



GRAPHITE INDIA LIMITED

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GIL:SEC/SM/21-22/23

August 6, 2021

Bombay Stock Exchange Limited
The Corporate
Relationship Department
1st Floor, New Trading Ring,
Rotunda Bldg., P.J.Towers,
Dalal Street,
Mumbai 400 001.

Scrip Code – 509488

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
Symbol - GRAPHITE

Sir,

Re : Earnings Presentation – Results for quarter ended June 30 2021

Dear Sir,

Earnings Presentation in connection with the Company's un-audited financial results for the quarter ended 30th June, 2021 is enclosed for your information and records.

Thanking you,

Yours faithfully,
For Graphite India Limited

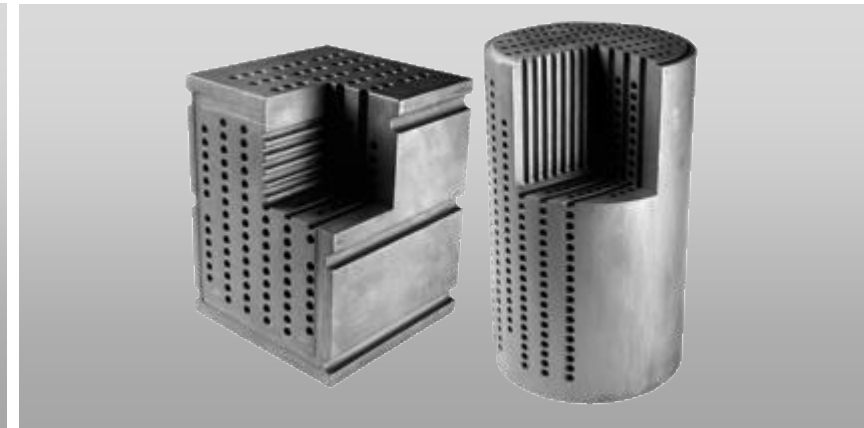
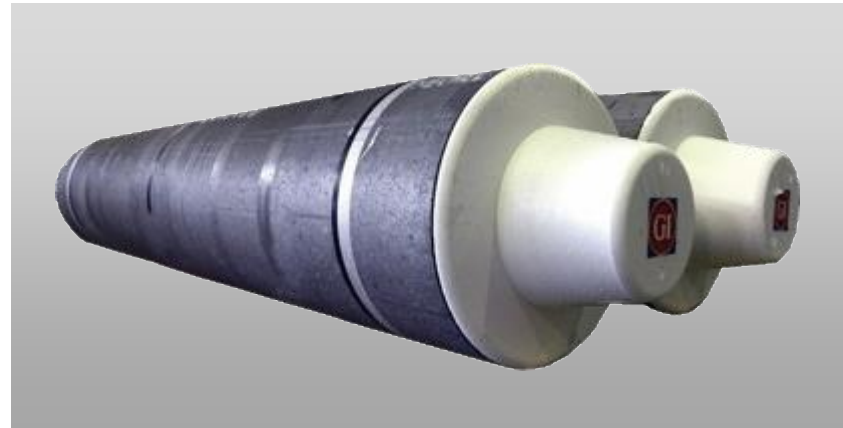
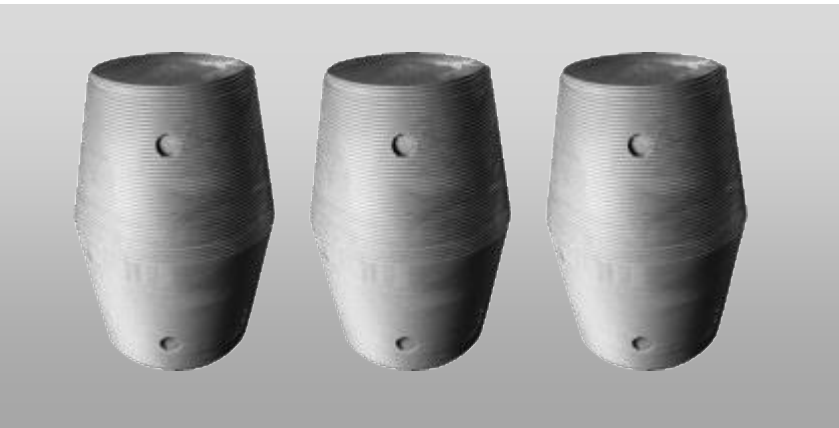
Sanjeev Marda
Asst. Company Secretary



Graphite India Limited

NSE: GRAPHITE, BSE: 509488

Q1 FY2022 Earnings Presentation August 6th, 2021



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Q1 FY2022 Financial Performance

Q1 FY2022 Profit and Loss

(Consolidated)

- Net Sales of Rs. 610 Crores, an increase of 49% y-o-y and 8% q-o-q
- EBITDA of Rs. 219 Crores as compared to Loss of Rs. 63 Crores in Q1 FY21
- Net Profit of Rs. 150 Crores as compared to Loss of Rs. 78 Crores in Q1 FY21
- EPS of Rs. 7.70 per share

Balance Sheet (Consolidated)

- Gross Debt of Rs. 267 Crores
- Cash (Net of Gross Debt) of Rs. 2,780 Crores

Q1 FY2022 Profit and Loss

(Standalone)

- Net Sales of Rs. 543 Crores, an increase of 55% y-o-y and a decline of 4% q-o-q
- EBITDA of Rs. 212 Crores as compared to Loss of Rs. 5 Crores in Q1 FY21
- Net Profit of Rs. 157 Crores as compared to Loss of Rs. 13 Crores in Q1 FY21
- EPS of Rs. 8.03 per share

Balance Sheet (Standalone)

- Gross Debt of Rs. 267 Crores
- Cash (Net of Gross Debt) of Rs. 2,272 Crores



K K Bangur
Chairman

"In Q1 FY2022, Graphite India registered Net Sales of Rs. 610 Cr, EBITDA of Rs. 219 Cr and Net Profit of Rs. 150 Cr. The capacity utilization during the quarter was 75% as compared to 36% in Q1 FY2021. The year on year growth is driven by volumes as corresponding quarter of the last year was severely impacted due to first wave of the Covid-19 and related lockdowns. Whereas, the quarter on quarter growth is primarily driven by improved realizations which was partly offset by slightly lower electrode volumes due to the onset of second wave of the pandemic in India. Our German operations has also started to show signs of recovery and we are seeing growth in electrode demand in the European region. Overall, our balance sheet remains robust with Net Cash balance of Rs. 2,780 Cr at the end of June 2021.

In Q2 CY2021, the global crude steel production excluding China registered a strong increase of 35.8% on y-o-y and 6.2% on q-o-q basis. All major steel producing countries registered a q-o-q growth except India, which registered a decline of 4.4%, mainly due to slowdown of steel demand from the steel consuming sectors amidst second wave of the pandemic. The domestic demand for steel and electrode has started rising from June onwards with the easing of lockdown restrictions.

With the normalization of economic activity, we may see strong demand for steel and electrodes both in domestic and international markets. In addition, China's steel exports is expected to decline during the year under their government policy to maintain the output levels of 2020. Lower steel exports from China will lead to higher production of steel in the EAF steel producing nations, resulting in increased demand for electrodes. However, rising needle coke input prices in line with electrode pricing may put some pressure.

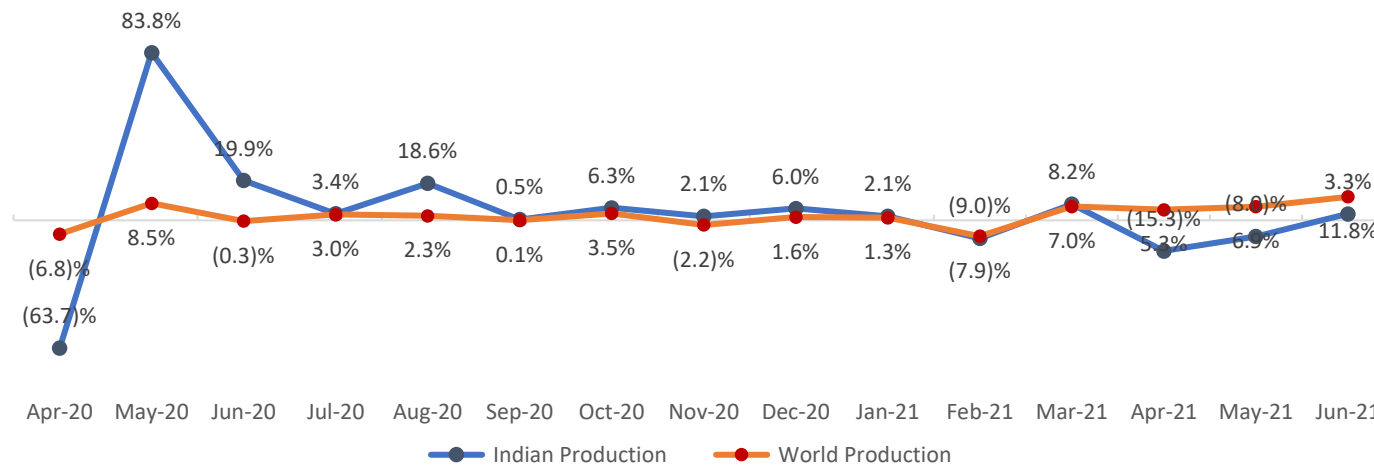
Looking ahead, we remain watchful of the Covid-19 situation and our top priority is to operate efficiently while ensuring safety of our workforce. Graphite India with its legacy of manufacturing excellence and longstanding customer relationship is well positioned to cater to the growing demand for electrodes and deliver profitable growth."

Steel Industry Overview

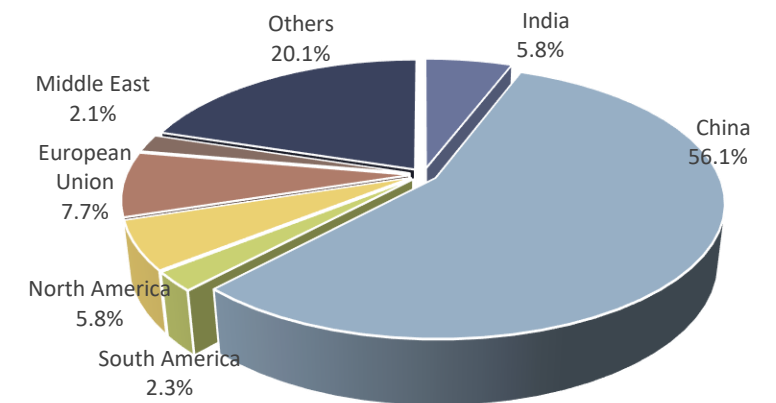


Crude Steel Production (million MT)	Three Months Ended				Half Year Ended			
	June-21	June-20	Y-o-Y (%)	Mar-21	Q-o-Q (%)	H1 2021	H1 2020	Y-o-Y (%)
Asia and Oceania	380.1	332.3	14.4%	356.9	6.5%	737.0	647.6	13.8%
India	28.3	17.3	63.7%	29.6	(4.4)%	57.9	44.1	31.3%
China	292.3	269.4	8.5%	271.0	7.9%	563.3	503.8	11.8%
Others	59.5	45.6	30.4%	56.3	5.7%	115.8	99.7	16.2%
South America	11.7	7.5	56.7%	10.9	7.3%	22.6	17.6	28.1%
North America	30.6	20.8	47.2%	28.1	8.9%	58.7	50.4	16.4%
European Union	40.0	29.0	37.7%	37.8	5.8%	77.8	65.7	18.4%
Middle East	10.9	9.5	14.6%	10.5	3.8%	21.4	19.7	8.7%
Others	43.8	35.8	22.3%	42.7	2.6%	86.5	76.6	12.9%
Total	517.1	435.0	18.9%	486.9	6.2%	1,004.0	877.7	14.4%

M-o-M Growth (%)



H1 2021 Regional Production



Note: Source: World Steel Association, the figures are estimates that may be revised with next month's production update. Year end numbers as per December 2020 crude steel production report

- As per World Steel Association (WSA) Global crude steel production was 517.1 Mt in Q2 CY2021, an increase of 18.9% y-o-y and 6.2% on q-o-q basis. Global crude steel production excluding China registered an increase of 35.8% and 4.1% on y-o-y and q-o-q basis respectively
- China crude steel production for Q2 CY2021 was 292.3 Mt, representing a growth of 8.5% y-o-y and 7.9% on q-o-q basis
- India's crude steel production in Q2 CY2021 was 28.3, a strong increase of 63.7% y-o-y and a decline of 4.4% on q-o-q basis due to second wave of Covid-19 pandemic and resulting lockdowns
- The EU produced 40.0 Mt of crude steel in Q2 CY2021, an increase of 37.7% y-o-y and 5.8% on q-o-q basis
- Japan produced 24.4 Mt in Q2 CY2021, an increase of 34.4% y-o-y and 11.0% on q-o-q basis
- North America produced 30.6 Mt of crude steel in Q2 CY2021, an increase of 47.2% y-o-y and 8.9% on q-o-q basis
- The Middle East produced 10.9 Mt of crude steel in Q2 CY2021, an increase of 14.6% y-o-y and 3.8% on q-o-q basis

Steel Industry Outlook

- The ongoing vaccinations around the world is expected to minimize the impact of subsequent waves of the Coronavirus infections. The major steel consuming economies and industries are expected to gradually return to normalcy in the second half of the year
- As per WSA, global steel demand is expected to increase by 5.8%, to 1,874 Mt in 2021. In 2022 steel demand is expected to increase of 2.7% over 2021 to 1,924.6 Mt
- In 2020, Indian steel industry was impacted due to Coronavirus outbreak and nationwide lockdowns which brought manufacturing sector to a standstill. However, gradual recovery in the steel consuming sectors especially in the later part of the year has led to pick up in demand and production. As per WSA, India's steel demand fell by 13.7% in 2020 but is expected to increase by 19.8% in 2021

- Since 2016 China has closed about 300 million tonnes of outdated and highly polluting steel production capacity but around 908 million tonnes still remain. Such closures are being replaced by environment friendly electric arc furnaces (EAF's)
- As per S&P Global Platts estimates, Chinese EAF steelmaking capacity is expected to increase by 14.3 million mt in 2021 to reach 197 million mt by end 2021. It will constitute 15% of the total China's crude steel capacity
- As per S&P Global Platts, the growth of EAF capacities in China is expected to slow down in 2022-23 due to tight scrap supply and expensive electricity
- China recently abolished rebate of 13% VAT on certain steel exports to reduce steel production and exports. The lower exports from China may bode well for other EAF steel producing nations
- China's steel exports is expected to fall under a government policy to cut or maintain crude steel output at 2020 levels. This policy is in line with Beijing's goal to achieve carbon neutrality by 2060
- Growth in EAF steel production globally is expected to drive demand for electrodes in the near term
- The recent announcement of the increased government spending on Indian infrastructure and the revival of key sectors such as construction, mining, capital goods and automobiles could have a positive impact on steel production and electrodes demand
- Withdrawal of custom duty in India on scrap imports should benefit EAF steel manufacturers
- Needle coke prices are increasing in tandem with electrode pricing

Consolidated Financial Performance



Graphite India Limited

(Rs. Crore)	Q1		y-o-y Growth (%)	Q4 FY2021	q-o-q Growth (%)	Year Ended		y-o-y Growth (%)	Comments
	FY2022	FY2021				FY2021	FY2020		
Net Sales (Excluding Other Income)	610	409	49%	565	8%	1,958	3,094	(37%)	<i>On a Y-o-Y basis sales were driven by higher volumes</i>
Other Income	78	68	15%	56	39%	316	174	82%	
Total Income	688	477	44%	621	11%	2,274	3,268	(30%)	
EBITDA / (Loss) excluding One Time Income and Expense	219	(63)	-	194	13%	90	95	(5%)	<i>Q-o-Q improvement is driven by slight improvement in realizations</i>
Margin (%)	36%	(15)%		34%		5%	3%		
EBITDA / (Loss)	219	(63)	-	134	63%	111	95	17%	
Margin (%)	36%	(15)%		24%		5.7%	3.1%		
Interest	1	2	(50%)	1	-	6	18	(67%)	
Depreciation	14	13	8%	14	-	52	51	2%	
Profit / (Loss) Before Tax (before Exceptional items and Associates)	204	(78)	-	119	71%	53	26	104%	
Share of Profit/(Loss) of an Associate	(7)	(2)	-	(3)	-	(10)	(7)	43%	
Profit / (Loss) Before Tax	197	(80)	-	116	70%	43	19	126%	
Net Profit / (Loss)	150	(78)	-	64	134%	(32)	45	(171%)	
Margin (%)	25%	(19)%		11%		(2)%	1%		
Earnings Per Share (Rs)	7.70	(4.04)	-	3.29	134%	(1.64)	2.30	(171%)	

Notes:
 1. EBITDA excluding One Time Income and Expense: One time expense include provision for unspent CSR of Rs. 70 Crores in Q4 FY21 and FY21. One time income of Rs. 91 Crores which was refunded by Damodar Valley Corporation (DVC) on account of electricity refund in FY21
 2. EBITDA includes Other Income
 3. All margins calculated as a percentage of Net Sales (excluding Other Income)

Standalone Financial Performance



Graphite India Limited

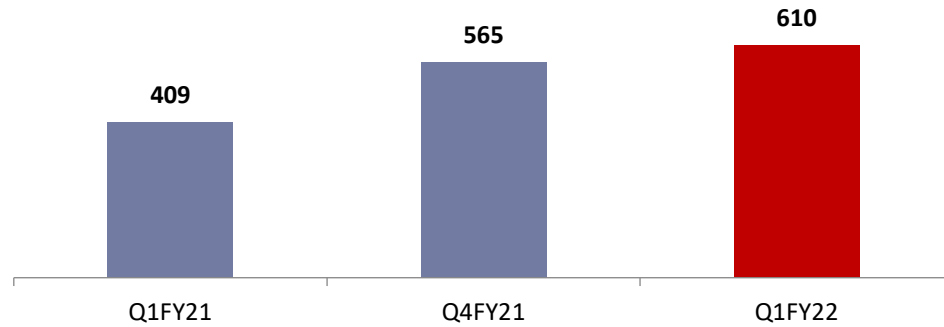
(Rs. Crore)	Q1		y-o-y Growth (%)	Q4 FY2021	q-o-q Growth (%)	Year Ended		y-o-y Growth (%)	Comments
	FY2022	FY2021				FY2021	FY2020		
Net Sales (Excluding Other Income)	543	350	55%	563	(4%)	1,839	2,875	(36%)	<i>On a Y-o-Y basis sales were driven by higher volumes</i>
Other Income	76	67	13%	53	43%	306	157	95%	
Total Income	619	417	48%	616	0%	2,145	3,032	(29%)	
EBITDA / (Loss) excluding One Time Income and Expense	212	(5)	-	241	(12%)	301	62	385%	<i>Q-o-Q improvement is driven by slight improvement in realizations</i>
Margin (%)	39%	(1)%		43%		16%	2%		
EBITDA / (Loss)	212	(5)	-	181	17%	322	62	419%	
Margin (%)	39%	(1)%		32%		18%	2%		
Interest	1	2	(50%)	1	-	6	17	(65%)	
Depreciation	12	11	9%	12	-	45	44	2%	
Profit / (Loss) Before Tax (before Exceptional items and Associates)	199	(18)	-	168	18%	271	1	-	
Profit / (Loss) Before Tax	199	(18)	-	168	18%	271	1	-	
Net Profit / (Loss)	157	(13)	-	114	38%	199	31	542%	
Margin (%)	29%	(4)%		20%		11%	1%		
Earnings Per Share (Rs)	8.03	(0.69)	-	5.83	38%	10.20	1.60	538%	

Notes:
 1. EBITDA excluding One Time Income and Expense: One time expense include provision for unspent CSR of Rs. 70 Crores in Q4 FY21 and FY21. One time income of Rs. 91 Crores which was refunded by Damodar Valley Corporation (DVC) on account of electricity refund in FY21
 2. EBITDA includes Other Income
 3. All margins calculated as a percentage of Net Sales (excluding Other Income)

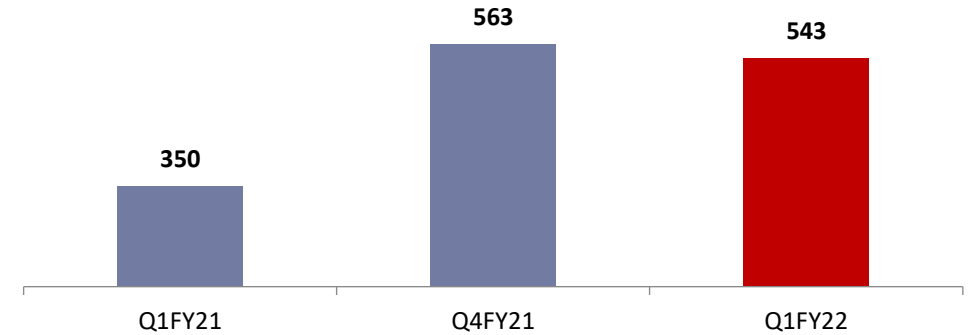
Quarter Performance Trends



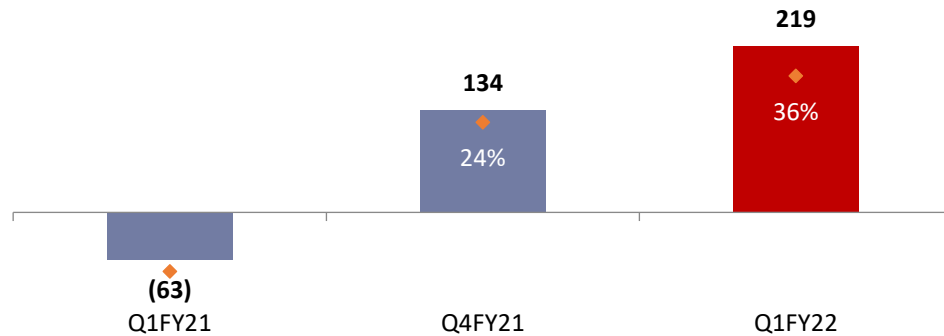
Consolidated Net Sales



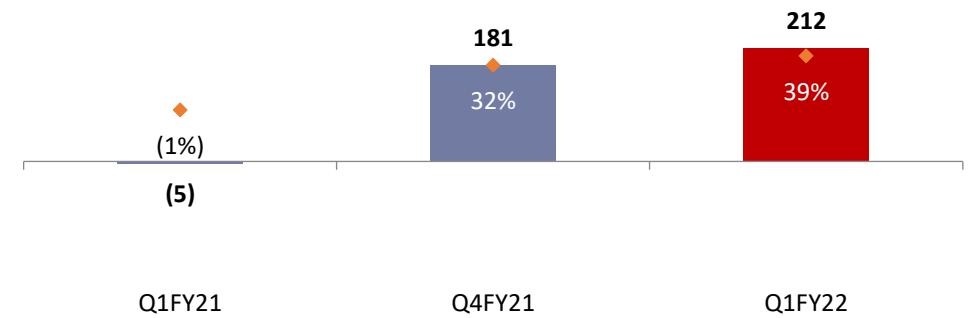
Standalone Net Sales



Consolidated Operating Profit / (Loss)



Standalone Operating Profit / (Loss)



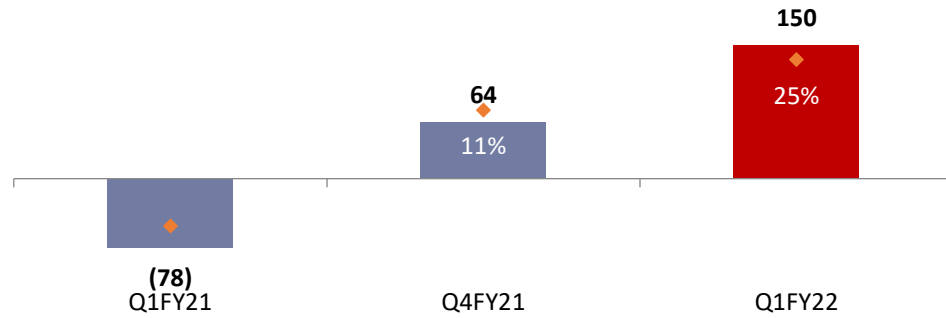
Notes:

1. Operating Profit / (Loss) is including Other Income. Operating profit is as reported without adjustment for one time income and expense
2. All numbers in Crores unless specifically mentioned

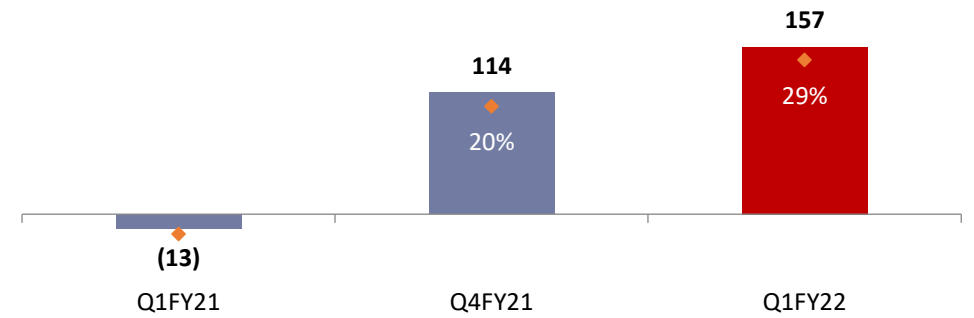
Quarter Performance Trends



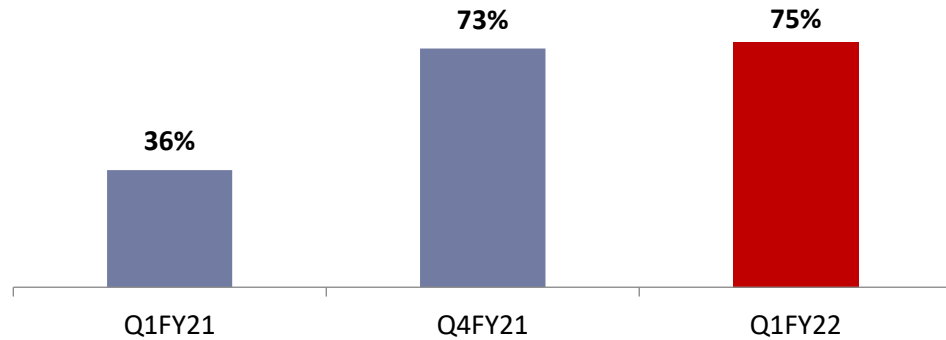
Consolidated Net Profit / (Loss)



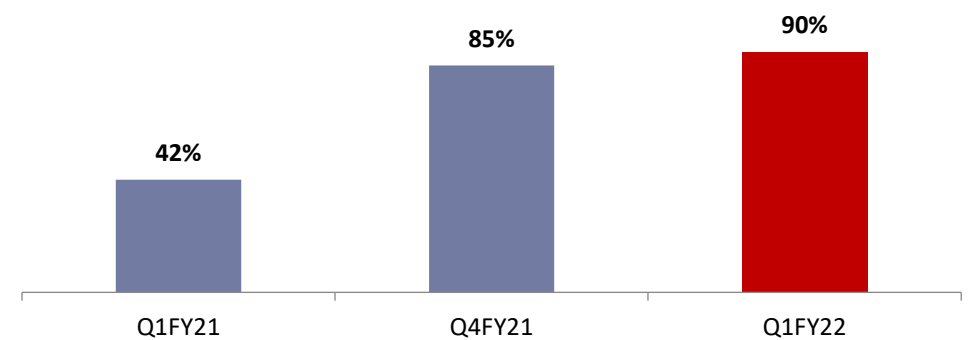
Standalone Net Profit / (Loss)



Consolidated Capacity Utilization



Standalone Capacity Utilization



Significant financial flexibility available for future organic and inorganic growth

Consolidated Leverage Profile

(Rs. Crore)	June-21	Mar-21	Dec-20	Sep-20	June-20
Cash & Cash Equivalents ¹	3,047	2,957	2,839	2,722	2,598
Total Debt	(267)	(223)	(239)	(318)	(308)
Net Cash	2,780	2,734	2,600	2,404	2,290

Standalone Leverage Profile

(Rs. Crore)	June- 21	Mar- 21	Dec- 20	Sep- 20	June- 20
Cash & Cash Equivalents ¹	2,539	2,484	2,346	2,229	2,094
Total Debt	(267)	(223)	(239)	(318)	(308)
Net Cash	2,272	2,261	2,107	1,911	1,787

Notes:

1. Cash and cash equivalents include investments

Quarterly Segment Performance



Graphite India Limited

Consolidated Segment Performance

(Rs. Crore)	Q1		y-o-y	Q4	q-o-q
	FY2022	FY2021	Growth (%)	FY2021	Growth (%)
Graphite and Carbon	549	364	51%	527	4%
Others	61	45	36%	38	61%
Less: Inter Segment Sales	*	*	-	*	-
Segment Revenue	610	409	49%	565	8%
Graphite and Carbon	114	(153)	-	169	(33)%
Others	23	25	(8)%	1	-
Profit / (Loss) before tax and interest	137	(128)	-	170	(19)%
Finance Cost	(1)	(2)	(50)%	(1)	0%
Unallocated Income / (expense)	68	52	31%	(50)	-
Profit / (Loss) Before Tax (Before Exceptional Items and Associates)	204	(78)	-	119	71%
Share of Profit/Loss of an Associate	(7)	(2)	-	(3)	-
Profit / (Loss) Before Tax	197	(80)	-	116	70%

Standalone Segment Performance

(Rs. Crore)	Q1		y-o-y	Q4	q-o-q
	FY2022	FY2021	Growth (%)	FY2021	Growth (%)
Graphite and Carbon	504	326	55%	524	(4)%
Others	39	24	63%	39	0%
Less: Inter Segment Sales	0	0	-	0	-
Segment Revenue	543	350	55%	563	(4)%
Graphite and Carbon	135	(72)	-	216	(38)%
Others	1	3	(67)%	2	(50)%
Profit / (Loss) before tax and interest	136	(69)	-	218	(38)%
Finance Cost	(1)	(2)	(50)%	(1)	0%
Unallocated Income / (expense)	64	53	21%	(49)	-
Profit / (Loss) Before Tax (Before Exceptional Items)	199	(18)	-	168	18%
Profit / (Loss) Before Tax	199	(18)	-	168	18%

* Amounts are below the rounding off norm adopted by the company

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 three plants at Durgapur and Nashik in India and Nurnberg in Germany. 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 also has facilities designed for the manufacture of impervious graphite equipment and glass reinforced plastic pipes and tanks. It has an installed capacity of 18 MW of power generation through hydel route.

Graphite India Limited, through its subsidiary has signed a definitive agreement to acquire 46% stake in General Graphene Corporation, a US based company which has developed a breakthrough proprietary technology which would allow them to produce large area, low cost graphene sheets in industrial volumes for commercial applications.

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 constraint for the entry of new players.



Disclaimer

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, macroeconomic, 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.

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