



# GRAPHITE INDIA LIMITED

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GIL:SEC/SM/20-21/75

February 11, 2021

Bombay Stock Exchange Limited  
The Corporate  
Relationship Department  
1<sup>st</sup> 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, 5<sup>th</sup> Floor,  
Plot No-C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (E)  
Mumbai 400 051  
Symbol - GRAPHITE

**Re : Earnings Presentation – Results for quarter/nine month ended 31<sup>st</sup> December, 2020**

Dear Sir,

Earnings Presentation in connection with the Company's un-audited financial results for the quarter/nine month ended 31<sup>st</sup> December, 2020 is enclosed for your information and records.

Thanking you,

Yours faithfully,

For Graphite India Limited

S. Marda  
Asst. Company Secretary

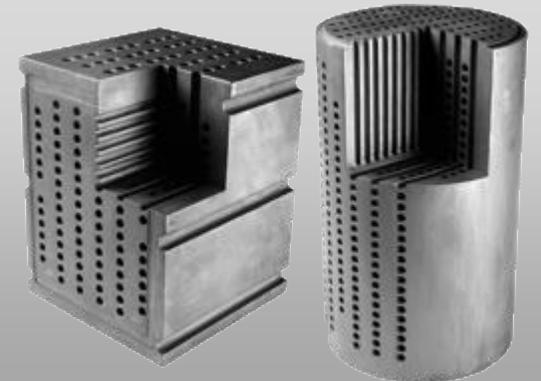
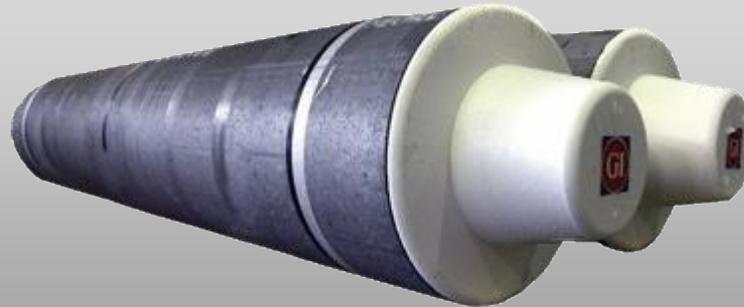
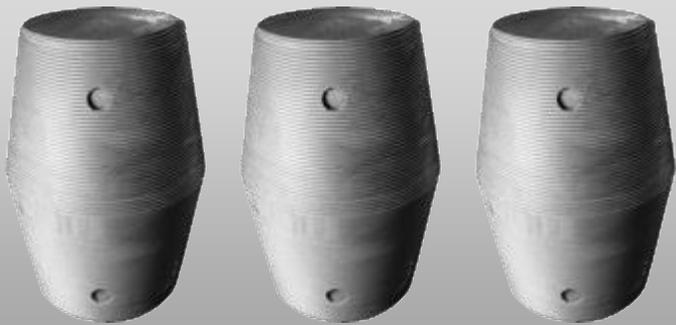
Encl : As above.



# Graphite India Limited

NSE: GRAPHITE, BSE: 509488

## Q3 FY2021 Earnings Presentation February 11<sup>th</sup>, 2021



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## Q3 FY2021 Financial Performance

### Q3 FY2021 Profit and Loss (Consolidated)

- Net Sales of Rs. 499 Crores, an increase of 3% q-o-q
- EBITDA Loss excluding one time income is Rs. 13 Crores as compared to Rs. 28 Crores in Q2 FY21
- Net Profit of Rs. 23 Crores
- EPS of Rs. 1.19 per share

### Q3 FY2021 Profit and Loss (Standalone)

- Net Sales of Rs. 453 Crores, a decline of 4% q-o-q
- EBITDA excluding one time income is Rs. 53 Crores as compared to Rs. 12 Crores in Q2 FY21
- Net Profit of Rs. 93 Crores
- EPS of Rs. 4.80 per share

### Balance Sheet (Consolidated)

- Gross Debt of Rs. 239 Crores
- Cash (Net of Gross Debt) of Rs. 2,600 Crores
- Net cash generated during the quarter of Rs. 196 Crores

### Balance Sheet (Standalone)

- Gross Debt of Rs. 239 Crores
- Cash (Net of Gross Debt) of Rs. 2,107 Crores
- Net cash generated during the quarter of Rs. 196 Crores

Note: One time income for the quarter and nine months ended 31st December, 2020 includes an amount of Rs. 81 Crores which has been refunded by Damodar Valley Corporation (DVC) pursuant to the publication of Tariff Order for FY 2006 to FY 2009 by Hon'ble West Bengal Electricity Regulatory Commission



K K Bangur  
Chairman

*"In Q3 FY2021, Graphite India registered consolidated Net Sales of Rs. 499 Cr, an increase of 3% on q-o-q basis. EBITDA of Rs. 68 Cr and Net Profit of Rs. 23 Cr. On a standalone basis, the company delivered Net Sales of Rs. 453 Cr, EBITDA of Rs. 134 Cr and Net Profit of 93 Cr. The consolidated capacity utilization was 65% as compared to 60% in the previous quarter. The topline performance was driven by volume increase whereas profitability was underpinned by one time income of Rs. 81 Cr on account of electricity refund. During the quarter, the Company generated Net Cash flows of Rs. 196 Cr. Our balance sheet remains robust with a consolidated Net Cash balance of Rs. 2,600 Cr at the end of December 2020.*

*During the quarter, the world crude steel production excluding China showed a strong rebound and delivered a sequential growth of 9.5%. The recovery was broad based and visible across key steel manufacturing countries. The domestic steel industry registered a growth in production of 2.9% on y-o-y and 3.8% on q-o-q basis. With the overall recovery in steel production, we experienced a small pick-up in demand for electrodes however pricing remained under pressure.*

*There are signs of normalization with the Covid-19 vaccination drive around the world, availability of business financing and pick up in industrial production. The steel industry production growth trend is expected to continue with the strong recovery in the major steel consuming industries such as construction and automobiles. The domestic steel industry is also poised to grow with the recent announcement of increased government spending on Indian infrastructure. The combination of these factors will hopefully drive the demand for steel and electrodes in the near term. The electrode pricing has started to stabilize and we look forward to a positive recovery in the coming quarters. The impact of these developments is expected to be visible in future financial performance with a lag of normal business cycle.*

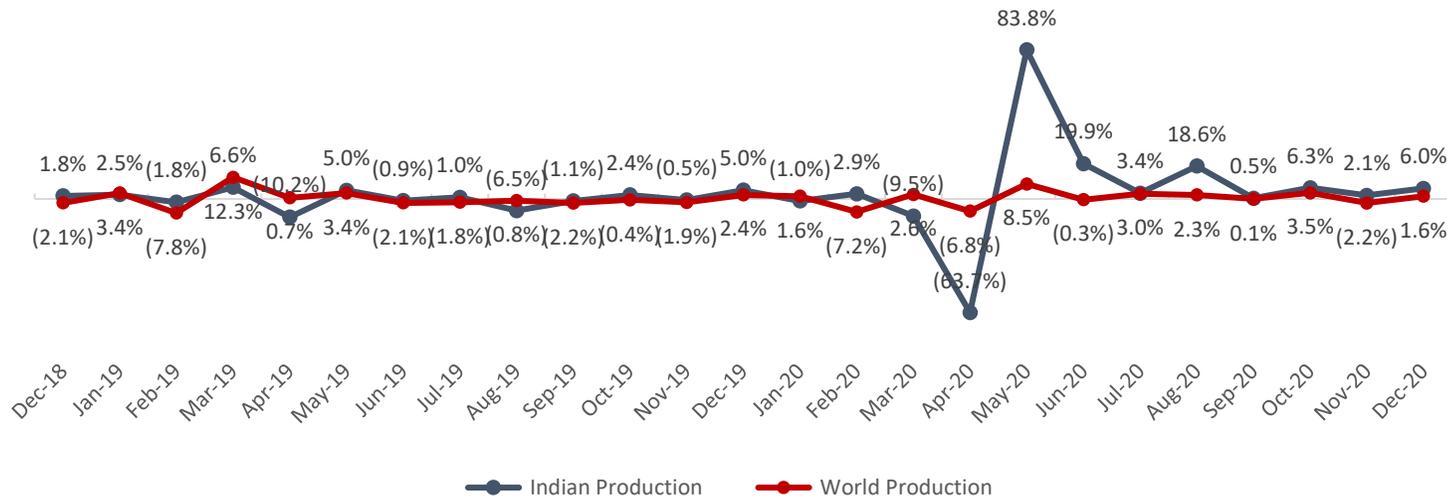
*Graphite India with its legacy of manufacturing excellence and strong balance sheet is well positioned to meet the growing demand of electrodes and deliver profitable growth."*

# Steel Industry Overview

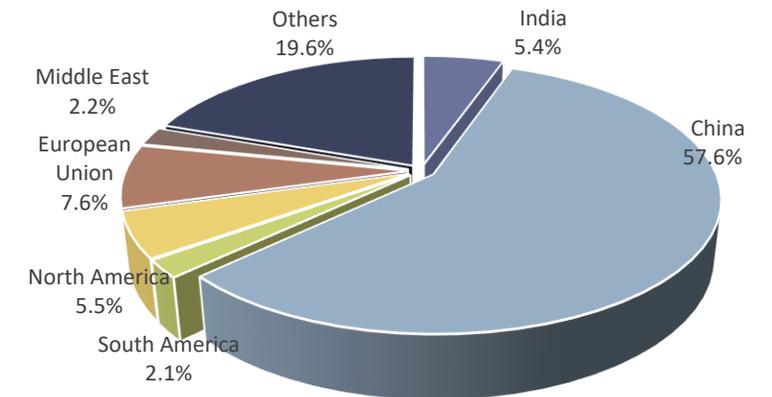


Crude Steel Production (million MT)	Three Months Ended				Year Ended			
	Dec-20	Dec-19	Y-o-Y (%)	Sep-20	Q-o-Q (%)	Dec-20	Dec-19	Y-o-Y (%)
Asia	355.1	328.3	8.2%	359.7	(1.3)%	1,351.1	1,330.3	1.6%
India	28.1	27.3	2.9%	27.1	3.8%	99.6	111.4	(10.6)%
China	271.1	247.7	9.5%	282.6	(4.1)%	1,053.0	1,001.3	5.2%
Others	55.9	53.3	4.9%	50.0	11.8%	198.5	217.7	(8.8)%
South America	10.8	10.0	8.1%	9.8	10.1%	38.2	41.7	(8.4)%
North America	26.1	29.1	(10.3)%	23.9	9.3%	101.1	119.7	(15.5)%
European Union	37.2	36.2	2.8%	31.1	19.6%	138.8	157.3	(11.8)%
Middle East	10.7	9.9	8.8%	9.6	12.2%	40.7	39.7	2.7%
Others	41.1	38.3	7.3%	40.3	1.9%	159.2	157.7	0.9%
<b>Total</b>	<b>481.0</b>	<b>451.6</b>	<b>6.5%</b>	<b>474.3</b>	<b>1.4%</b>	<b>1,829.1</b>	<b>1,846.4</b>	<b>(0.9)%</b>

M-o-M Growth (%)



CY2020 Regional Production



- Covid-19 pandemic has significantly impacted the steel industry with the extended lockdown around the world in first half of CY2020 however, gradual recovery in steel production was visible in second half CY2020
- As per World Steel Association (WSA) Global crude steel production reached 1,829.1 Mt for the year CY2020, marginally down by 0.9% compared to CY2019. However, global crude steel production excluding China declined significantly by 8.2% in CY2020
- World crude steel production was 481 Mt in Q4 CY2020, an increase of 6.5% y-o-y and 1.4% on q-o-q basis. In Q4 CY2020, majority of the countries excluding China registered a sequential growth in the steel production
- The EU produced 37.2 Mt of crude steel in Q4 CY2020, an increase of 2.8% y-o-y and 19.6% on q-o-q basis
- Asia produced 355.1 Mt of crude steel in Q4 CY2020, an increase of 8.2% y-o-y. China crude steel production for Q4 CY2020 was 271.1 Mt, representing a strong growth of 9.5% y-o-y and decline on 4.1% on q-o-q basis. China share of global steel production increased to 56.5% in 2020 from 53.3% in 2019
- India's crude steel production for Q4 CY2020 was 28.1 Mt, an increase of 2.9% y-o-y and 3.8% on q-o-q basis
- Japan produced 22.0 Mt in Q4 CY2020 , decline of 7.0% y-o-y and an increase of 15.7% on q-o-q basis
- Crude steel production in North America was 26.1 Mt, a decline of 10.3% y-o-y and an increase of 9.3% on q-o-q basis
- The Middle East produced 10.7 Mt of crude steel in Q4 CY2020, an increase of 8.8% y-o-y and 12.2% on q-o-q basis
- As per WSA, global steel demand is expected to decline by 2.4%, to 1,725.1 Mt due to the Covid-19 pandemic. In 2021 steel demand is expected to recover to 1,795.1 Mt, an increase of 4.1 % over 2020

- 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) which is supported by increased availability of scrap
- As per S&P Platts estimates, Chinese EAF steelmaking capacity will reach 197 million mt by end 2021 constituting 15% of the total China's crude steel capacity, up from 175 million mt i.e. 14% of total capacity at the end 2019
- Electrode capacities have been ramped up in China. However, EAF capacities have not kept pace due to higher scrap cost and electricity cost thus creating an imbalance. Excess electrode volumes are being exported to other countries at cheaper rates
- Pick up in 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 demand and electrode
- Reduction in custom duty on scrap imports will benefit steel manufacturers especially EAF steel manufacturers
- Needle coke prices have started to stabilize and may increase in line with electrode pricing in the coming quarters

# Consolidated Financial Performance



Graphite India Limited

(Rs. Crore)	Q3		y-o-y Growth (%)	Q2		Nine Months Ended		y-o-y Growth (%)	Comments
	FY2021	FY2020		FY2021	q-o-q Growth (%)	FY2021	FY2020		
Net Sales (Excluding Other Income)	499	643	(22%)	485	3%	1,393	2,492	(44%)	<i>On a Y-o-Y basis sales was impacted due to lower realizations despite the higher volumes</i>
Other Income	142	43	230%	50	184%	260	151	72%	
Total Income	641	686	(7%)	535	20%	1,653	2,643	(37%)	
EBITDA / (Loss) excluding One Time Income	(13)	(445)	-	(28)	-	(104)	98	-	<i>Q-o-Q improvement is driven by higher volumes however realization remain subdued</i>
Margin (%)	(3)%	(69)%		(6)%		(7)%	4%		
EBITDA / (Loss) Margin (%)	68	(445)	-	(28)	-	(23)	98	(123%)	
	14%	(69)%		(6)%		(1.7)%	3.9%		
Interest	1	4	(75%)	2	(50%)	5	14	(64%)	
Depreciation	12	12	-	13	(8%)	38	38	-	
Profit / (Loss) Before Tax (before Exceptional items and Associates)	55	(461)	-	(43)	-	(66)	46	-	
Share of Profit/(Loss) of an Associate	(3)	(2)	-	(2)	-	(7)	(4)	-	
Profit / (Loss) Before Tax	52	(463)	-	(45)	-	(73)	42	-	
Net Profit / (Loss)	23	(353)	-	(41)	-	(96)	52	-	
Margin (%)	5%	(55)%		(8)%		(7)%	2%		
Earnings Per Share (Rs)	1.20	(18.08)	-	(2.09)	-	(4.93)	2.67	-	

Notes:

1. EBITDA excluding One Time Income: One time income of Rs. 81 Crores which has been refunded by Damodar Valley Corporation (DVC) on account of electricity refund
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)	Q3		y-o-y Growth (%)	Q2		Nine Months Ended		y-o-y Growth (%)	Comments
	FY2021	FY2020		FY2021	q-o-q Growth (%)	FY2021	FY2020		
Net Sales (Excluding Other Income)	453	597	(24%)	473	(4%)	1,276	2,327	(45%)	<i>On a Y-o-Y basis sales was impacted due to lower realizations despite the higher volumes</i>
Other Income	139	42	231%	47	196%	253	139	82%	
Total Income	592	639	(7%)	520	14%	1,529	2,466	(38%)	
EBITDA / (Loss) excluding One Time Income	53	(451)	-	12	342%	60	23	161%	<i>Q-o-Q improvement is driven by higher volumes however realization remain subdued</i>
Margin (%)	12%	(76)%		3%		5%	1%		
EBITDA / (Loss) Margin (%)	134	(451)	-	12	-	141	23	-	
Interest	1	4	(75%)	2	(50%)	5	13	(62%)	
Depreciation	11	11	-	11	-	33	33	-	
Profit / (Loss) Before Tax (before Exceptional items and Associates)	122	(466)	-	(1)	-	103	(23)	-	
Profit / (Loss) Before Tax	122	(466)	-	(1)	-	103	(23)	-	
Net Profit / (Loss)	93	(356)	-	5	-	85	6	-	
Margin (%)	21%	(60)%		1%		7%	0%		
Earnings Per Share (Rs)	4.80	(18.22)	-	0.26	-	4.37	0.32	-	

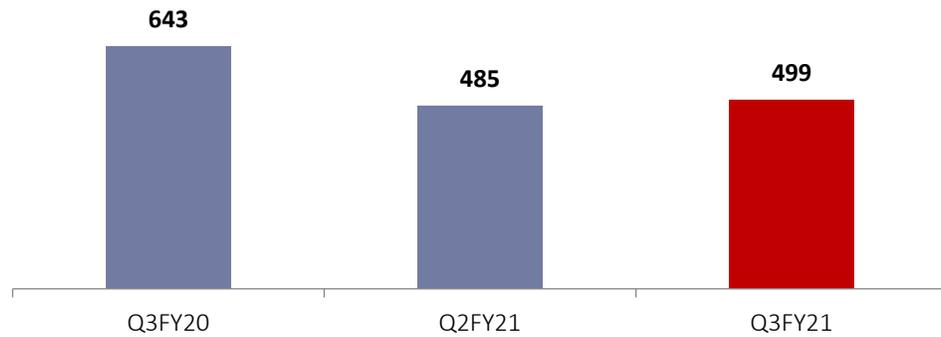
Notes:

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2. EBITDA includes Other Income
3. All margins calculated as a percentage of Net Sales (excluding Other Income)

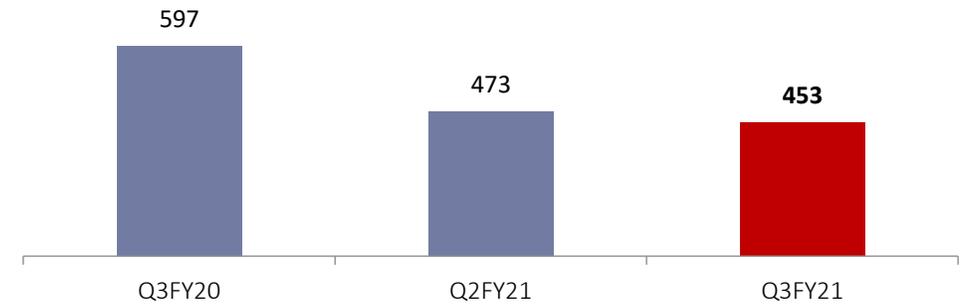
# Quarter Performance Trends



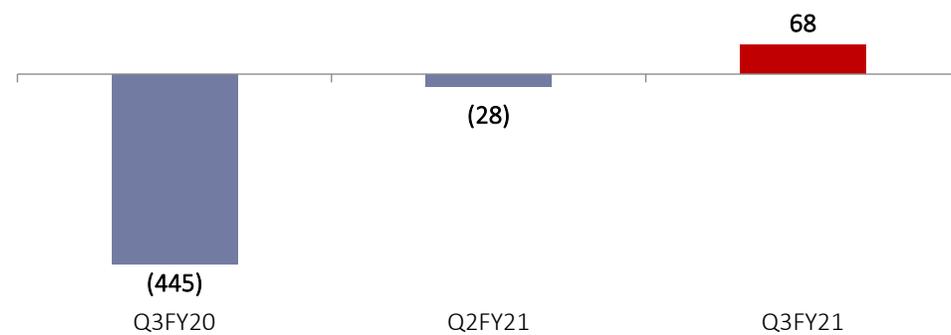
## Consolidated Net Sales



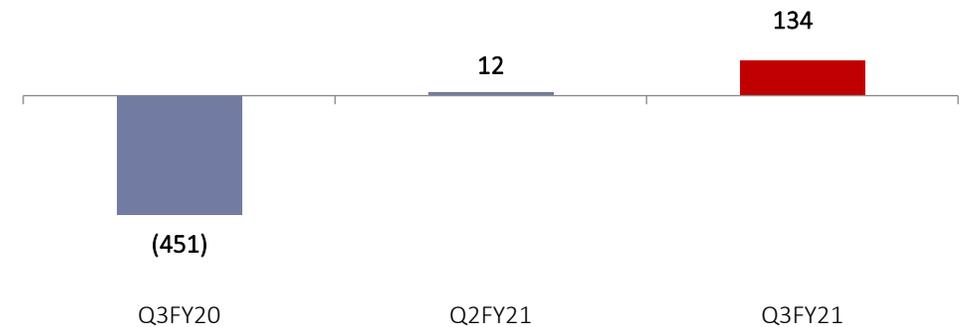
## Standalone Net Sales



## EBITDA / (Loss)



## Standalone Operating Profit / (Loss)



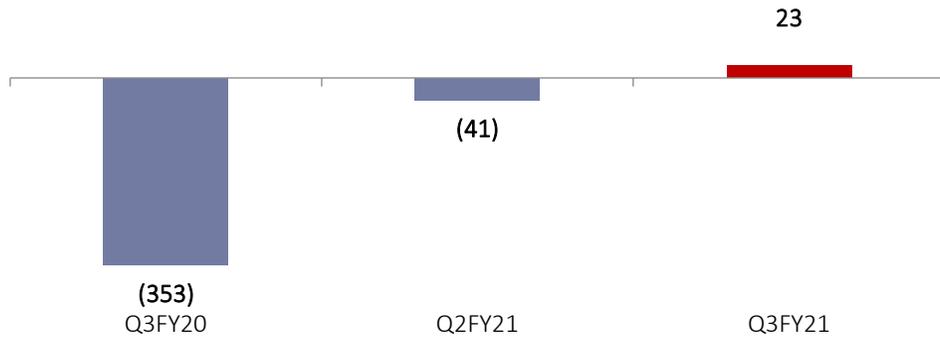
Notes:

1. EBITDA / (Loss) is including Other Income
2. All numbers in Crores unless specifically mentioned

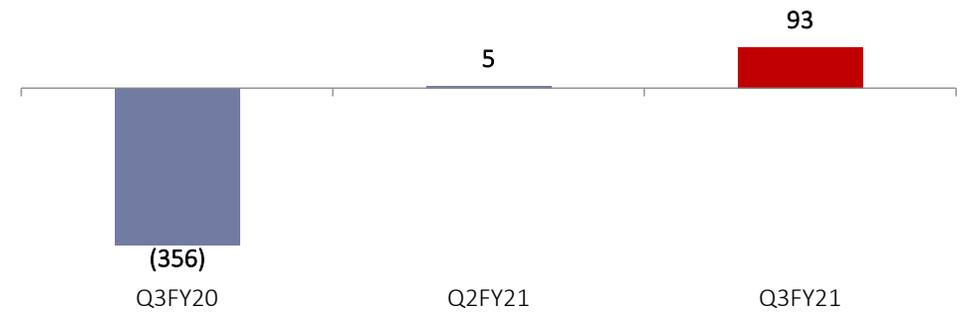
# Quarter Performance Trends



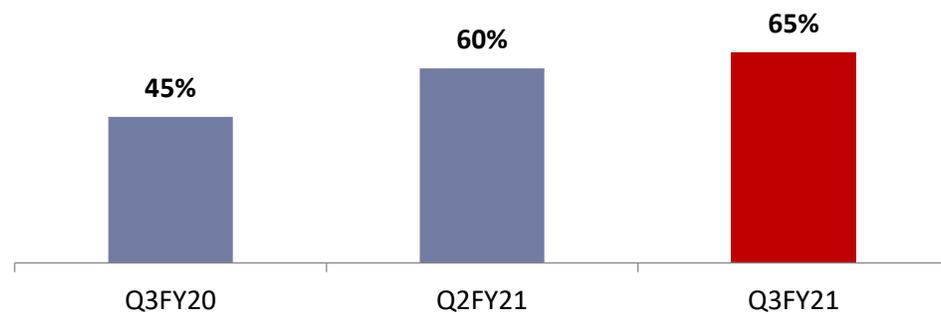
## Consolidated Net Profit / (Loss)



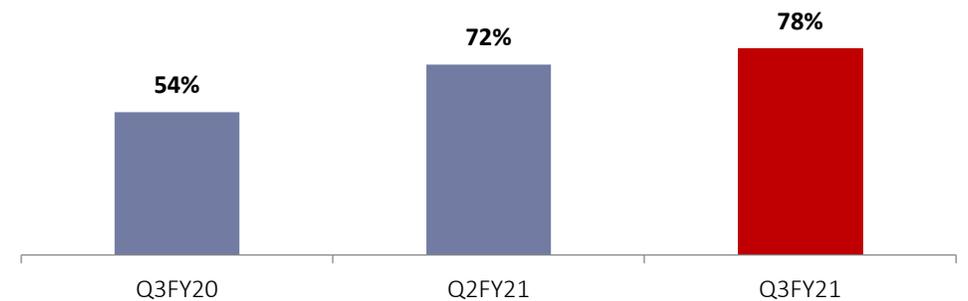
## Standalone Net Profit / (Loss)



## Consolidated Capacity Utilization



## Standalone Capacity Utilization



Significant financial flexibility available for future organic and inorganic growth

## Consolidated Leverage Profile

(Rs. Crore)	Dec-20	Sep-20	June-20	Mar-20	Dec-19
Cash & Cash Equivalents <sup>1</sup>	2,839	2,722	2,598	2,424	2,523
Total Debt	(239)	(318)	(308)	(416)	(519)
Net Cash	2,600	2,404	2,290	2,008	2,004

## Standalone Leverage Profile

(Rs. Crore)	Dec-20	Sep-20	June-20	Mar-20	Dec-19
Cash & Cash Equivalents <sup>1</sup>	2,346	2,229	2,094	1,935	2,031
Total Debt	(239)	(318)	(308)	(416)	(519)
Net Cash	2,107	1,911	1,787	1,519	1,512

Notes:

1. Cash and cash equivalents include investments

# Quarterly Segment Performance



Graphite India Limited

## Consolidated Segment Performance

(Rs. Crore)	Q3		y-o-y	Q2	q-o-q
	FY2021	FY2020	Growth (%)	FY2021	Growth (%)
Graphite and Carbon	469	625	(25)%	454	3%
Others	30	18	67%	31	(3)%
Less: Inter Segment Sales	*	*	-	*	-
<b>Segment Revenue</b>	<b>499</b>	<b>643</b>	<b>(22)%</b>	<b>485</b>	<b>3%</b>
Graphite and Carbon	(1)	(490)	-	(82)	-
Others	3	(4)	-	8	(63)%
<b>Profit / (Loss) before tax and interest</b>	<b>2</b>	<b>(494)</b>	<b>-</b>	<b>(74)</b>	<b>-</b>
Finance Cost	(1)	(4)	-	(2)	-
Unallocated Income / (expense)	54	37	46%	33	64%
<b>Profit / (Loss) Before Tax (Before Exceptional Items and Associates)</b>	<b>55</b>	<b>(461)</b>	<b>-</b>	<b>(43)</b>	<b>-</b>
Share of Profit/Loss of an Associate	(3)	(2)	-	(2)	-
<b>Profit / (Loss) Before Tax</b>	<b>52</b>	<b>(463)</b>	<b>-</b>	<b>(45)</b>	<b>-</b>

## Standalone Segment Performance

(Rs. Crore)	Q3		y-o-y	Q2	q-o-q
	FY2021	FY2020	Growth (%)	FY2021	Growth (%)
Graphite and Carbon	423	579	(27)%	446	(5)%
Others	30	18	67%	27	11%
Less: Inter Segment Sales	*	*	-	*	-
<b>Segment Revenue</b>	<b>453</b>	<b>597</b>	<b>(24)%</b>	<b>473</b>	<b>(4)%</b>
Graphite and Carbon	69	(495)	-	(37)	-
Others	3	(4)	-	5	(40)%
<b>Profit / (Loss) before tax and interest</b>	<b>72</b>	<b>(499)</b>	<b>-</b>	<b>(32)</b>	<b>-</b>
Finance Cost	(1)	(4)	-	(2)	-
Unallocated Income / (expense)	51	37	38%	33	55%
<b>Profit / (Loss) Before Tax (Before Exceptional Items)</b>	<b>122</b>	<b>(466)</b>	<b>-</b>	<b>(1)</b>	<b>-</b>
<b>Profit / (Loss) Before Tax</b>	<b>122</b>	<b>(466)</b>	<b>-</b>	<b>(1)</b>	<b>-</b>

\* 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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