



GRAPHITE INDIA LIMITED

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GIL: SEC/SM/21-22/39

3rd September, 2021

BSE Limited
Corporate Relation Department
P.J.Towers
Dalal Street,
Mumbai 400 001.
Scrip Code – 509488

National Stock Exchange
'Exchange Plaza',
Bandra-Kurla Complex,
Bandra (E)
Mumbai 400 051.
Symbol - GRAPHITE

Dear Sirs,

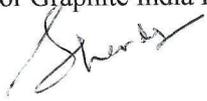
Re: Corporate Presentation (August 2021)

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find herewith copy of Corporate Presentation (August 2021).

We request you to kindly take the above on your records.

Thanking you,

Yours faithfully,
For Graphite India Limited


S. Marda
Asst. Company Secretary

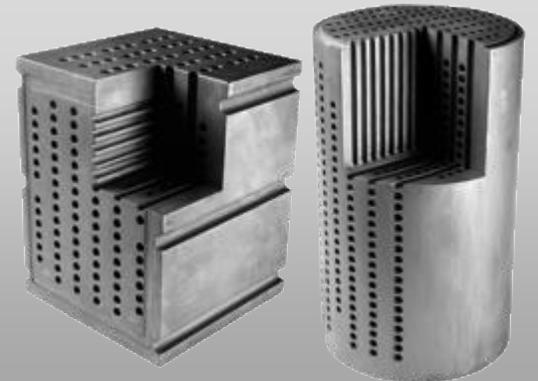
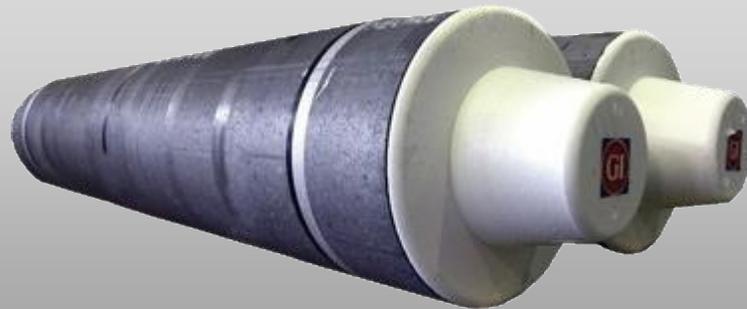
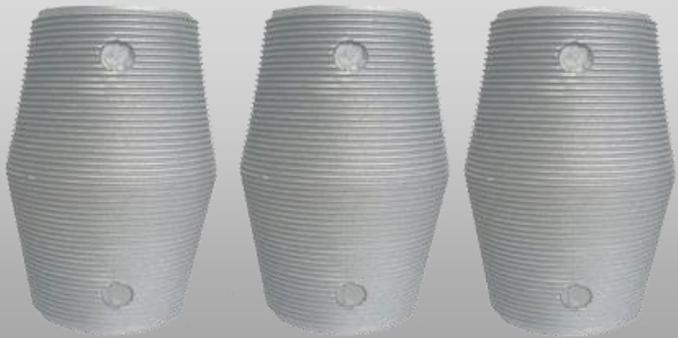
Encl : As above.



Graphite India Limited

NSE: GRAPHITE, BSE: 509488

**Corporate Presentation
August 2021**



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



Investment Highlights _____

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Milestones _____

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Business Overview _____

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Financial Performance _____

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Industry Dynamics _____

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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
three Locations



Strong International
Client Base with Exports
constituting 37% of
FY2021 Sales



Strong Balance Sheet
with Net Cash Position

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 14%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 along with lower exports from China post Covid-19, may lead to increased production in EAF producing countries
- ❖ Share of EAF's route in global steel production increased from 25% in 2015 to 26.3% in 2020
- ❖ 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

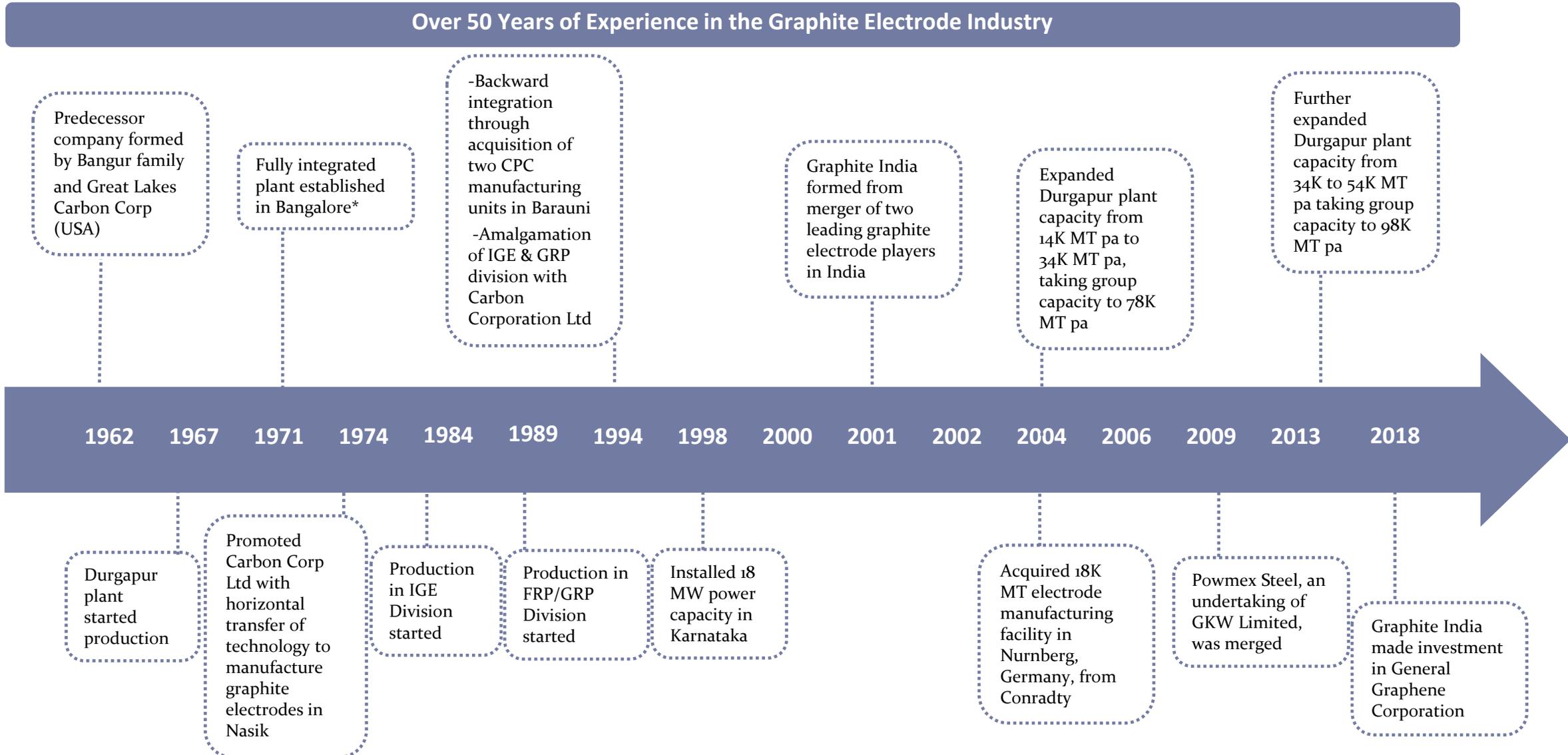
- ❖ Consistent cash flows to support organic and inorganic market opportunities
- ❖ Track record of positive cash flow generation despite the difficult market conditions in recent years
- ❖ Strong balance sheet with net cash position
- ❖ Disciplined approach to operational cost controls and prudent capital management
- ❖ 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



Notes:

1. Bangalore plan has been shutdown however, Graphite India electrode capacity remains at 98K MT pa

Graphite India

Graphite and Carbon*
93%

Others*
7%

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 18MW through hydel route. It is used primarily for outside power supply
- 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
- GRP Pipes for water supply, sewage / industrial effluent collection and disposal, cooling towers, industrial process pipelines, seawater pipelines, industrial ducting and gasoline storage

Products

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

- Impervious Graphite Equipment: Heat Exchangers

- High Speed Steel (HSS)
- Alloy Steel



Graphite Electrodes



Graphite Electrodes



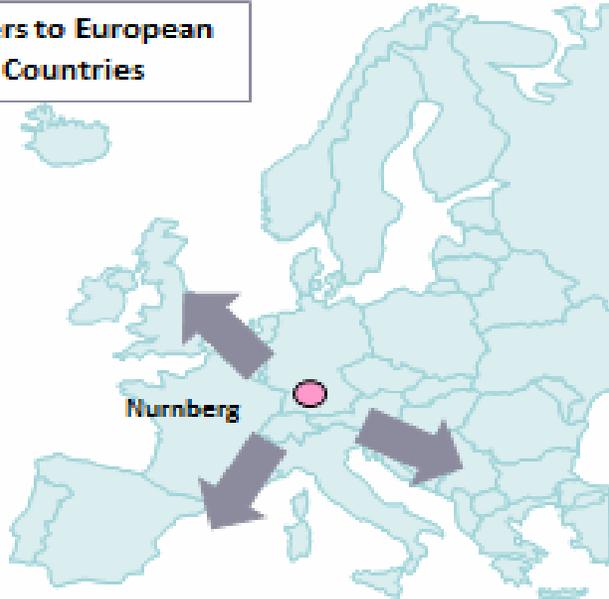
GRP Pipe



Steel Melting

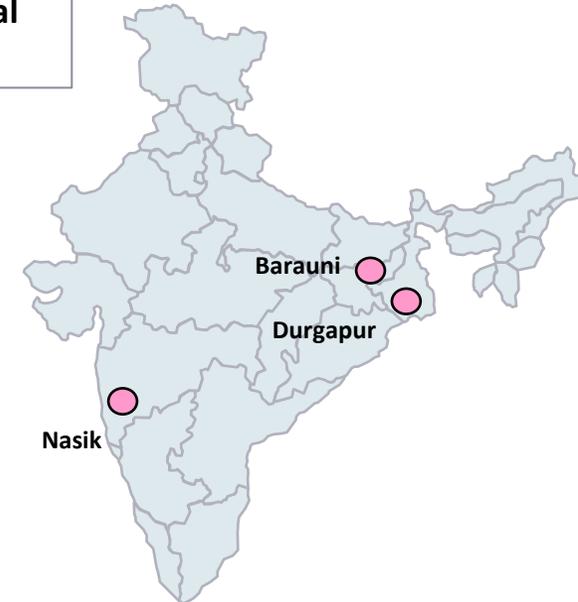
Strategically Located Manufacturing Facilities

Caters to European Countries



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

Cater to global markets



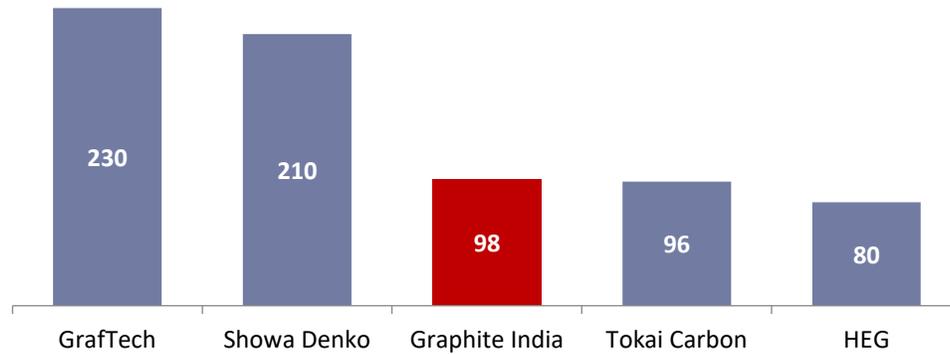
- ❖ The Indian plants are located close to the three main ports of India, offering logistic advantages to clients overseas
- ❖ Closer to customers in Indian markets
- ❖ The German plant caters to the needs of European customers and is located close to the EU market

Diversified Premier Global Customer Base

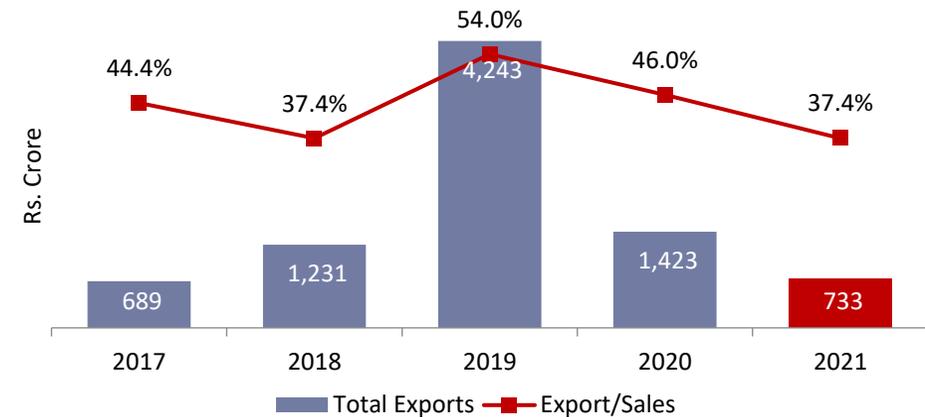


Global Player with Strong Profitability

Graphite Electrode Capacity (in thousand tonnes / Year)²



GIL Exports¹

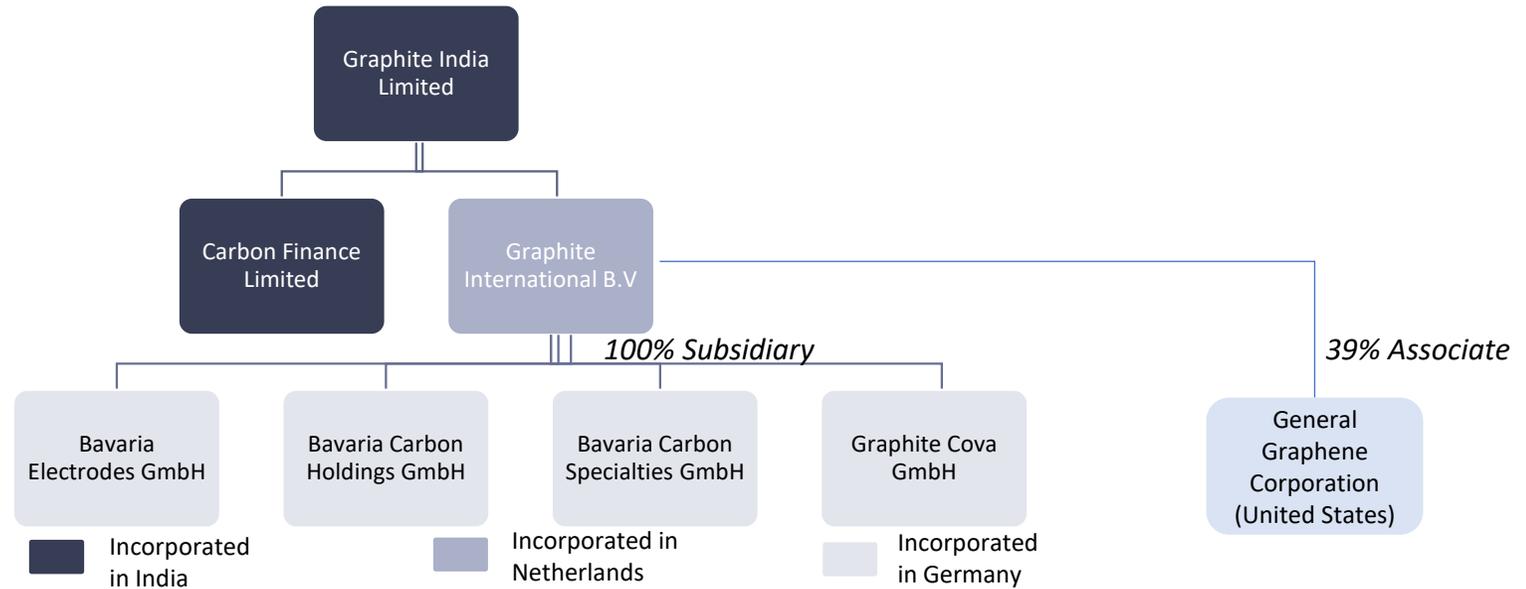


- ❖ Graphite India is one of the largest graphite electrode manufacturers globally and the largest in India
- ❖ Average capacity utilization was 58% in FY2021 as compared to 55% in FY2020
- ❖ Export sales was down in FY2021 primarily due to Covid-19 pandemic

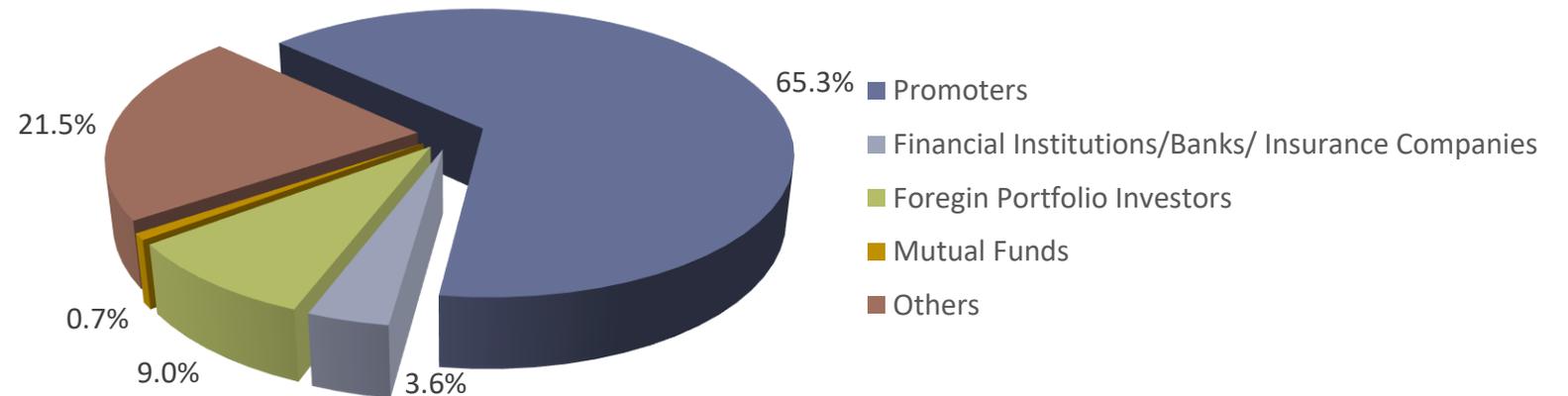
Note:

1. Fiscal years; Consolidated Gross Sales
2. Source –Company websites and reports
3. Graftech Electrode capacity is including ST Marys which consisted of 28MT

Group Organizational Structure



Shareholding Pattern (Mar - 2021)



Senior Management Team

| Key Executives | Background |
|--|--|
| <p>K.K. Bangur <i>Chairman</i></p> | <ul style="list-style-type: none"> • Over 32 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 |
| <p>Ashutosh Dixit <i>Executive Director</i></p> | <ul style="list-style-type: none"> • Mechanical Engineer with an MBA and PG Certificate in Metallurgy and has over 26 years of experience in the industry • Joined the Company in November 2017 and is responsible for the management of Company affairs and is actively involved in strategic / investment decisions |
| <p>B.Shiva <i>Senior VP, Legal & Company Secretary</i></p> | <ul style="list-style-type: none"> • 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 26 years |
| <p>A. K. Dutta <i>Senior VP, Marketing</i></p> | <ul style="list-style-type: none"> • Mr. A. K. Dutta is an Electrical Engineer with post graduation in management from IIM Calcutta and has more than 35 years of experience in marketing. He joined GIL in 2006 |
| <p>S.W. Parnerkar <i>Senior VP, Finance</i></p> | <ul style="list-style-type: none"> • 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 25 years, he is responsible for all accounts and financial aspects of the Company |

Consolidated Financial Performance



Graphite India Limited

| (Rs. Crore) | Q4 | | y-o-y Growth (%) | Q3 FY2021 | q-o-q Growth (%) | Year Ended | | y-o-y Growth (%) | Comments |
|--|--------|--------|------------------|-----------|------------------|------------|--------|------------------|---|
| | FY2021 | FY2020 | | | | FY2021 | FY2020 | | |
| Net Sales (Excluding Other Income) | 565 | 602 | (6%) | 499 | 13% | 1,958 | 3,094 | (37%) | <i>On a Y-o-Y basis sales was impacted due to lower realizations despite the higher volumes</i> |
| Other Income | 56 | 23 | 143% | 142 | (61%) | 316 | 174 | 82% | |
| Total Income | 621 | 625 | (1%) | 641 | (3%) | 2,274 | 3,268 | (30%) | |
| EBITDA / (Loss) excluding One Time Income and Expense | 194 | (3) | - | (13) | - | 90 | 95 | (5%) | <i>Q-o-Q improvement is driven by higher volumes however realization remain subdued</i> |
| Margin (%) | 34% | (0)% | | (3)% | | 5% | 3% | | |
| EBITDA / (Loss) Margin (%) | 134 | (3) | - | 68 | 97% | 111 | 95 | 17% | |
| | 24% | (0)% | | 14% | | 5.7% | 3.1% | | |
| Interest | 1 | 4 | (75%) | 1 | - | 6 | 18 | (67%) | |
| Depreciation | 14 | 13 | 8% | 12 | 17% | 52 | 51 | 2% | |
| Profit / (Loss) Before Tax (before Exceptional items and Associates) | 119 | (20) | - | 55 | 116% | 53 | 26 | 104% | |
| Share of Profit/(Loss) of an Associate | (3) | (3) | - | (3) | - | (10) | (7) | 43% | |
| Profit / (Loss) Before Tax | 116 | (23) | - | 52 | 123% | 43 | 19 | 126% | |
| Net Profit / (Loss) Margin (%) | 64 | (7) | - | 23 | 178% | (32) | 45 | (171%) | |
| | 11% | (1)% | | 5% | | (2)% | 1% | | |
| Earnings Per Share (Rs) | 3.29 | (0.37) | - | 1.19 | 176% | (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



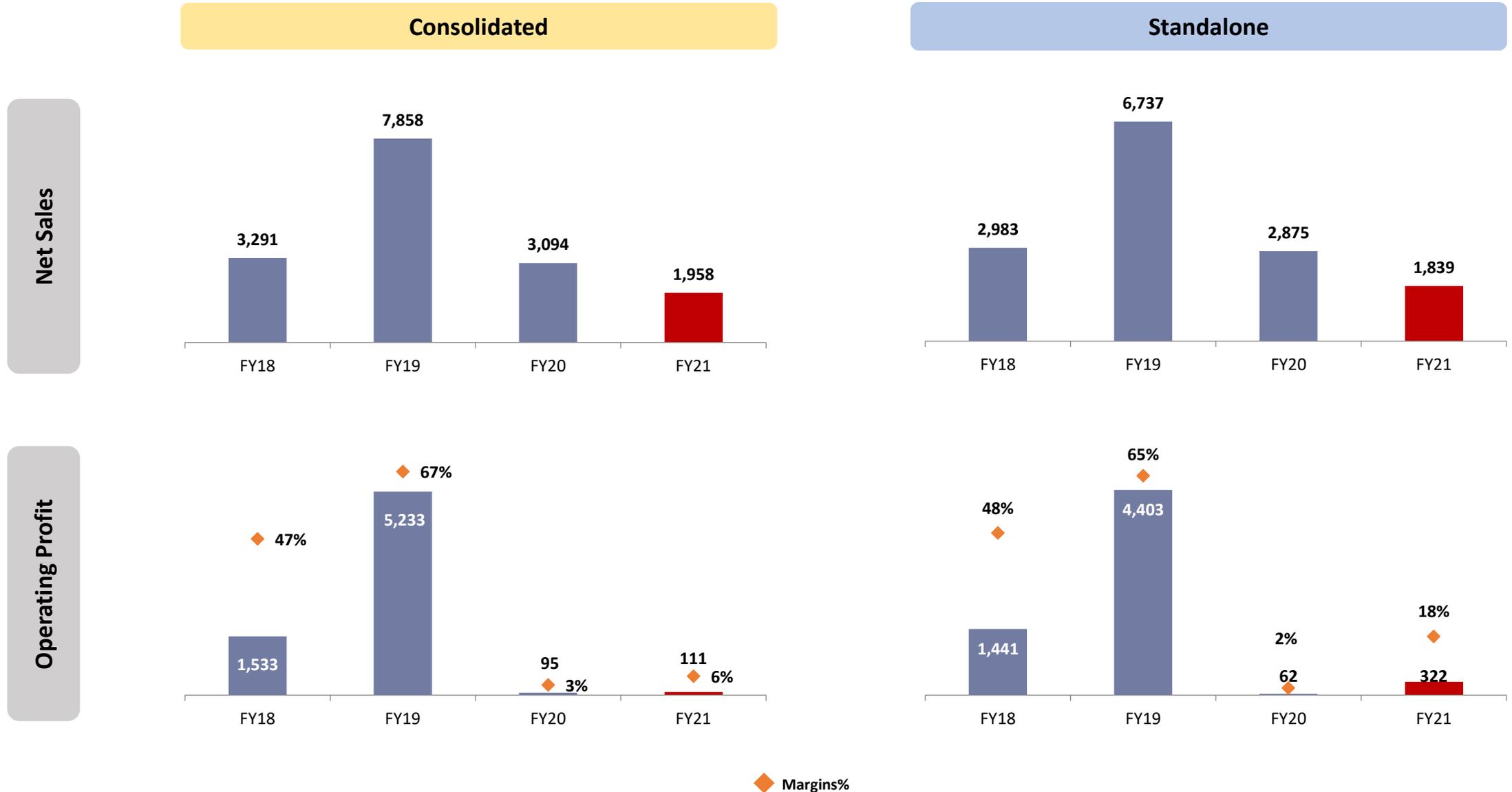
Graphite India Limited

| (Rs. Crore) | Q4 | | y-o-y Growth (%) | Q3 | | Year Ended | | y-o-y Growth (%) | Comments |
|---|------------|----------|------------------------|------------|------------------------|------------|----------|------------------------|---|
| | FY2021 | FY2020 | | FY2021 | q-o-q Growth (%) | FY2021 | FY2020 | | |
| Net Sales (Excluding Other Income) | 563 | 548 | 3% | 453 | 24% | 1,839 | 2,875 | (36%) | <i>On a Y-o-Y basis sales was impacted due to lower realizations despite the higher volumes</i> |
| Other Income | 53 | 18 | 194% | 139 | (62%) | 306 | 157 | 95% | |
| Total Income | 616 | 566 | 9% | 592 | 4% | 2,145 | 3,032 | (29%) | |
| EBITDA / (Loss) excluding One Time Income and Expense | 241 | 39 | 518% | 53 | 355% | 301 | 62 | 385% | <i>Q-o-Q improvement is driven by higher volumes however realization remain subdued</i> |
| Margin (%) | 43% | 7% | | 12% | | 16% | 2% | | |
| EBITDA / (Loss) Margin (%) | 181 32% | 39 7% | 364% | 134 30% | 35% | 322 18% | 62 2% | 419% | |
| Interest | 1 | 4 | (75%) | 1 | - | 6 | 17 | (65%) | |
| Depreciation | 12 | 11 | 9% | 11 | 9% | 45 | 44 | 2% | |
| Profit / (Loss) Before Tax (before Exceptional items and Associates) | 168 | 24 | - | 122 | 38% | 271 | 1 | - | |
| Profit / (Loss) Before Tax | 168 | 24 | - | 122 | 38% | 271 | 1 | - | |
| Net Profit / (Loss) Margin (%) | 114 20% | 25 5% | 356% | 93 21% | 23% | 199 11% | 31 1% | 542% | |
| Earnings Per Share (Rs) | 5.83 | 1.28 | 355% | 4.80 | 21% | 10.20 | 1.60 | 538% | |

Notes:

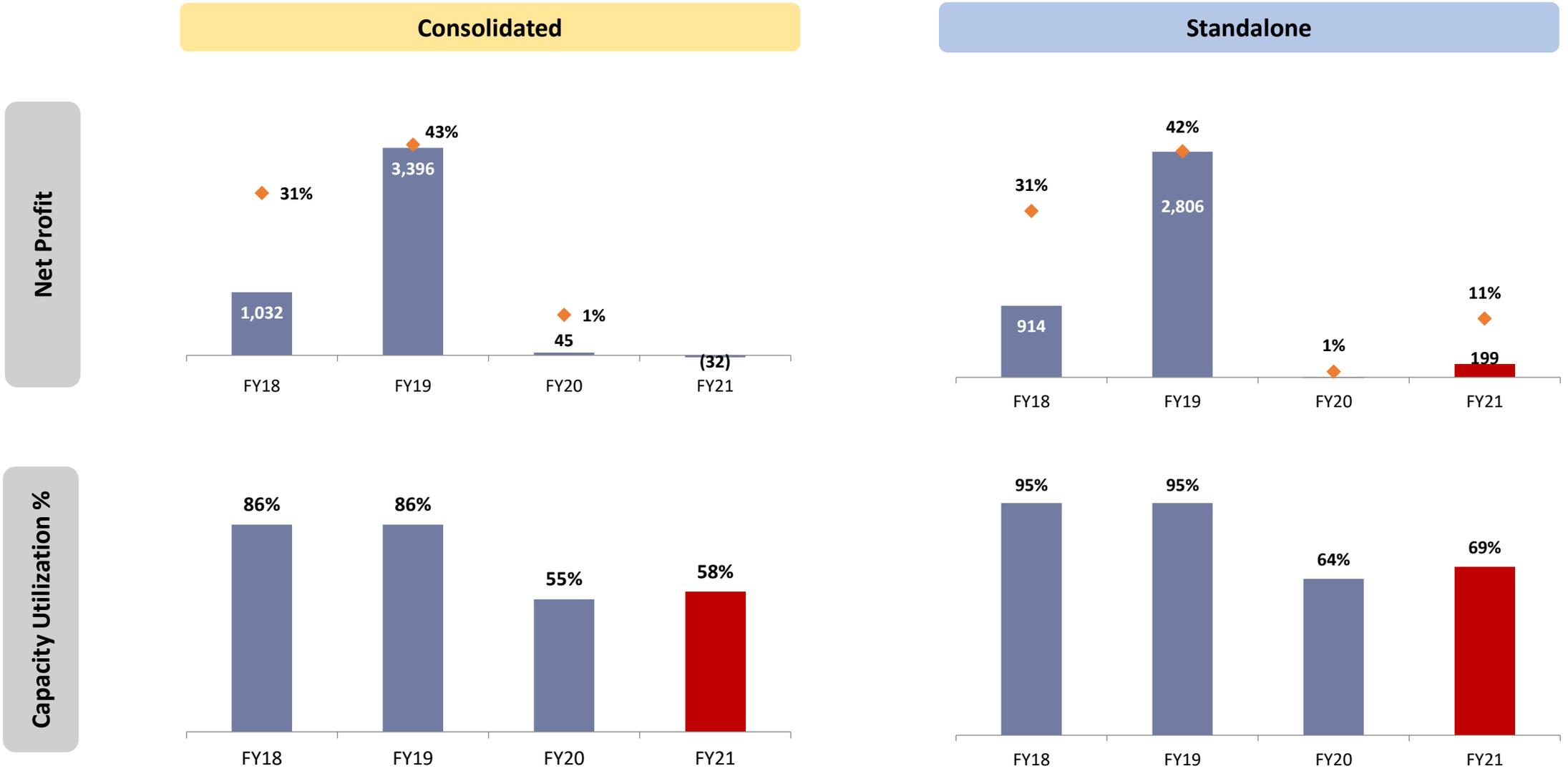
1. EBITDA excluding One Time Income and Expense: One time expense include provision for unspent CSR of Rs. 70 Crores in Q4 FY21 and FY21. One time income of Rs. 91 Crores which was refunded by Damodar Valley Corporation (DVC) on account of electricity refund in FY21
2. EBITDA includes Other Income
3.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

Annual Performance Trends



* All numbers in Crores unless specifically mentioned. Operating profit is as reported without adjustment for one time income and expense

Annual Performance Trends



◆ Margins%

* All numbers in Crores unless specifically mentioned. Operating profit is as reported without adjustment for one time income and expense

Significant financial flexibility available for future organic and inorganic growth

Consolidated Leverage Profile

| (Rs. Crore) | Mar-21 | Dec-20 | Sep-20 | June-20 | Mar-20 |
|--------------------------------------|--------|--------|--------|---------|--------|
| Cash & Cash Equivalents ¹ | 2,957 | 2,839 | 2,722 | 2,598 | 2,424 |
| Total Debt | (223) | (239) | (318) | (308) | (416) |
| Net Cash | 2,734 | 2,600 | 2,404 | 2,290 | 2,008 |

Standalone Leverage Profile

| (Rs. Crore) | Mar- 21 | Dec- 20 | Sep- 20 | June- 20 | Mar- 20 |
|--------------------------------------|---------|---------|---------|----------|---------|
| Cash & Cash Equivalents ¹ | 2,484 | 2,346 | 2,229 | 2,094 | 1,935 |
| Total Debt | (223) | (239) | (318) | (308) | (416) |
| Net Cash | 2,261 | 2,107 | 1,911 | 1,787 | 1,519 |

Notes:

1. Cash and cash equivalents include investments

Annual Segment Performance



Graphite India Limited

Consolidated Segment Performance

| (Rs. Crore) | Full Year | | y-o-y |
|---|--------------|--------------|--------------|
| | FY2021 | FY2020 | Growth (%) |
| Graphite and Carbon | 1,813 | 2,995 | (39)% |
| Others | 145 | 99 | 46% |
| Less: Inter Segment Sales | * | * | - |
| Segment Revenue | 1,958 | 3,094 | (37)% |
| Graphite and Carbon | (67) | (54) | - |
| Others | 37 | 3 | - |
| Profit / (Loss) before tax and interest | (30) | (51) | - |
| Finance Cost | (6) | (18) | - |
| Unallocated Income / (expense) | 89 | 95 | (6)% |
| Profit / (Loss) Before Tax (Before Exceptional Items and Associates) | 53 | 26 | 104% |
| Share of Profit/Loss of an Associate | (10) | (7) | - |
| Profit / (Loss) Before Tax | 43 | 19 | 126% |

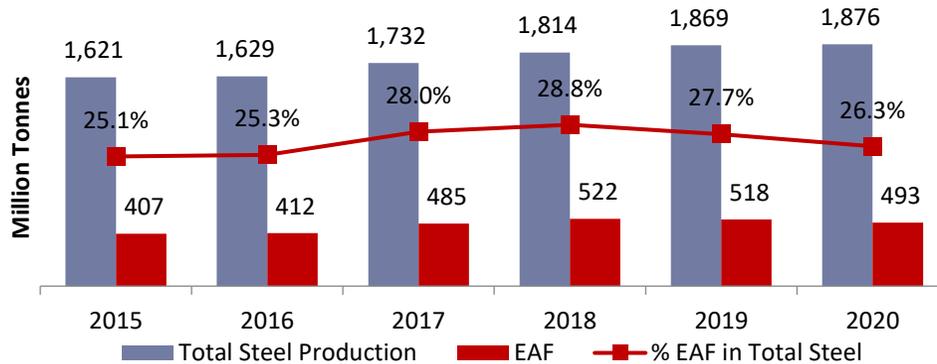
Standalone Segment Performance

| (Rs. Crore) | Full Year | | y-o-y |
|---|--------------|--------------|--------------|
| | FY2021 | FY2020 | Growth (%) |
| Graphite and Carbon | 1,719 | 2,780 | (38)% |
| Others | 120 | 95 | 26% |
| Less: Inter Segment Sales | * | * | - |
| Segment Revenue | 1,839 | 2,875 | (36)% |
| Graphite and Carbon | 176 | (77) | - |
| Others | 13 | 0 | - |
| Profit / (Loss) before tax and interest | 189 | (77) | - |
| Finance Cost | (6) | (17) | - |
| Unallocated Income / (expense) | 88 | 95 | (7)% |
| Profit / (Loss) Before Tax (Before Exceptional Items and Associates) | 271 | 1 | - |
| Share of Profit/Loss of an Associate | - | - | - |
| Profit / (Loss) Before Tax | 271 | 1 | - |

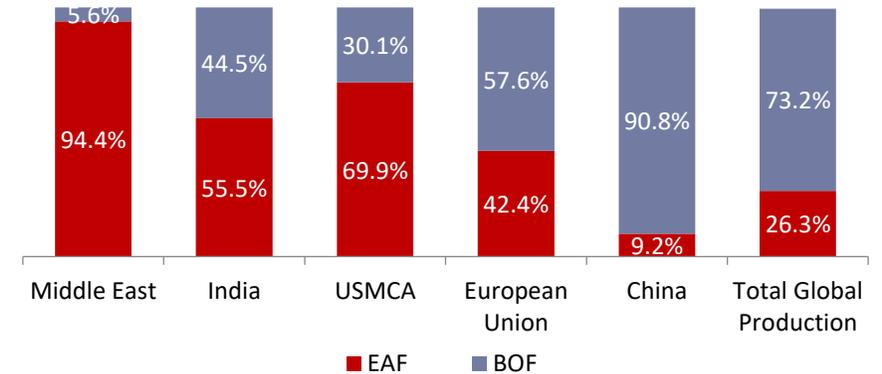
* All numbers in Crores unless specifically mentioned

Global Steel and Graphite Electrode Industry

Global Steel Production



Process Wise Steel Production 2020



- ❖ 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 increasing its market share of graphite electrode production steadily over the past few years due to relatively low cost of operations
- ❖ 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

- As per World Steel Association (WSA) Global crude steel production was 486.9 Mt in Q1 CY2021, an increase of 10.0% y-o-y and 1.2% on q-o-q basis. Global crude steel production excluding China registered an increase of 3.6% and 2.9% on y-o-y and q-o-q basis respectively
- China crude steel production for Q1 CY2021 was 271.0 Mt, representing a strong growth of 15.6% y-o-y and remained flat on q-o-q basis. China share of global steel production increased to 57.6% in 2020 from 54.2% in 2019 and EAF contribution was around 9.2%
- India's crude steel production in Q1 CY2021 was 29.6 Mt, a strong increase of 10.4% y-o-y and 5.3% on q-o-q basis
- The EU produced 37.8 Mt of crude steel in Q1 CY2021, an increase of 3.1% y-o-y and 1.7% on q-o-q basis
- Japan produced 23.7 Mt in Q1 CY2021, decline of 1.7% y-o-y and an increase of 7.8% on q-o-q basis
- North America produced 28.1 Mt of crude steel in Q1 CY2021, a decline of 5.2% y-o-y and an increase of 7.6% on q-o-q basis
- The Middle East produced 10.5 Mt of crude steel in Q1 CY2021, an increase of 3.2% y-o-y and a decline of 2.1% on q-o-q basis

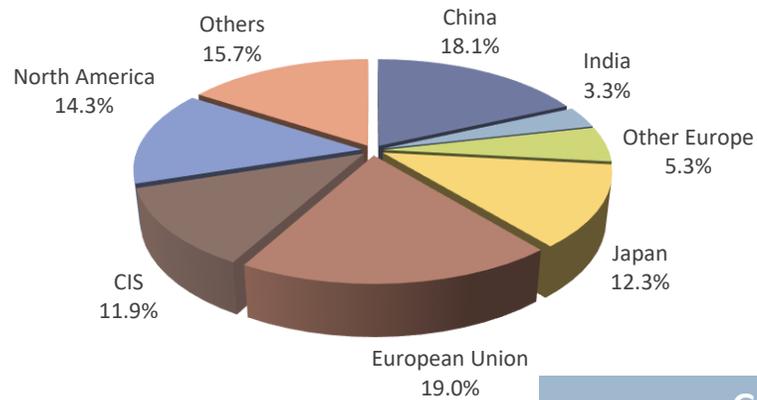
Steel Industry Outlook

- 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

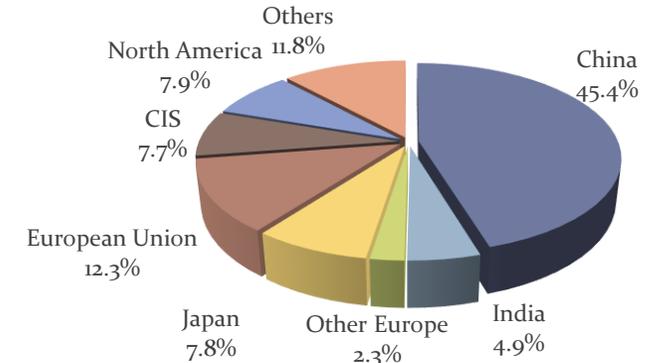
- Since 2016 China has closed about 300 million tonnes of outdated and highly polluting steel production capacity but around 908 million tonnes still remain. Such closures are being replaced by environment friendly electric arc furnaces (EAF's)
- As per S&P Global Platts estimates, Chinese EAF steelmaking 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

Over the years, China remains the biggest crude steel producer with a 56.7% share in 2019 vs 45.4% in 2010 & 18.1% in 2001

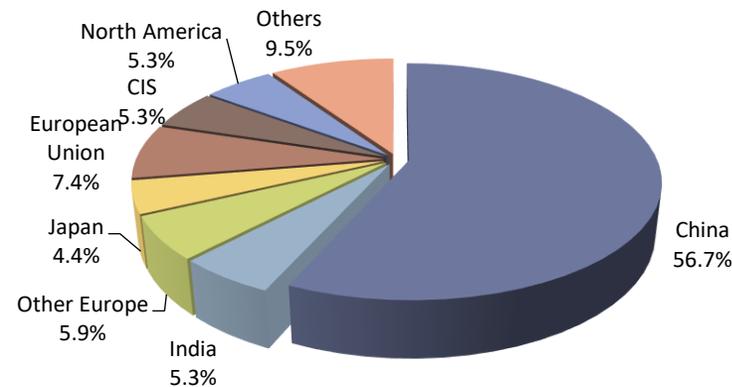
Global Steel Production 2001



Global Steel Production 2010

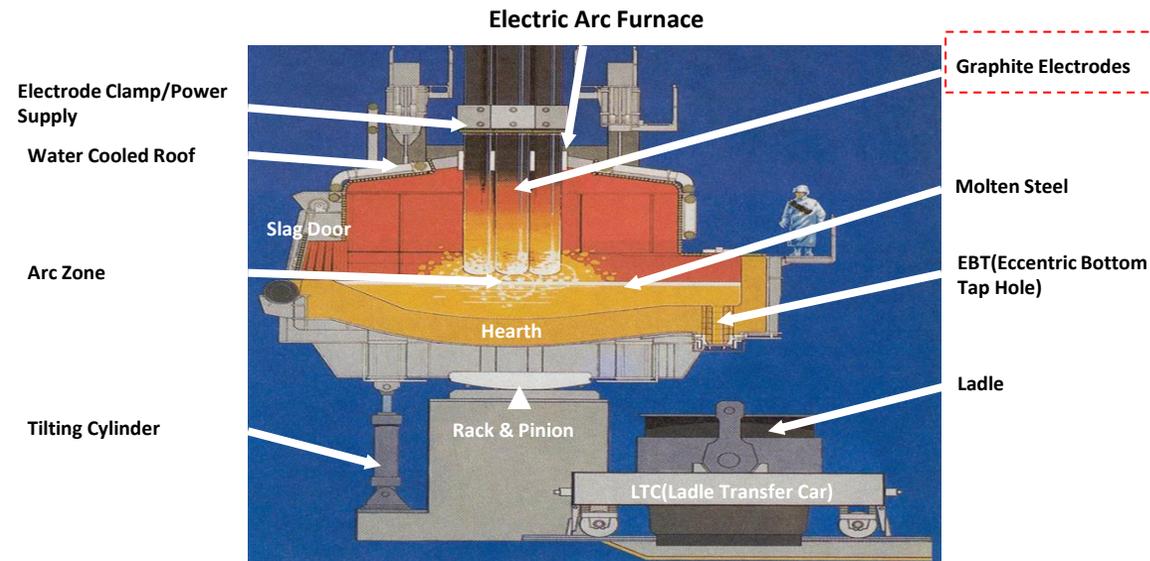


Global Steel Production 2020



Overcapacities in China earlier 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

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



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Churchgate Partners

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