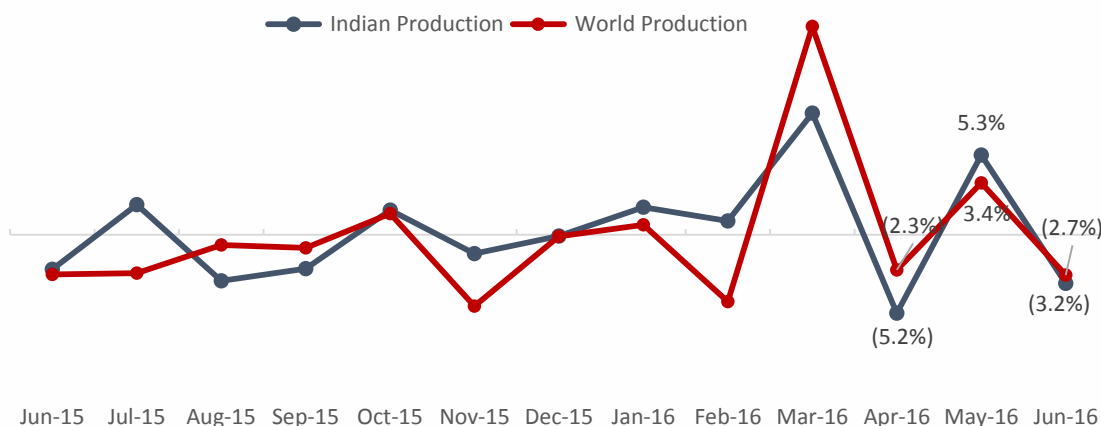
Steel Industry Overview



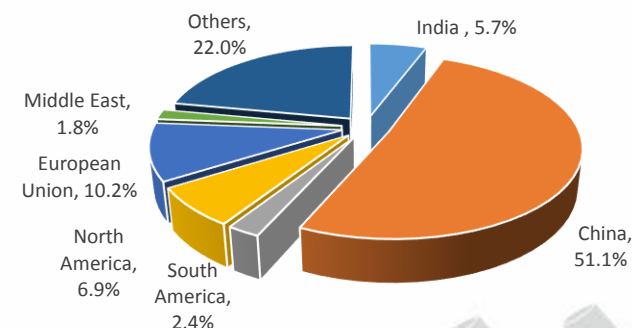
Graphite India Limited

Crude Steel Production (million MT)	Three Months Ended				
	Jun-16	Jun-15	Y-o-Y (%)	Mar-16	Q-o-Q (%)
Asia	283.1	281.2	0.7%	264.1	7.2%
<i>India</i>	23.5	22.7	3.5%	22.9	2.4%
<i>China</i>	209.4	207.8	0.8%	191.7	9.2%
<i>Others</i>	50.2	50.7	(1.0)%	49.5	1.5%
South America	9.6	11.2	(14.1)%	9.6	1.0%
North America	28.4	28.3	0.5%	27.4	3.9%
European Union	41.6	44.1	(5.6)%	41.1	1.3%
Middle East	7.2	7.4	(2.4)%	6.6	8.6%
Others	40.0	39.6	1.1%	37.7	6.3%
Total	410.0	411.8	(0.4)%	386.4	6.1%

M-O-M Growth (%)



Q2 CY2016 Regional Production



- The World crude steel production was 410.0 MT in the three months ended June 2016, a decline of (0.4)% y-o-y. India registered the highest growth rate of 3.5% y-o-y followed by China with a growth of 0.8% y-o-y. Sequentially, total world steel production in the quarter grew by 6.1%.
- World steel capacity utilization ratio stood at 71.8% in June 2016, as compared to 72.7% in June 2015.
- Recently, US, EU and India have imposed anti-dumping duties on various kind of steel imports. While the US recently raised the tariff on some of the steel products to more than 500%, the EU has levied duties ranging from 19.7-22.1% for Chinese companies and from 18.7-36.1% for Russian producers.
- India has imposed an anti-dumping duty of \$474-557 per tonne on 'hot-rolled flat products of alloy or non-alloy steel' imports from Brazil, China, Indonesia, Japan, Russia and South Korea for a period of six months starting 8th August 2016. This follows an extension of the Minimum Import Price (MIP) on 66 items for a period of two months until October 2016. Such measures are likely to help revive the domestic steel sector.
- World Steel Association has forecasted that Indian steel demand will grow at 5.4% in both CY2016 and CY2017 on the back of major infrastructure projects relating to road, railway and port development.

Standalone Financial Performance



Graphite India Limited

(Rs. Crore)	Q1 ¹		y-o-y Growth (%)
	FY2017	FY2016	
Gross Sales	291.5	336.8	(13.4)%
Net Sales (including Other Operating Income)	275.2	322.5	(14.7)%
Operating Profit (EBITDA) ²	28.4	40.8	(30.5)%
Margin (%) ³	10.3%	12.6%	
Interest	1.4	2.1	(31.8)%
Depreciation	9.7	11.2	(13.3)%
Profit Before Tax	17.2	27.5	(37.4)%
Net Profit	11.0	19.2	(42.8)%
Margin (%) ³	4.0%	6.0%	
Earnings Per Share	0.56	0.98	(42.8)%

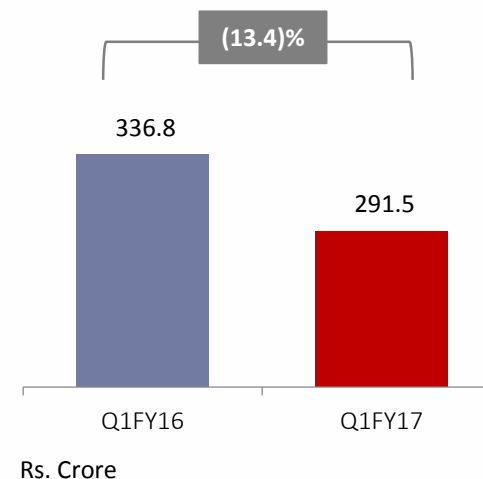
Notes:

1. Financials as per IND-AS
2. Operating Profit includes Other Income
3. All margins calculated as a percentage of Net Sales (including Other Operating Income)

1

Sales¹

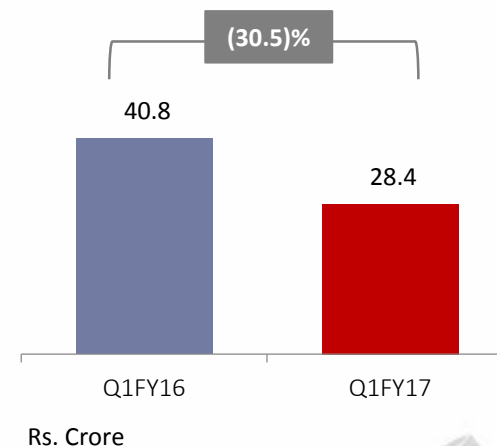
- Gross Sales decreased by (13.4)% y-o-y to Rs. 291.5 Crores
- Sales were impacted due to lower price realizations across markets



2

Operating Profit¹

- Operating Profit (EBITDA) for the quarter was Rs. 28.4 Crores, a decrease of (30.5)% y-o-y
- This decrease was primarily driven by the decline in Gross Sales as a result of lower realizations



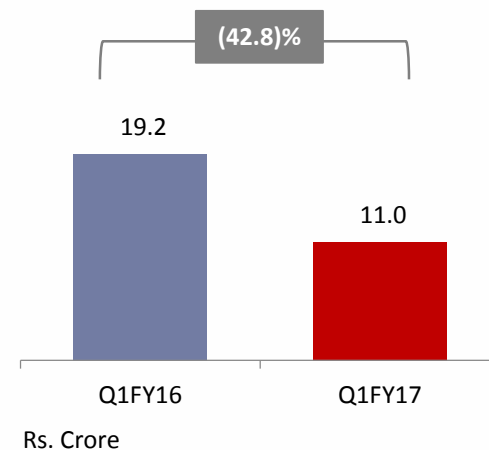
Note:

1. Financials as per IND-AS

3

Net Profit¹

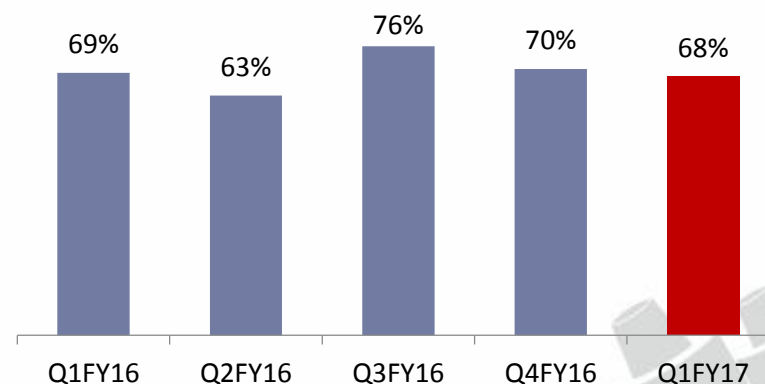
- Net Profit for the quarter was Rs. 11.0 Crores, a decrease of (42.8)% compared to Q1 FY2016
- Interest cost decreased from Rs. 2.1 Crores in Q1 FY2016 to Rs. 1.4 Crores, a decline of (31.8)%. Interest coverage was 15.4x for the quarter
- Net Profit was impacted due to lower operating profit, coupled with a higher effective tax rate



4

Operations¹

- Q1 FY2017 capacity utilization was 68% as compared to 69% in Q1 FY2016

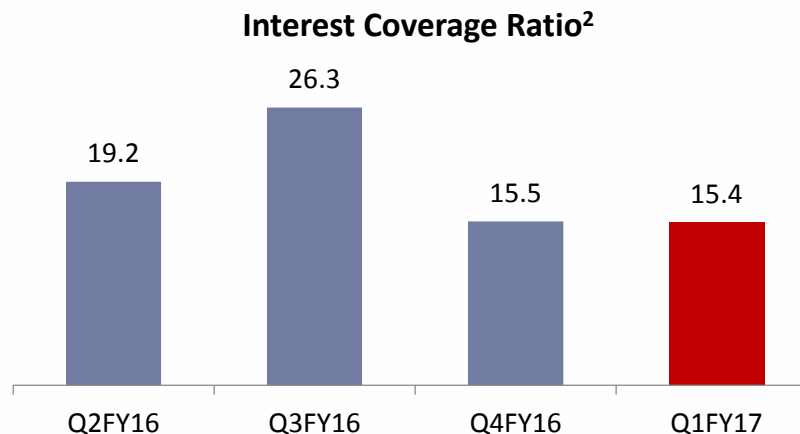


Note:

1. Financials as per IND-AS

Significant financial flexibility available for future organic / inorganic growth

(Rs. Crore)	30.06.2016	31.03.2016	31.12.2015	30.09.2015
Total Debt	110	180	159	176
Less: Cash & Cash Equivalents	(513) ¹	(409)	(421)	(385)
Net Debt / (Net Cash)	(403)¹	(229)	(262)	(209)



Notes:

1. Cash and cash equivalents as of 30th June 2016 include Mutual Fund investments restated at fair value as per IND-AS
2. Interest Coverage Ratio calculated as (Net Profit + Depreciation + Interest) / Interest

Quarterly segment comparison¹

(Rs. Crore)	Q1		y-o-y
	FY2017	FY2016	Growth (%)
Segment Revenue	295.6	342.8	(13.7)%
Graphite and Carbon	263.1	315.6	(16.6)%
Steel	18.0	20.0	(10.4)%
Unallocated	14.5	7.2	102.7%
Less: Inter Segment Sales	0.17	0.01	

(Rs. Crore)	Q1		y-o-y
	FY2017	FY2016	Growth (%)
Segment Profit before tax and interest	13.5	34.1	(60.5)%
Graphite and Carbon	6.0	33.9	(82.4)%
Steel	4.0	0.8	417.4%
Unallocated	3.5	(0.5)	

Note:

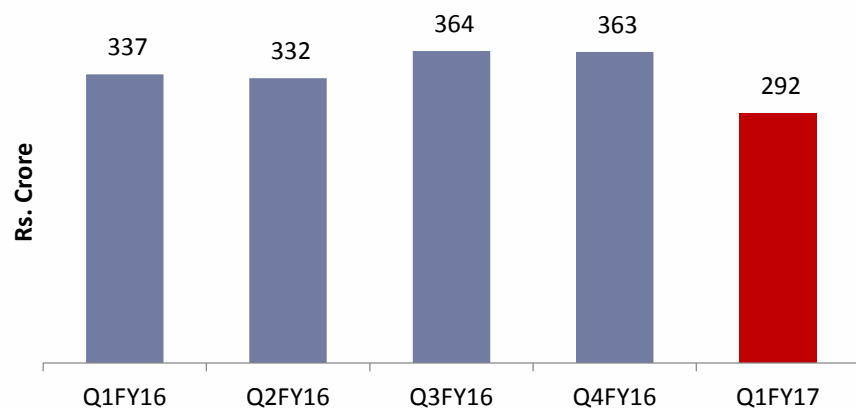
1. Financials as per IND-AS

Quarterly Performance Trends

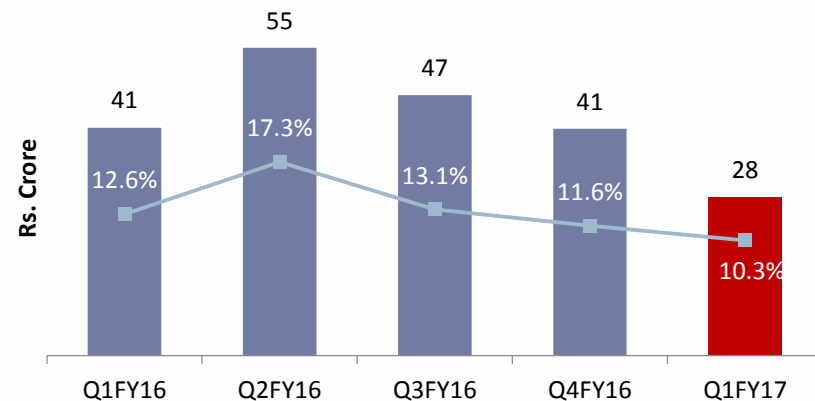


Graphite India Limited

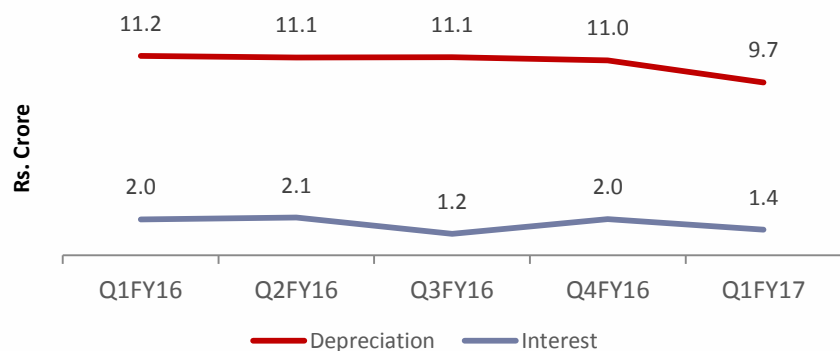
Gross Sales¹



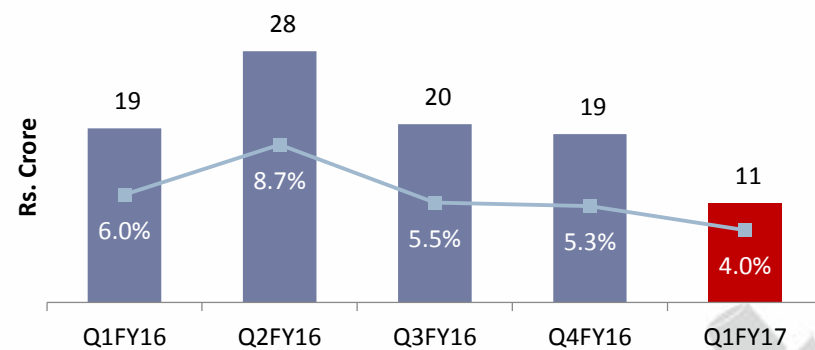
Operating Profit (EBITDA) and Margins¹



Depreciation and Interest¹



Net Profit and Margins¹



Note:

1. Q1 FY2017 and Q1 FY2016 financials as per IND-AS

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 98,000 tonnes per annum is spread over four plants at Durgapur (54,000 MT), Bangalore (13,000 MT), Nashik (13,000 MT) and Nurnberg in Germany (18,000 MT). The Company has over 40 years of technical expertise in the industry. Exports account for approximately half of the total revenues. Graphite India manufactures the full range of graphite electrodes but stays focused on the higher margin, large diameter, ultra-high power (“UHP”) electrodes.

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. 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 after the successful capacity expansion by 20,000 MT per annum at its Durgapur (West Bengal) plant.

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 almost 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.

Unaudited Standalone Results for the quarter ended 30th June 2016 (All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

GRAPHITE INDIA LIMITED Regd. Office: 31, Chowringhee Road, Kolkata 700 016 Statement of Standalone Unaudited Results for the quarter ended 30th June, 2016 (₹ In Lakhs)			
S. No.	Particulars	Quarter ended	
		30th June 2016	30th June 2015
		(Unaudited)	(Not subjected to review/audit)
1	Income from operations		
	(a) Revenue from operations	29,154	33,678
	(b) Other operating income	389	601
	Total Income from operations	29,543	34,279
2	Expenses		
	(a) Cost of materials consumed	13,020	11,972
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(733)	1,494
	(c) Employee benefits expense	3,507	3,549
	(d) Consumption of stores and spare parts	2,122	2,488
	(e) Power and fuel	5,258	5,318
	(f) Excise duty	2,024	2,029
	(g) Depreciation and amortisation expense	972	1,121
	(h) Other expenses	3,294	4,211
	Total expenses	29,464	32,182
3	Profit from operations before other income, finance costs and exceptional items (1 - 2)	79	2,097
4	Other Income	1,784	861
5	Profit before finance costs and exceptional items (3+4)	1,863	2,958
6	Finance costs	144	211
7	Profit before exceptional items (5 - 6)	1,719	2,747
8	Exceptional Items	-	-
9	Profit before tax (7 + 8)	1,719	2,747
10	Tax expense	620	825
11	Net Profit for the period (9 - 10)	1,099	1,922
12	Other comprehensive income, net of income tax		
	A. Items that will not be reclassified to profit or loss	(23)	(30)
	B. Items that will be reclassified to profit or loss	-	-
	Total other comprehensive income, net of income tax	(23)	(30)
13	Total comprehensive income for the period (11 + 12)	1,076	1,892
14	Paid-up equity share capital (Face Value ₹ 2/- per equity share)	3,908	3,908
15	Earnings per share (of ₹ 2/- each) (not annualised):		
	(a) Basic (₹)	0.56	0.98
	(b) Diluted (₹)	0.56	0.98

(₹ in Lakhs)

S.No	Particulars	Quarter ended	
		30th June 2016	30th June 2015
		(Unaudited)	(Not subjected to review/audit)
1	SEGMENT REVENUE -		
	Graphite and Carbon	26,316	31,562
	Steel	1,795	2,003
	Unallocated	1,449	715
	Total	29,560	34,280
	Less: Inter Segment Revenue	17	1
	Sales/Income from Operations	29,543	34,279
2	SEGMENT RESULTS -		
	Profit/ (Loss) before tax and interest		
	Graphite and Carbon	596	3,385
	Steel	398	77
	Unallocated	354	(53)
	Total	1,348	3,409
	Less:		
	Interest	144	211
	(Including other finance costs)		
	Other un-allocable expenditure/(income)(net)	(515)	451
	Total Profit Before Tax	1,719	2,747
3	SEGMENT ASSETS -		
	Graphite and Carbon	1,52,599	1,70,158
	Steel	24,724	23,214
	Unallocated	6,040	4,544
	Total	1,83,363	1,97,916
4	SEGMENT LIABILITIES -		
	Graphite and Carbon	21,656	23,168
	Steel	1,534	1,809
	Unallocated	2,158	1,447
	Total	25,348	26,424

Notes to the financial results:

- 1 This statement has been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 10th August, 2016. The Auditors of the Company have carried out a Limited Review of the above financial results for the quarter ended 30th June, 2016 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2 This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. Beginning 1st April, 2016, the Company has for the first time adopted Ind AS with a transition date of 1st April, 2015.
- 3 The format for un-audited quarterly results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated 30th November, 2015 has been modified to comply with requirements of SEBI's Circular dated 5th July, 2016, Ind AS and Schedule III (Division II) to the Companies Act, 2013 applicable to companies that are required to comply with Ind AS.
- 4 The Ind AS compliant corresponding figures in the previous year have not been subjected to review/audit. However, the Company's management has exercised necessary due diligence to ensure that such financial results provide a true and fair view of its affairs.
- 5 The statement does not include Ind AS compliant results for the preceding quarter and previous year ended 31st March, 2016 as the same is not mandatory as per SEBI's Circular dated 5th July, 2016.
- 6 The reconciliation of net profit reported in accordance with Indian GAAP to total comprehensive income in accordance with Ind AS is given below:

		(₹ in Lakhs)
S.No	Particulars	Quarter ended 30th June 2015 (Not subjected to review/audit)
	Net Profit as per Indian GAAP	1,633
	Add/(Less):-	
(a)	Provision for expected credit losses on Trade Receivables	(144)
(b)	Gain on measuring investments in mutual funds at fair value	412
(c)	Increase in borrowing cost pursuant to application of effective interest rate method	(9)
(d)	Reclassification of net actuarial loss on employee defined benefit plans to other comprehensive income	30
	Net profit as per Ind AS	1,922
	Other comprehensive income, net of income tax	(30)
	Total comprehensive income for the period	1,892

Place : Kolkata
Date : 10th August, 2016

By Order of the Board
For Graphite India Limited

K.K.Bangur
Chairman

Telephone No: 91 33 40029600; Fax No: 91 33 40029676
CIN: L10101WB1974PLC094602
Email: gilro@graphiteindia.com; Website: www.graphiteindia.com



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 Limited’s (“Graphite India” or the “Company”) 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.

Contact Details:

Graphite India Limited

(CIN: L10101WB1974PLC094602)

31 Chowringhee Road, Kolkata 700 016

Phone: +91 33 4002 9600

Fax: +91 33 4002 9676

www.graphiteindia.com

M.K. Chhajer

Graphite India Ltd

+91 33 40029622

mkchhajer@graphiteindia.com

Jitesh Bhatia /

Ankul Adlakha

+91 22 6169 5988

Churchgate Partners

graphite@churchgatepartnersindia.com