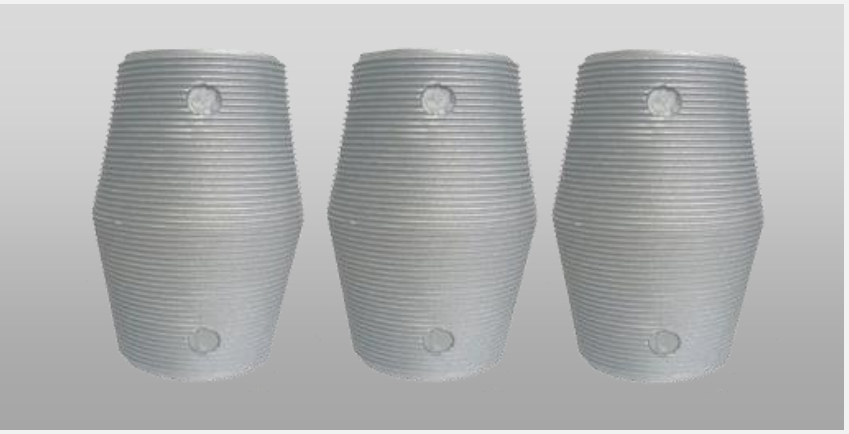
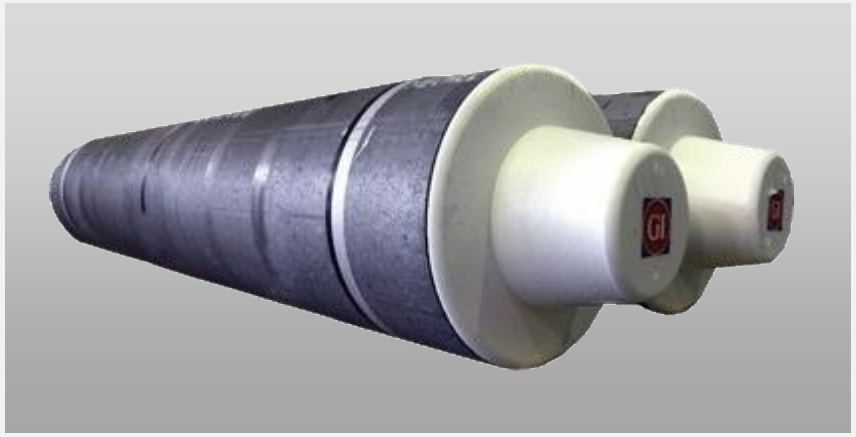
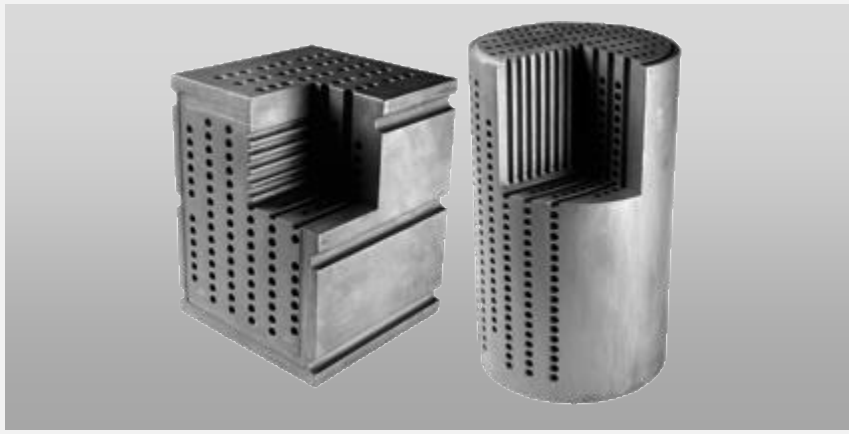
Graphite India Limited

NSE: GRAPHITE, BSE: 509488

Corporate Presentation
September 2018







Important Notice

Graphite India Limited

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.

Discussion Agenda

Graphite India Limited

Investment Highlights

Graphite India Limited

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

- Ranked 3rd Largest Graphite Electrode Manufacturer in the World
- Leading Graphite Electrode Manufacturer in India
- 98,000 mt Capacity with Plants at Four Locations
- Strong International Client Base with Exports constituting 37% of FY2018 Sales
- Strong Balance Sheet with Net Cash Position
- Included in MSCI Small Cap Index

Investment Highlights

Graphite India Limited

Global Market Position

- Largest Indian producer of graphite electrodes by total capacity
- One of the leading players in a highly consolidated industry
- Accounts for approximately 12.6%[1] of capacity among leading global electrode manufacturers
- Diversified client base with a global footprint

Best-in-Class Operations

- High quality; around 37% of electrode production exported in competition with global players
- Focus on operational efficiency, productivity and technological know-how results in operating margins in line with market leaders
- Long-standing relationship with key raw material suppliers including needle coke
- Access to low cost sources of power

Attractive Industry Dynamics

- Consolidated industry with significant entry barriers due to technology intensive nature of operations
- China shutting down selected steel and electrode capacities leading to increased production in EAF producing countries
- Share of EAF's route in global steel production increased from 25% in 2015 to 28% in 2017
- Strong support for EAF route over traditional blast furnace method due to:
  - Relatively lower production costs & capex requirement
  - Operational flexibility
  - Generates less carbon emissions

Strong Financial Performance

- Consistent cash flows to support organic and inorganic market opportunities
- Track record of positive cash flow generation despite the difficult market conditions in recent years
- Strong balance sheet with net cash position
- Strong cost management has resulted in one of the highest average EBITDA margins in the industry
- Consistent dividend policy

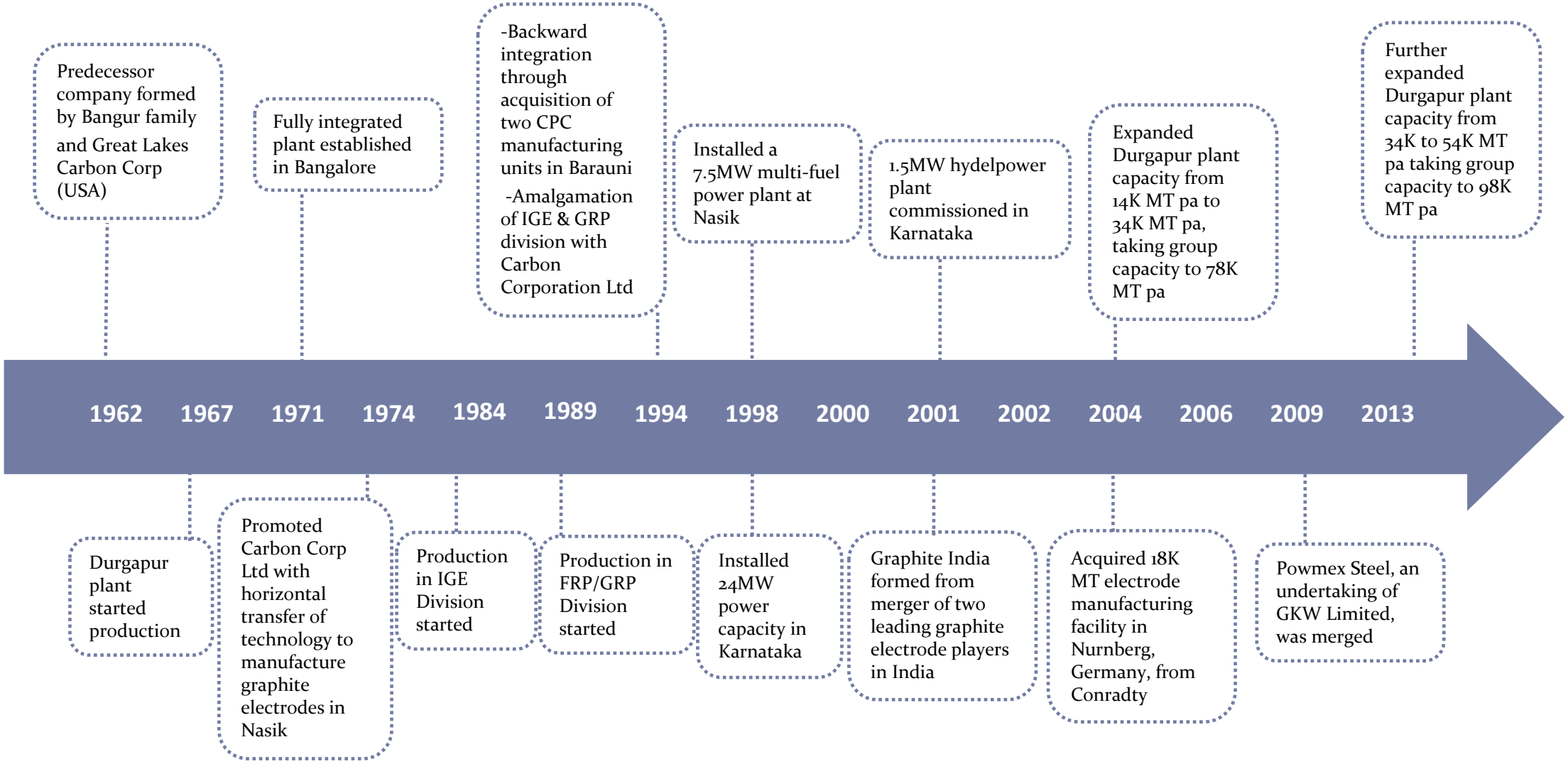
Graphite India is globally well positioned through its product quality, scale of operations and manufacturing platform base

Notes:
1. Global capacity excludes Chinese producers

Milestones

Graphite India Limited

Over 50 Years of Experience in the Graphite Electrode Industry



Business Overview

Graphite India Limited

Graphite India

Graphite and Carbon* 95%

Highlights

- Core expertise in value-added Ultra-High Power (UHP) electrodes
- 98K tonnes/year (TPA) capacity, with flexibility to produce all grades of electrode
- Backward integrated; manufactures Calcined Petroleum Coke for use in electrode manufacturing
- Enhanced product range – large diameter UHP electrodes and specialty graphite products
- Impervious graphite equipment find applications in corrosive chemical industries such as pharma, agro-chemical, chloro-alkali & fertilizer industries
- Power generation capacity of 19.5MW through hydel route. It is used primarily as captive supply for the graphite electrodes business

Products

- Graphite Electrodes
- Specialty Carbon and Graphite
- Calcined Petroleum Coke
- Carbon Paste

Graphite Electrodes

- Impervious Graphite Equipment: Heat Exchangers

Graphite Electrodes

GRP Pipes* 3%

Highlights

- Pipes for water supply, sewage / industrial effluent collection and disposal, cooling towers, industrial process pipelines, seawater pipelines, industrial ducting and gasoline storage

GRP Pipe

Others* 2%

Highlights

- Largest producer of High-Speed Steel (HSS) in the country
- HSS is used in the manufacture of cutting tools such as drills, taps, milling cutters, reamers, hobs, broaches and special form tools
- HSS cutting tools are essentially utilized in automotive, machine tools, aviation and DIY markets

Products

- High Speed Steel (HSS)
- Alloy Steel

Steel Melting

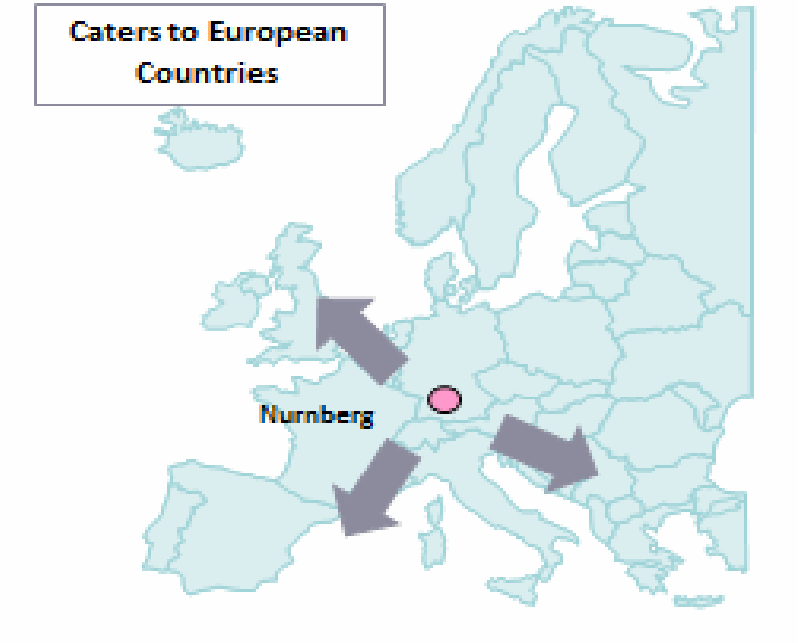
*Percentage refers to FY2018 Sales Contribution

Business Overview

Graphite India Limited

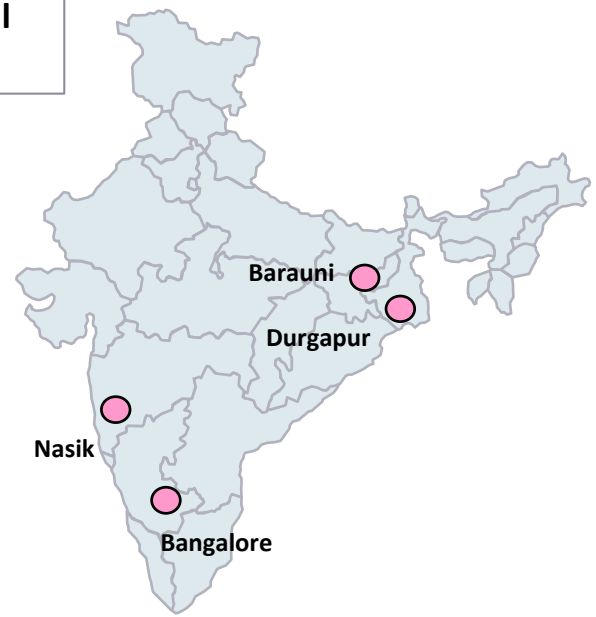
Strategically Located Manufacturing Facilities

Caters to European Countries



Plant Location	Post Expansion Capacity (MT/Year)
Durgapur (India)	54,000
Bangalore (India)	13,000
Nasik (India)	13,000
Nurnberg (Germany)	18,000
Total	**98,000**

Cater to global markets

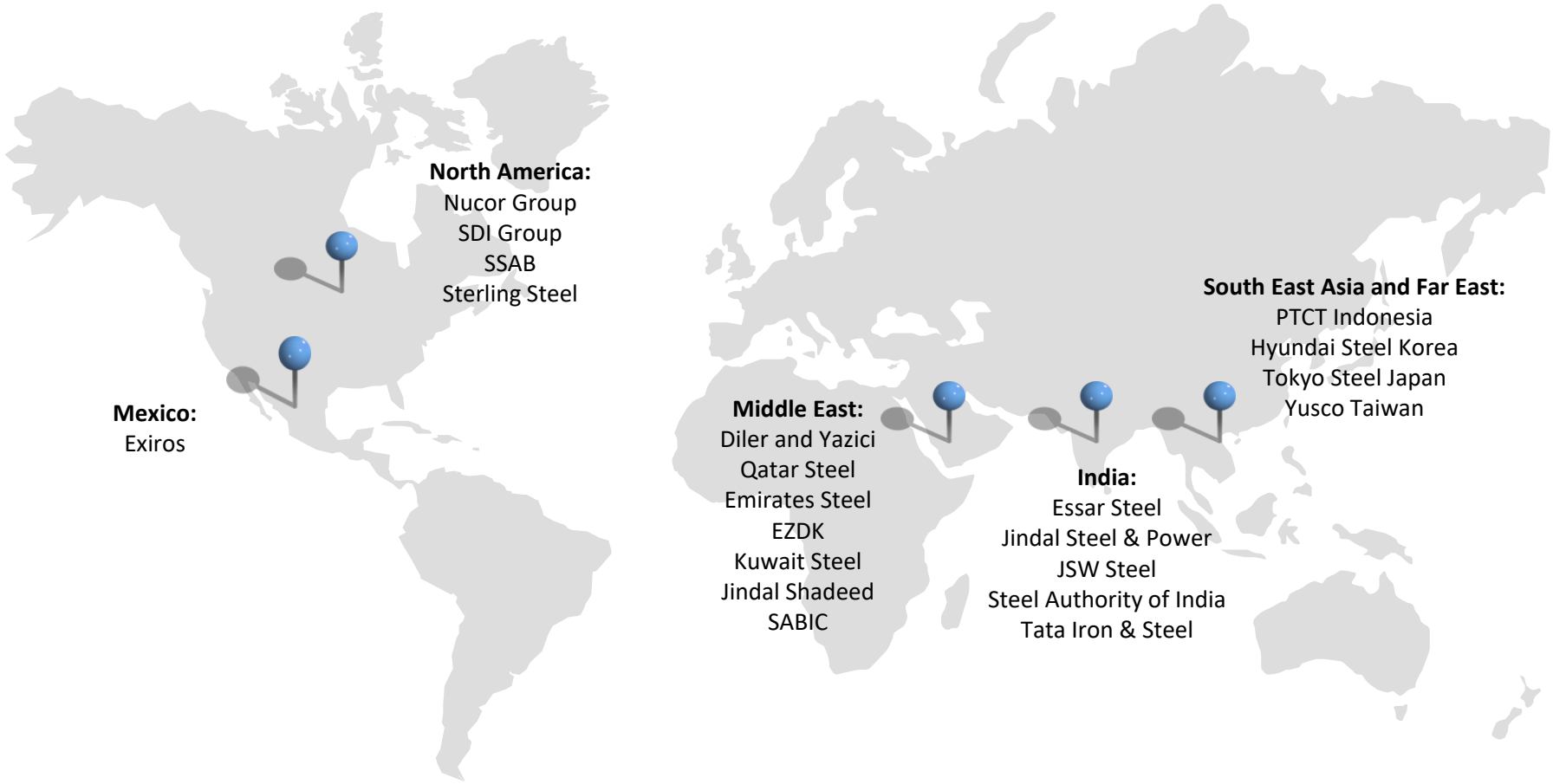


- The Indian plants are located close to the three main ports of India, offering logistic advantages to clients overseas
- Closer to customers in Indian markets
- The German plant caters to the needs of European customers and is located close to the EU market

Business Overview

Graphite India Limited

Diversified Premier Global Customer Base

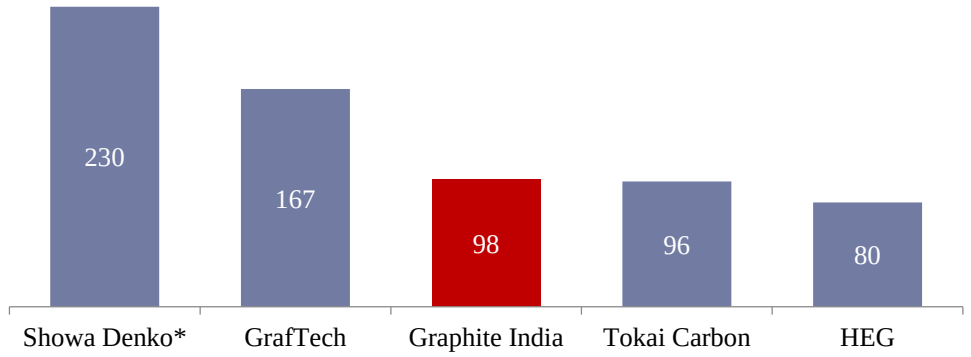


Business Overview

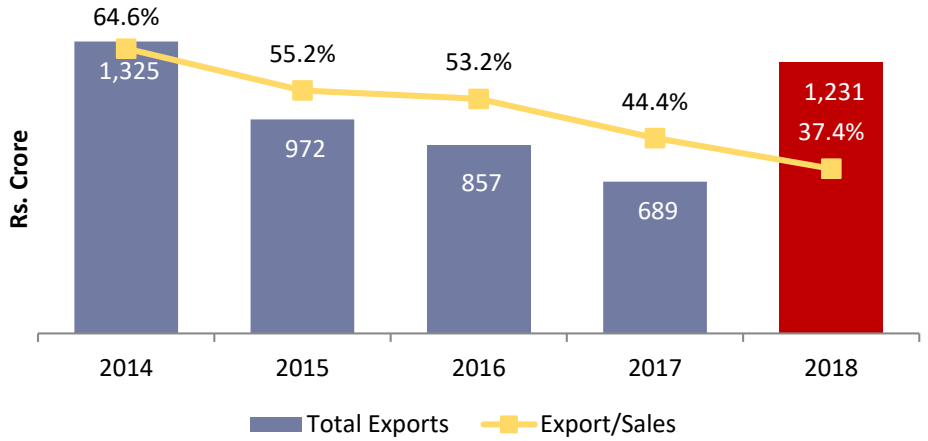
Graphite India Limited

Global Player with Strong Profitability

Graphite Electrode Capacity (in thousand tonnes / Year)[4]



GIL Exports[1]



- Graphite India is one of the largest graphite electrode manufacturers globally and the largest in India
- Average capacity utilization was 85% in FY2018 as compared to 74% in FY2017
- Operating margins remain one of the highest amongst the leading electrode manufacturers

Note:
1. Fiscal years; Consolidated Gross Sales
2. Show denko capacity is post acquisition of SGL Carbon business and after divesting SGL Carbon US business to Tokai Carbon
3. Accounts for FY2016 and FY2017 have been prepared in accordance with IND AS
4. Source – Macquarie Report, Company websites

Recent Development

Graphite India Limited

Graphite India Limited, through its wholly owned subsidiary in Netherlands, has signed a definitive agreement to acquire 46% stake in General Graphene Corporation for US$ 18.6 million

About General Graphene	• General Graphene, a US based unlisted company located in Knoxville (Tennessee) • Company has developed a breakthrough proprietary technology which would allow them to produce large area, low cost graphene sheets in industrial volumes for commercial applications
Transaction Details	• Cash investment of upto US$ 18.6 million in General Graphene • The investment will be made in multiple tranches over 2 to 3 years, based on the achievement of agreed milestones in the process of commercial production of graphene sheets
Graphene Properties	• Graphene is a two dimensional sheet of pure carbon structured in a single layer of carbon atoms. Though it is chemically identical to both graphite and diamond, it is remarkably different • It is strongest, thinnest and lightest material known and also more conductive, both thermally and electrically, than any other material and is corrosion resistant, flexible, transparent and impermeable.
Product Applications	• Bio Electric Sensory Devices • Electronic Touch Screens • Filtration • Aerospace • Energy storage

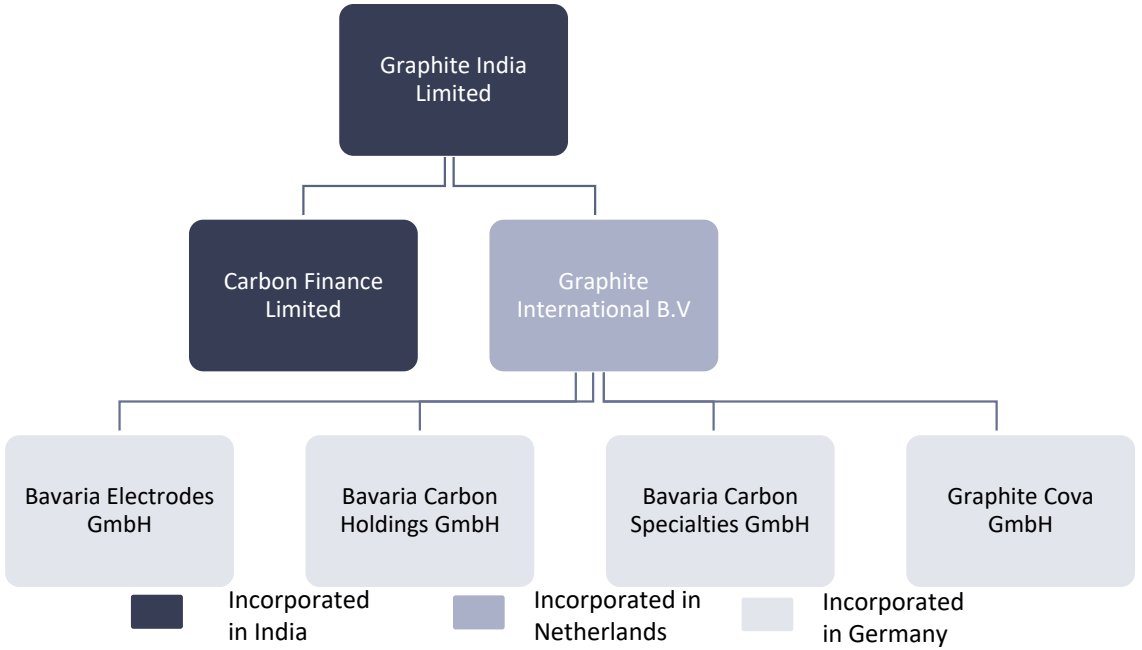
Commenting on the development, Mr. K K Bangur, Chairman of Graphite India said:

"We are extremely pleased to partner with General Graphene in the development and commercialization of this disruptive and high end technology product. Graphene, with its unique properties of being the strongest, thinnest and lightest material known, is likely to open up new opportunities in high tech applications further driving efficiency and optimizing costs. Graphite India's investment in General Graphene is in line with its longstanding strategy of focusing on high end technologies. This initiative is expected to deliver meaningful growth in the long term once commercialization of the product is achieved and will result in enhanced value creation for all the stakeholders".

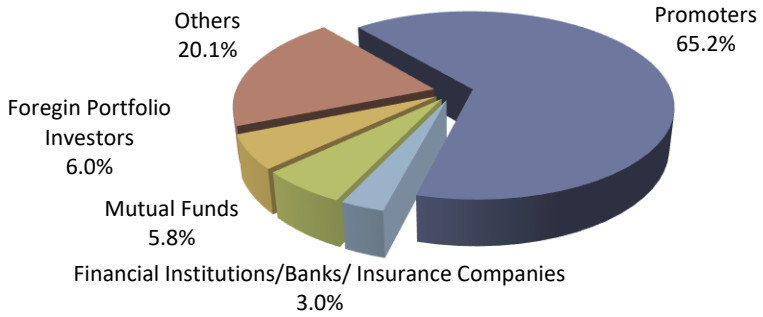
Business Overview

Graphite India Limited

Group Organizational Structure



Shareholding Pattern (Jun-18)



Business Overview

Graphite India Limited

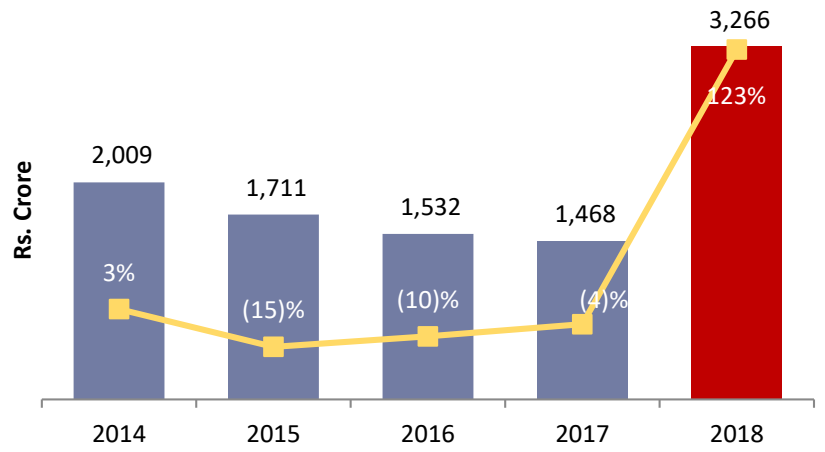
Senior Management Team

Key Executives	Background
K.K. Bangur *Chairman*	• Over 30 years of experience in managing the affairs of companies and its business activities • Has been a Director of Graphite India since July 1988 and Chairman since July 1993 • Chairman of the Shareholders/Investors Grievance Committee and Committee for Borrowings • Past President of Indian Chamber of Commerce, Kolkata, Executive Committee member of FICCI, New Delhi and the past President of All India Employers Organization, New Delhi
M. B. Gadgil *Executive Director*	• Mechanical Engineer with a Management Degree and has been with the Company for over 39 years • Responsible for the management of Company affairs and is actively involved in strategic/ investment decisions
Ashutosh Dixit *President*	• Mechanical Engineer with an MBA and PG Certificate in Metallurgy and has over 25 years of experience in the industry • Joined the Company in November 2017 and is responsible for Electrode and steel operations
B.Shiva *Senior VP, Legal & Company Secretary*	• Mr. B Shiva, SVP (Legal) & Co Secretary, is a Law graduate and Fellow member of The Institute of Company Secretaries of India. He has been with the Company for more than 24 years
A. K. Dutta *Senior VP, Marketing*	• Mr. A. K. Dutta is an Electrical Engineer with post graduation in management from IIM Calcutta and has about 33 years of experience in marketing. He joined GIL in 2006
S.W. Parnerkar *Senior VP, Finance*	• Mr. S.W Parnerkar, M.Com, L.L.B , FCMA , FCS, is the head of Finance of the Company • Associated with the company for more than 23 years, he is responsible for all accounts and financial aspects of the Company

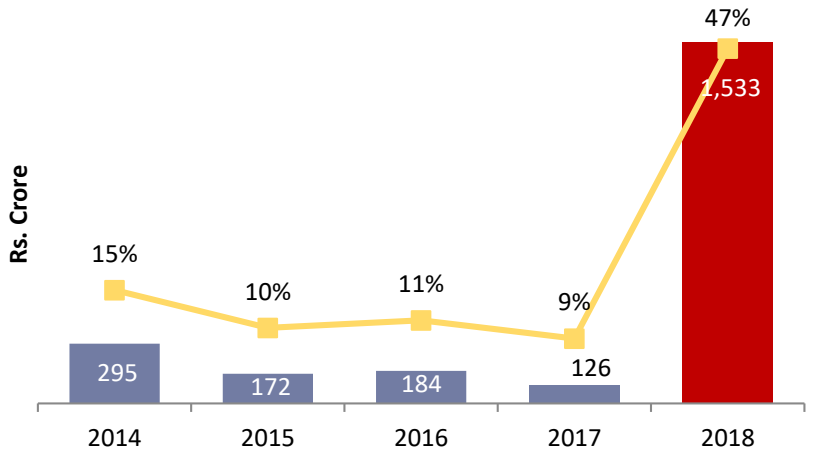
Consolidated Yearly Performance Trends

Graphite India Limited

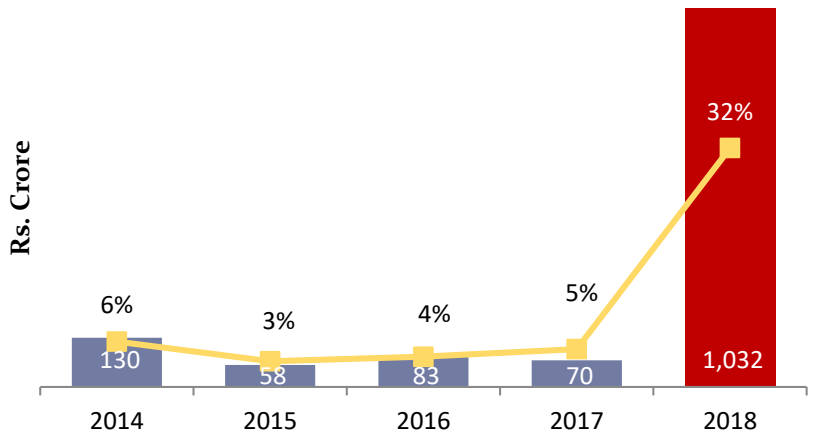
Net Sales (in crores) and Growth (%)



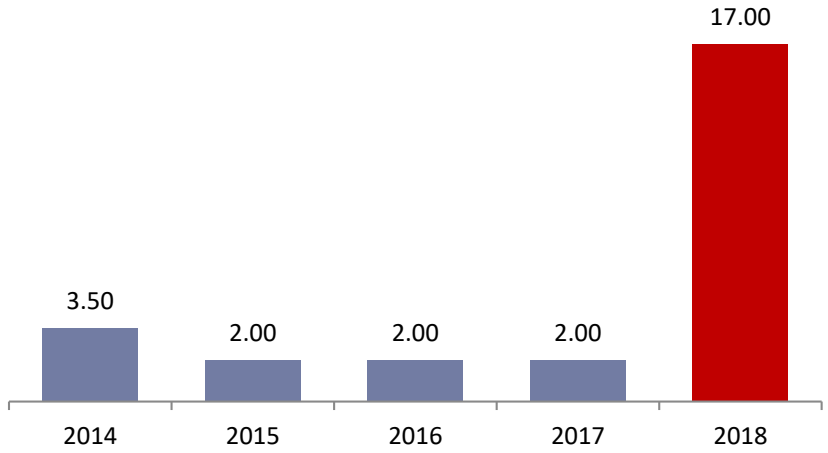
Operating Profit (EBITDA) and Margins



Net Profit and Margins



Dividend Per Share (DPS)



Consolidated Financial Performance

Graphite India Limited

(Rs. Crore)	Q1 FY2019	Q1 FY2018	y-o-y Growth (%)	Q4 FY2018	q-o-q Growth (%)	Full Year FY2018	Full Year FY2017	y-o-y Growth (%)
Gross Sales[1] (Excluding Other Income)	1,965	415	*373%*	1,323	*48%*	3,291	1,554	*112%*
Net Sales (Excluding Other Income)	1,965	390	*404%*	1,323	*48%*	3,266	1,468	*123%*
Operating Profit (EBITDA)[2]	1,466	59	*2,385%*	756	*94%*	1,533	126.0	*1,116%*
Margin (%)[3]	*75%*	*15%*		*57%*		*46.9%*	*8.6%*	
Interest	2	1		2		8	8	
Depreciation	13	13		13		52	46	
Profit Before Tax	1,451	45	*3,124%*	741	*96%*	1473	72	*1,945%*
Net Profit	957	30	*3,090%*	540	*77%*	1,032	70	*1,365%*
Margin (%)	*49%*	*8%*		*41%*		*31.6%*	*4.8%*	
Earnings Per Share	49.08	1.54	*3,090%*	27.69	*77%*	52.81	3.61	*1,365%*
Capacity Utilization (%)	88%	84%%		91%		85%	74%	

Notes:
1. Q1 FY2018 onwards Net sales is net of excise
2. Operating Profit 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	Q4	q-o-q	Full Year		y-o-y
	FY2019	FY2018	Growth (%)	FY2018	Growth (%)	FY2018	FY2017	Growth (%)
Gross Sales[1] (Excluding Other Income)	1,777	376	*373%*	1,212	*47%*	2,983	1,392	*114%*
Net Sales (Excluding Other Income)	1,777	351	*406%*	1,212	*47%*	2,958	1,306	*127%*
Operating Profit (EBITDA)[2]	1,328	57	*2,230%*	705	*88%*	1,441	159	*804%*
Margin (%)[3]	*75%*	*16%*		*58%*		*49%*	*12%*	
Interest	1	1		2		6	7	*(5)%*
Depreciation	11	12		11		46	42	*12%*
Profit Before Tax	1,316	44	*2,891%*	692	*90%*	1,389	111	*1,146%*
Net Profit	858	30	*2,760%*	454	*89%*	914	112	*714%*
Margin (%)	*48%*	*8%*		*37%*		*31%*	*9%*	
Earnings Per Share	44.00	1.51	*2,760%*	23.22	*89%*	46.76	5.75	*714%*
Capacity Utilization (%)	98%	95%		100%		95%	80%	

Leverage Profile

Graphite India Limited

Significant financial flexibility available for future organic / inorganic growth

Consolidated Leverage Profile

(Rs. Crore)	June-18	March-18	June-17
Total Debt	**(218)**	**(272)**	**(296)**
Cash & Cash Equivalents[1]	1,741	1,263	773
Net Cash	**1,523**	**991**	**477**

Standalone Leverage Profile

(Rs. Crore)	June-18	March-18	June-17
Total Debt	**(169)**	**(155)**	**(171)**
Cash & Cash Equivalents[1]	1,671	1,197	723
Net Cash	**1,502**	**1,042**	**552**

Notes:
1. Cash and cash equivalents include Mutual Fund investments
* All numbers in Crores unless specifically mentioned

Yearly Segment Performance

Graphite India Limited

Consolidated Segment Performance

(Rs. Crore)	Full year FY2018	Full year FY2017	y-o-y Growth (%)
Graphite and Carbon	3,140.4	1,415.6	*121.8%*
Others	151.1	138.6	*9.0%*
Less: Inter Segment Sales	(0.3)	(0.4)	
Segment Revenue	**3,291.2**	**1,553.7**	***112.0%***
Graphite and Carbon	1,465.1	13.0	-
Others	10.6	23.9	*(55.8%)*
Profit before tax and interest	**1,475.6**	**36.9**	***3,895.8%***
Finance Cost	(8.1)	(7.9)	
Unallocated Income / (expense)	5.4	42.7	
Profit Before Tax	**1,473.0**	**71.8**	***1,951.5%***

Standalone Segment Performance

(Rs. Crore)	Full Year FY2018	Full Year FY2017	y-o-y Growth (%)
Graphite and Carbon	2,833.1	1,257.4	*125.3%*
Others	150.6	134.8	*11.7%*
Less: Inter Segment Sales	(0.3)	(0.4)	
Segment Revenue	**2,983.4**	**1,391.8**	***114.4%***
Graphite and Carbon	1,377.1	53.3	*2,483.7%*
Others	11.3	20.8	*(45.7%)*
Profit before tax and interest	**1,388.3**	**74.1**	***1,773.5%***
Finance Cost	(6.2)	(6.5)	
Unallocated Income / (expense)	6.7	43.8	
Profit Before Tax	**1,388.8**	**111.4**	***1,146.7%***

* All numbers in Crores unless specifically mentioned

Quarterly Segment Performance

Graphite India Limited

Consolidated Segment Performance

(Rs. Crore)	Q1		y-o-y	Q4	q-o-q
	FY2019	FY2018	Growth (%)	FY2018	Growth (%)
Graphite and Carbon	1,912	389	*391%*	1,265	*51%*
Others	53	26	*104%*	58	*(9)%*
Less: Inter Segment Sales	-	-		-	
Segment Revenue	**1,965**	**415**	***373%***	**1,323**	***48%***
Graphite and Carbon	1,439	38	*3,687%*	746	*93%*
Others	5	-	-	4	*3%*
Profit before tax and interest	**1,444**	**38**	***3,700%***	**750**	***92%***
Finance Cost	(2)	(1)		(2)	
Unallocated Income / (expense)	9	8		(7)	
Profit Before Tax	**1,451**	**45**	***3,124%***	**741**	***96%***

Standalone Segment Performance

(Rs. Crore)	Q1		y-o-y	Q4	q-o-q
	FY2019	FY2018	Growth (%)	FY2018	Growth (%)
Graphite and Carbon	1,725	351	*391%*	1,152	*50%*
Others	52	25	*108%*	60	*(13)%*
Less: Inter Segment Sales	-	-		-	
Segment Revenue	**1,777**	**376**	***373%***	**1,212**	***47%***
Graphite and Carbon	1,304	38	*3,324%*	693	*88%*
Others	4	(2)		8	*(50)%*
Profit before tax and interest	**1,308**	**36**	***3,533%***	**701**	***87%***
Finance Cost	(1)	(1)		(2)	
Unallocated Income /(expense)	9	9		(7)	
Profit Before Tax	**1,316**	**44**	***2,891%***	**692**	***90%***

* All numbers in Crores unless specifically mentioned

Strategic Outlook

Graphite India Limited

Near Term Strategic Plan

Graphite and Carbon

Strategically established new eco-friendly facilities with **advanced technology** and **greater energy efficiency**

Recent capacity shutdown in China and decreased exports to other EAF producing countries is expected to provide impetus to electrode demand and price. We are **well positioned to benefit from the growing demand for graphite electrode** in the medium term globally.

Use **low cost base** and **high product quality** to expand global reach and customer base at competitive prices

Enhance presence in value added graphite products and grow impervious graphite equipment business

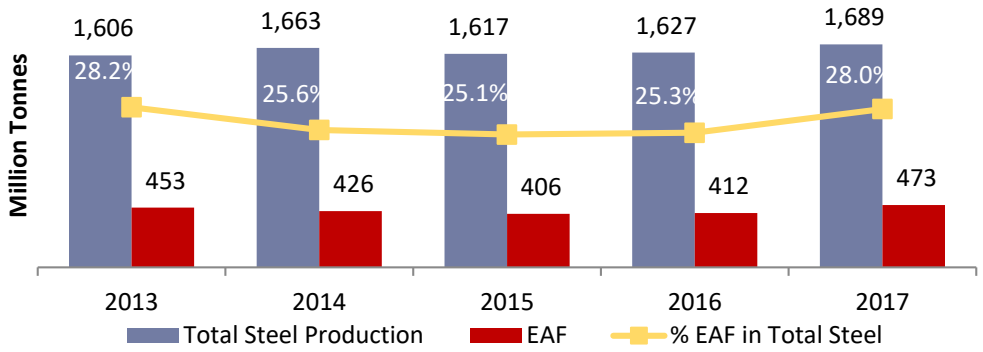
Focus on **improving margins** through proactively managing production schedules and **resource optimization** across facilities

Industry Dynamics

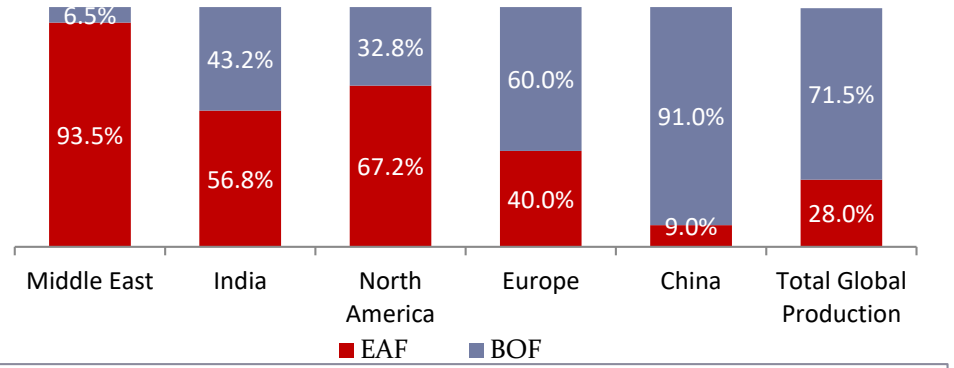
Graphite India Limited

Global Steel and Graphite Electrode Industry

Global Steel Production



Process Wise Steel Production 2017



- EAF route of manufacturing enjoys several advantages over traditional BOF route:
  - Lower capital investment
  - Lower break-even tonnage
  - Flexibility in locating plants closer to consumption
  - Less polluting than integrated steel plants
- India has been increasing its market share of graphite electrode production steadily over the past few years due to relatively low cost of operations
- China shutting down selected steel capacities to curb pollution resulting in decreased exports from China and increased production in EAF producing countries

Source: World Steel Association

Steel Industry Outlook and Dynamics

Graphite India Limited

- According to World Steel Association (WSA), world crude steel production was 881.5 Mt in the first six months of 2018, up by 4.6% compared to the same period in 2017. The world crude steel capacity utilization in June 2018 was 78.5% as compared to 74.7% in June 2017
- India continued it's strong growth momentum and registered a growth of 6.9% in Q2 CY2018. This was driven by domestic demand for steel which has been supported by a strong pick-up in infrastructure and manufacture sector
- Steel production in Middle East increased significantly by 12.7% y-o-y in Q2 CY2018 supported by recovery in oil and commodity prices and the outlook is positive for MENA countries
- In Q2 CY2018, the US steel production increased by 2.5% y-o-y. This growth is likely to continue since the outlook for steel demand in the US remains robust on the back of the strong economic fundamentals, consumption and investment
- The EU steel production increased by 2.2% y-o-y in Q2 CY2018
- WSA forecasts global steel demand to increase by 1.8% to 1,616.1 million Mt in 2018, and further increase by 0.7% to 1,626.7 million Mt in 2019
- As per WSA, steel demand in developed economies' is expected to increase by 1.8% and in developing economies (excl. China) by 4.9% in 2018

Graphite Electrode Industry

Graphite India Limited

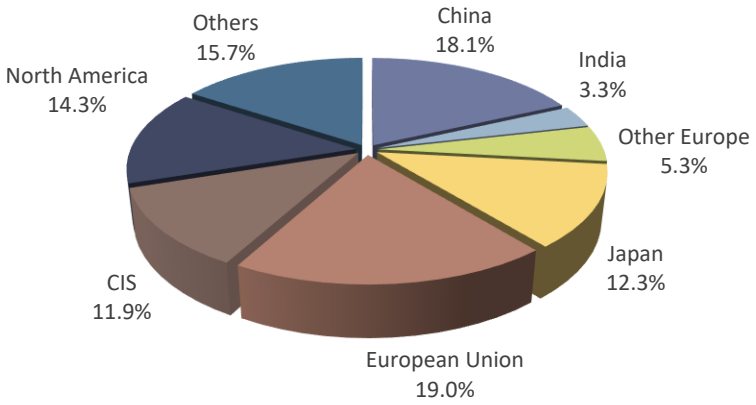
- China net steel exports were down by 15.5% in first half of 2018 to 28.7 million mt. This has allowed increased steel production and higher utilization in the other EAF steel producing nations
- The closure of inefficient induction furnaces and highly polluting blast furnaces in China are being replaced by environment friendly electric arc furnaces (EAF's) which is supported by increased availability of scrap
- Around 56 new EAF furnaces is expected to come online in 2018 with an aggregate capacity of 60-70 million mt. The share of steel manufacturing capacity using EAF has already risen to 9 percent in 2017 from 6 percent earlier. The Chinese government has set a target of achieving 20 percent steel production through the EAF route by 2020. Additionally, recent closure of 2,00,000 -3,00,000 tonnes of electrode capacity led to shortage of electrodes. These factors have resulted in an increased demand of graphite electrodes
- Such developments augur well for the industry and have led to an improved demand and supply balance, along with favorable electrode pricing scenario
- The needle coke industry is highly concentrated and petroleum needle coke demand is increasing due to its use in lithium-ion batteries used in electric vehicles. Hence, the timely availability of adequate needle coke at a reasonable price shall determine the effective/profitable utilization of any meaningful addition to electrode capacity across the industry

Industry Dynamics

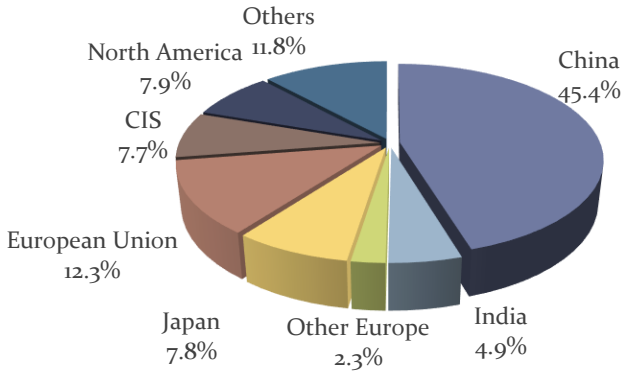
Graphite India Limited

Over the years, China remains the biggest crude steel producer with a 49.2% share in 2017 vs 45.4% in 2010 & 18.1% in 2001

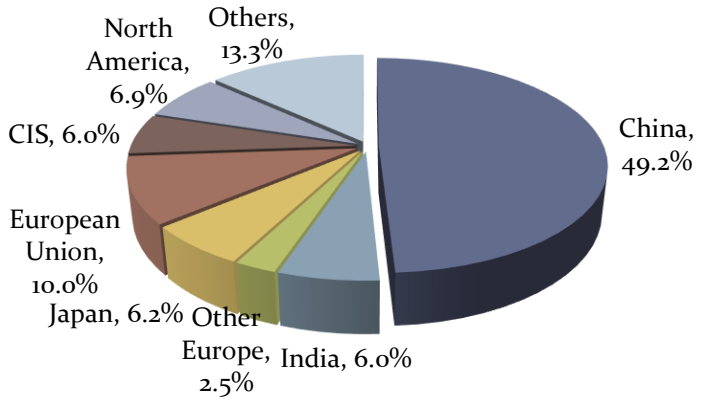
Global Steel Production 2001



Global Steel Production 2010



Global Steel Production 2017



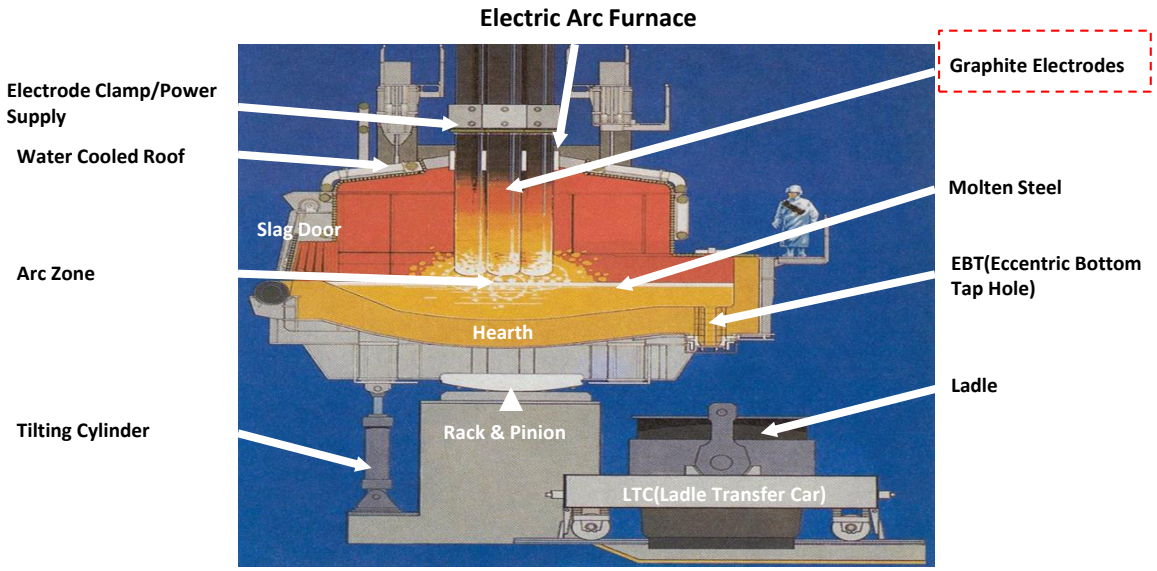
Overcapacities in China led to subsidized exports however the trend has changed in 2017 with China shutting down selected steel capacities to curb pollution resulting in decreased exports and increased production in EAF producing countries

Source: World Steel Association

Industry Dynamics

Graphite India Limited

EAF Steel Production Process



- An electric arc furnace (EAF) is a furnace that heats charged material by means of an electric arc
- Arc furnaces range in size from small units of approximately one tonne capacity (used in foundries for producing cast iron products) up to about 400 tonne units used for secondary steelmaking
- Electric arc furnace temperatures can be up to 1,800 degrees Celsius and the electrode tip & arc temperatures can go as high as 3,000-4,000 degrees Celsius
- Graphite Electrodes are consumed in an electric arc furnace
  - An electrode typically lasts for 22-30 heats /batches or 10 hours
  - A single graphite electrode can weigh over 2 tonnes
  - Electrode demand is driven by the production of steel through the EAF method

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 Limited
+91 33 40029622
mkchhajer@graphiteindia.com

Ravi Gothwal /
Samantha Francis
+91 22 6169 5988

Churchgate Partners
graphite@churchgatepartners.com