



## GRAPHITE INDIA LIMITED

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GIL:SEC/BS/21-22/

November 1, 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/half year ended 30<sup>th</sup> September, 2021**

Dear Sir,

Earnings Presentation in connection with the Company's un-audited financial results for the quarter/half year ended 30<sup>th</sup> September, 2021 is enclosed for your information and records.

Thanking you,

Yours faithfully,

For Graphite India Limited

  
B. Shiva  
Company Secretary

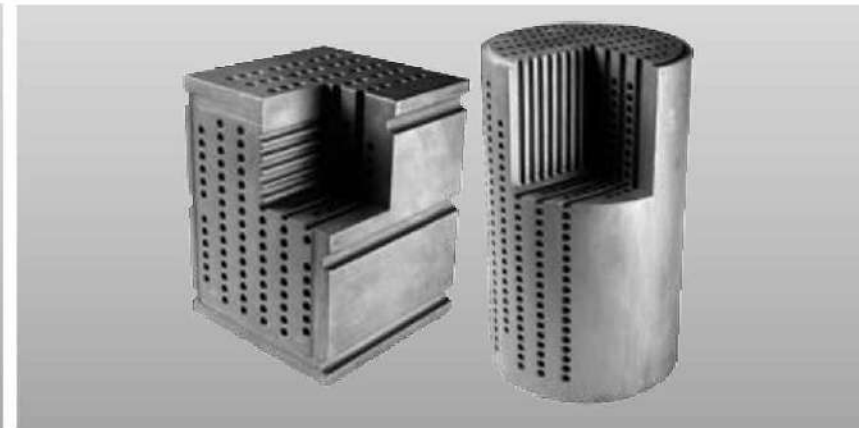
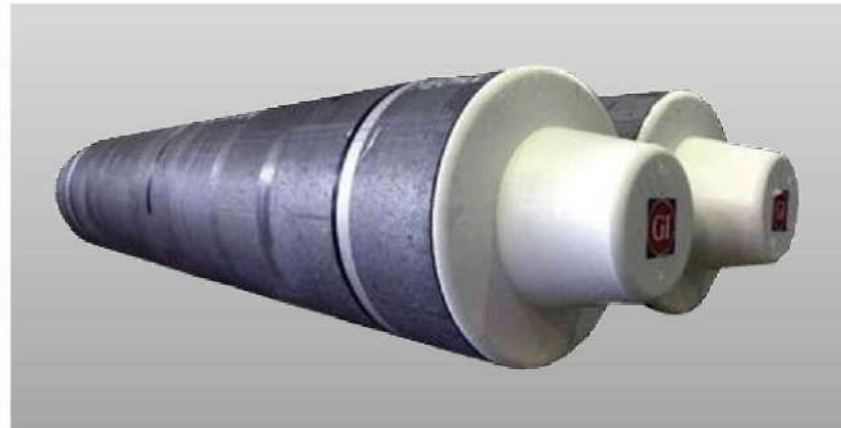
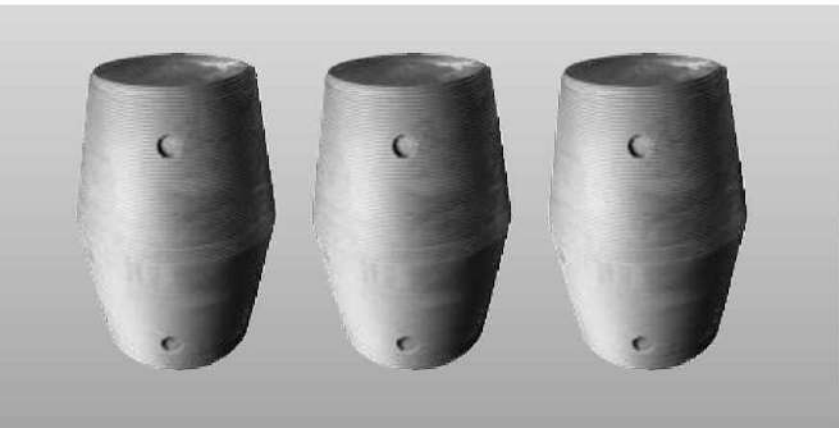
Encl : As above.



# Graphite India Limited

NSE: GRAPHITE, BSE: 509488

## Q2 FY2022 Earnings Presentation November 1<sup>st</sup>, 2021



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## H1 FY2022 Financial Performance

### H1 FY2022 Profit and Loss (Consolidated)

- Net Sales of Rs. 1,302 Crores, an increase of 46% y-o-y
- EBITDA of Rs. 407 Crores as compared to Loss of Rs. 91 Crores in H1 FY21
- Net Profit of Rs. 278 Crores as compared to Loss of Rs. 119 Crores in H1 FY21
- EPS of Rs. 14.25 per share

### Balance Sheet

- Gross Debt of Rs. 275 Crores
- Cash (Net of Gross Debt) of Rs. 2,631 Crores

### H1 FY2022 Profit and Loss (Standalone)

- Net Sales of Rs. 1,197 Crores, an increase of 45% y-o-y
- EBITDA of Rs. 404 Crores as compared to Rs. 7 Crores in H1 FY21
- Net Profit of Rs. 297 Crores as compared to Loss of Rs. 8 Crores in H1 FY21
- EPS of Rs. 15.22 per share

### Balance Sheet

- Gross Debt of Rs. 258 Crores
- Cash (Net of Gross Debt) of Rs. 2,208 Crores

## Q2 FY2022 Financial Performance

### **Q2 FY2022 Profit and Loss** (Consolidated)

- Net Sales of Rs. 692 Crores, an increase of 43% y-o-y
- EBITDA of Rs. 188 Crores as compared to Loss of Rs. 28 Crores in Q2 FY21
- Net Profit of Rs. 128 Crores as compared to Loss of Rs. 41 Crores in Q2 FY21
- EPS of Rs. 6.55 per share

### **Q2 FY2022 Profit and Loss** (Standalone)

- Net Sales of Rs. 654 Crores, an increase of 38% y-o-y
- EBITDA of Rs. 192 Crores as compared to Rs. 12 Crores in Q2 FY21
- Net Profit of Rs. 140 Crores as compared to Rs. 5 Crores in Q2 FY21
- EPS of Rs. 7.19 per share





K K Bangur  
Chairman

*"In Q2 FY2022, Graphite India registered Net Sales of Rs. 692 Cr, up by 43% y-o-y and 13% on a q-o-q basis. The y-o-y sales growth was primarily driven by both higher volumes and realizations whereas the q-o-q sales growth was characterized by improved realizations along with a modest increase in volumes. However, with increase in the prices of graphite electrode, we saw a similar increase in prices of needle coke. During the quarter, the company delivered EBITDA of Rs. 188 Cr and Net Profit of Rs. 128 Cr. The capacity utilization increased to 81% as compared to 60% in Q2 FY21 and 75% in the previous quarter. Our German operations also registered an increase in the capacity utilization to meet the growing demand in the region and pricing continues to improve. From a balance sheet perspective, our capital structure remains robust and we continue to maintain strong Net Cash balance of Rs. 2,631 Cr at the end of September 2021.*

*During the quarter, the global crude steel production excluding China registered a strong increase of 15.3% on y-o-y and a decline of 2.7% on q-o-q basis. China steel production registered a significant decline of 14.2% y-o-y and 16.6.% on a q-o-q basis which is in line with their strategy to keep the steel output at 2020 levels as a part of the country's goal to reduce carbon emissions. With decline in steel production and exports from China, we may see a gradual increase in steel production from the EAF steel producing nations which shall drive both electrode demand and realizations.*

*The Indian economy showed resilience to deliver quicker recovery after the much severe second wave of the pandemic in Q1 FY22. Indian steel production continues to increase on both y-o-y and on sequential basis. The steel demand outlook for remaining part of the year looks encouraging with the pick-up in demand from infrastructure and construction sector. With improved demand scenario, we are seeing an uptick in electrode prices however, needle coke prices continues to rise in tandem.*

*Graphite India is well positioned to meet the growing demand from the domestic industry and from the EAF steel producing nations in the light of China's reducing exports. The ongoing shortage of containers and increasing logistics costs may put some pressure however, we remain confident to maintain high operational efficiency at our plants and deliver profitable growth in the coming quarters."*

# Steel Industry Overview



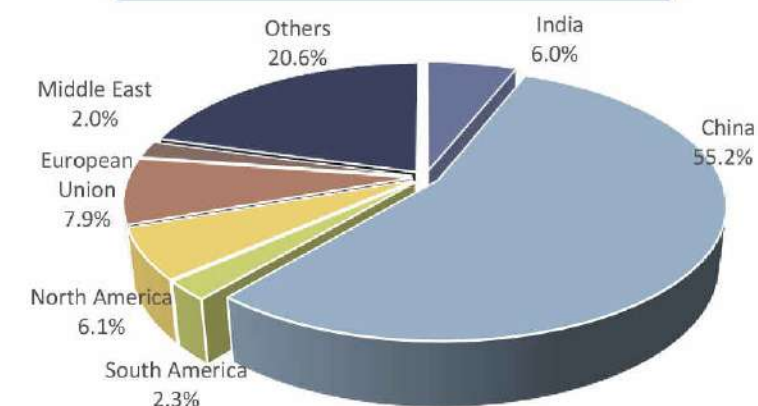
Graphite India Limited

Crude Steel Production (million MT)	Three Months Ended					Nine Months Ended		
	Sep-21	Sep-20	Y-o-Y (%)	Jun-21	Q-o-Q (%)	9M 2021	9M 2020	Y-o-Y (%)
Asia and Oceania	331.0	360.3	(8.1)%	380.1	(12.9)%	1,066.0	1,010.4	5.5%
India	29.2	26.7	9.5%	28.3	3.2%	87.3	70.8	23.3%
China	243.8	284.3	(14.2)%	292.3	(16.6)%	805.9	790.1	2.0%
Others	58.0	49.4	17.5%	59.5	(2.5)%	172.8	149.5	15.6%
South America	11.7	9.9	17.9%	11.7	0.0%	34.1	27.5	23.9%
North America	30.2	23.9	26.2%	30.6	(1.3)%	88.6	74.3	19.2%
European Union	37.3	30.1	24.0%	40.0	(6.8)%	114.8	95.8	19.8%
Middle East	9.4	10.0	(5.7)%	10.9	(13.8)%	28.9	29.8	(3.0)%
Others	43.0	39.8	7.9%	43.8	(1.8)%	128.7	116.6	10.3%
<b>Total</b>	<b>462.6</b>	<b>474.0</b>	<b>(2.4)%</b>	<b>517.1</b>	<b>(10.5)%</b>	<b>1,461.1</b>	<b>1,354.5</b>	<b>7.9%</b>

M-o-M Growth (%)



9M 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 462.6 Mt in Q3 CY2021, a decline of 2.4% y-o-y and 10.5% on q-o-q basis. Global crude steel production excluding China registered an increase of 15.3% on y-o-y and decline of 2.7% q-o-q basis
- China crude steel production for Q3 CY2021 was 243.8 Mt, representing a decline of 14.2% y-o-y and 16.6% on q-o-q basis
- India's crude steel production in Q3 CY2021 was 29.2 Mt, a strong increase of 9.5% y-o-y and 3.2% on q-o-q
- The EU produced 37.3 Mt of crude steel in Q3 CY2021, an increase of 24.0% y-o-y however a decline of 6.8% on q-o-q basis
- Japan produced 24.0 Mt in Q3 CY2021, an increase of 26.9% y-o-y and 9.1% on q-o-q basis
- North America produced 30.2 Mt of crude steel in Q3 CY2021, an increase of 26.2% y-o-y and a decline of 1.3% on q-o-q basis
- The Middle East produced 9.4 Mt of crude steel in Q3 CY2021, a decline of 5.7% y-o-y and 13.8% on q-o-q basis

## Steel Industry Outlook

- WSA has reduced its forecast for global steel demand due to China's economic slowdown. Now, it is expected to grow by 4.5%, to 1,855 Mt in 2021. In 2022 steel demand is expected to increase by 2.2% over 2021 to 1,896 Mt
- The Indian economy faced the more severe second wave of the pandemic however, the economic impact was much lower with the state wise lockdowns. The economy has registered quicker recovery in the July-Sep 21 quarter and showing signs of strong finish 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)	Q2		y-o-y Growth (%)	Q1 FY2022	q-o-q Growth (%)	Half Year Ended		y-o-y Growth (%)	Comments
	FY2022	FY2021				FY2022	FY2021		
Net Sales (Excluding Other Income)	692	485	43%	610	13%	1,302	894	46%	On a Y-o-Y basis sales were driven by both higher volumes and realizations
Other Income	79	50	58%	78	1%	157	118	33%	
Total Income	771	535	44%	688	12%	1,459	1,012	44%	
EBITDA / (Loss)	188	(28)	-	219	(14%)	407	(91)	-	Q-o-Q sales were also driven by higher realizations and modest volume growth.
Margin (%)	27%	(6)%		36%		31.3%	(10.2)%		
Interest	0	2	(100%)	1	(100%)	1	4	(75%)	
Depreciation	13	13	-	14	(7%)	27	26	4%	The improved realizations were offset by similar increase in the pricing of needle coke
Profit / (Loss) Before Tax (before Exceptional items and Associates)	175	(43)	0	204	(14%)	379	(121)	-	
Share of Profit/(Loss) of an Associate	(4)	(2)	100%	(7)	(43%)	(11)	(4)	175%	
Profit / (Loss) Before Tax	171	(45)	-	197	(13%)	368	(125)	-	
Net Profit / (Loss)	128	(41)	-	150	(15%)	278	(119)	-	
Margin (%)	18%	(8)%		25%		21%	(13)%		
Earnings Per Share (Rs)	6.55	(2.09)	-	7.70	(15%)	14.25	(6.12)	-	

Notes:

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

# Standalone Financial Performance



Graphite India Limited

(Rs. Crore)	Q2		y-o-y Growth (%)	Q1 FY2022	q-o-q Growth (%)	Half Year Ended		y-o-y Growth (%)	Comments
	FY2022	FY2021				FY2022	FY2021		
Net Sales (Excluding Other Income)	654	473	38%	543	20%	1,197	823	45%	On a Y-o-Y basis sales were driven by both higher volumes and realizations
Other Income	68	47	45%	76	(11%)	144	114	26%	
Total Income	722	520	39%	619	17%	1,341	937	43%	
EBITDA / (Loss)	192	12	-	212	(9%)	404	7	-	Q-o-Q sales were also driven by higher realizations and modest volume growth.
Margin (%)	29%	3%		39%		34%	1%		
Interest	0	2	(100%)	1	(100%)	1	4	(75%)	
Depreciation	11	11	-	12	(8%)	23	22	5%	The improved realizations were offset by similar increase in the pricing of needle coke
Profit / (Loss) Before Tax (before Exceptional items and Associates)	181	(1)	-	199	(9%)	380	(19)	-	
Profit / (Loss) Before Tax	181	(1)	-	199	(9%)	380	(19)	-	
Net Profit / (Loss)	140	5	-	157	(11%)	297	(8)	-	
Margin (%)	21%	1%		29%		25%	(1)%		
Earnings Per Share (Rs)	7.19	0.26	-	8.03	(10%)	15.22	(0.43)	-	

Notes:

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

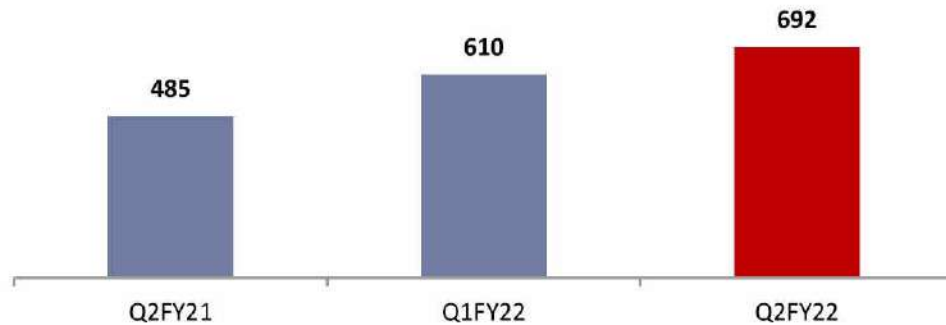


# Quarter Performance Trends

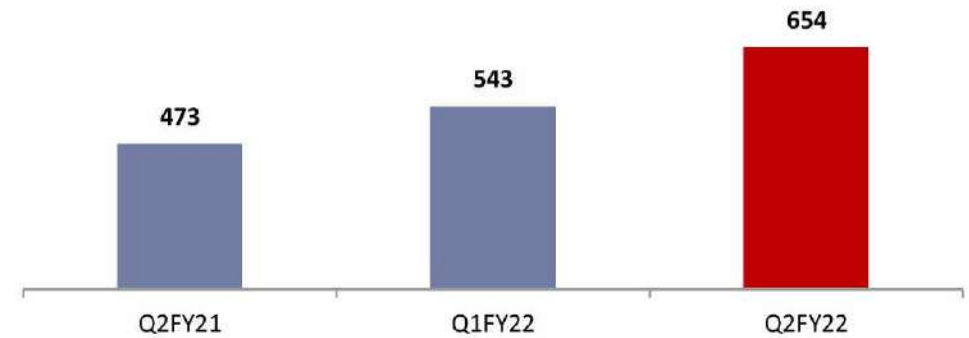


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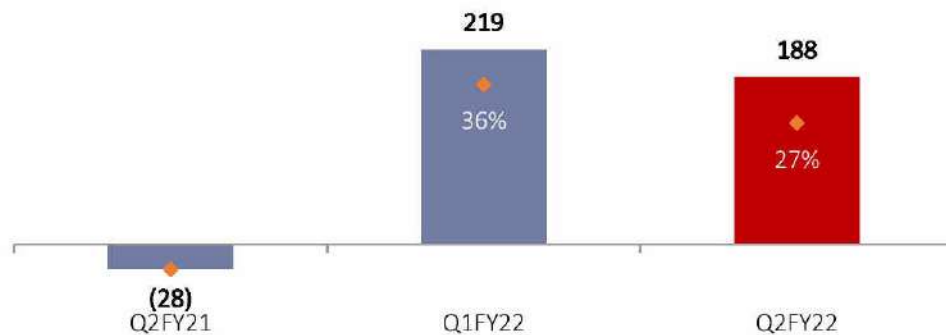
## Consolidated Net Sales



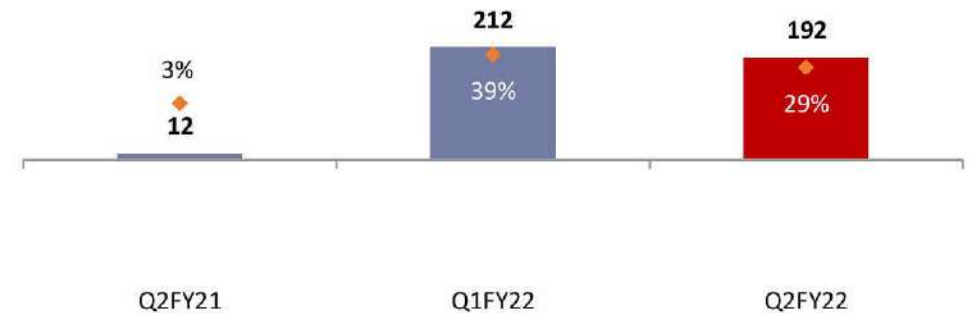
## Standalone Net Sales



## Consolidated Operating Profit / (Loss)



## Standalone Operating Profit / (Loss)



Note:

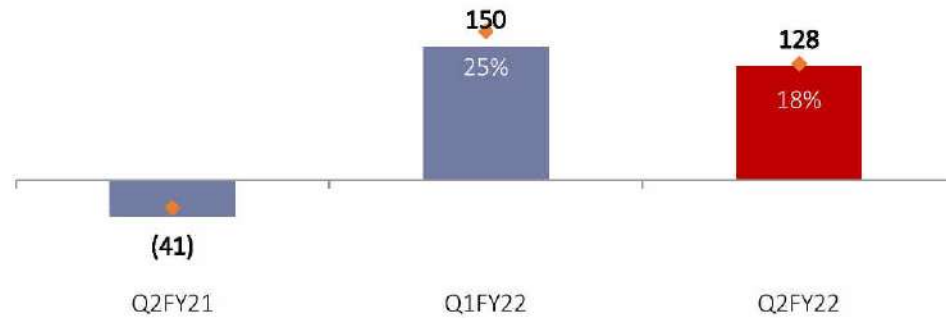
1. All numbers in Crores unless specifically mentioned

# Quarter Performance Trends

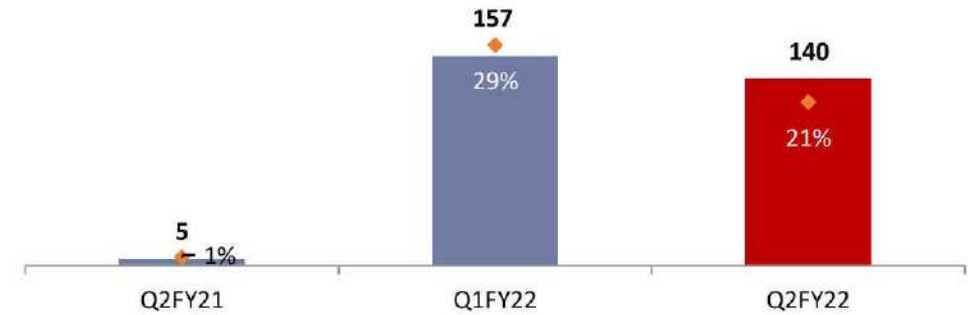


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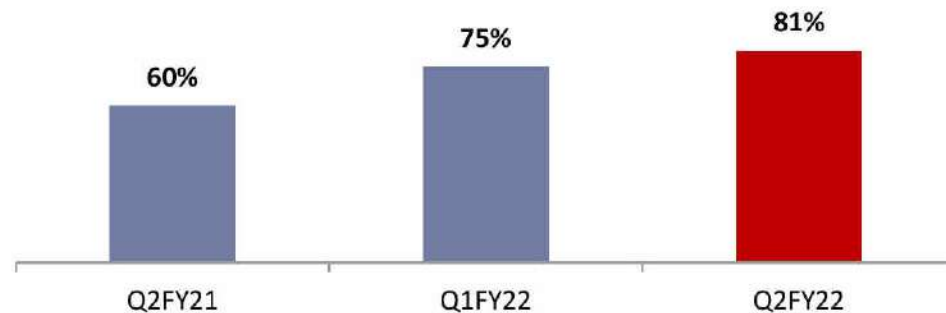
## Consolidated Net Profit / (Loss)



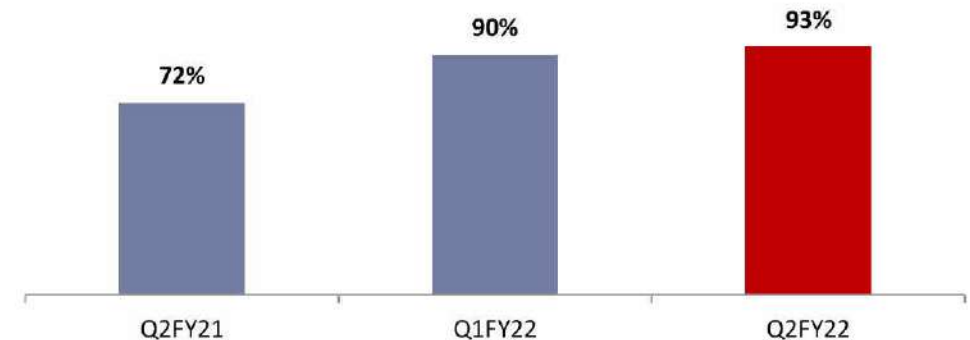
## Standalone Net Profit / (Loss)



## Consolidated Capacity Utilization



## Standalone Capacity Utilization



Note: All numbers in Crores unless specifically mentioned

# Leverage Profile



Graphite India Limited

Significant financial flexibility available for future organic and inorganic growth

## Consolidated Leverage Profile

(Rs. Crore)	Sep-21	June-21	Mar-21	Dec-20	Sep-20
Cash & Cash Equivalents <sup>1</sup>	2,906	3,047	2,957	2,839	2,722
Total Debt	(275)	(267)	(223)	(239)	(318)
Net Cash	2,631	2,780	2,734	2,600	2,404

## Standalone Leverage Profile

(Rs. Crore)	Sep- 21	June- 21	Mar- 21	Dec- 20	Sep- 20
Cash & Cash Equivalents <sup>1</sup>	2,466	2,539	2,484	2,346	2,229
Total Debt	(258)	(267)	(223)	(239)	(318)
Net Cash	2,208	2,272	2,261	2,107	1,911

Notes:

1. Cash and cash equivalents include investments



# Quarterly Segment Performance



Graphite India Limited

## Consolidated Segment Performance

(Rs. Crore)	Q2		y-o-y	Q1	q-o-q
	FY2022	FY2021	Growth (%)	FY2022	Growth (%)
Graphite and Carbon	645	454	42%	549	17%
Others	48	31	55%	61	(21)%
Less: Inter Segment Sales	(1)	*	-	*	-
<b>Segment Revenue</b>	<b>692</b>	<b>485</b>	<b>43%</b>	<b>610</b>	<b>13%</b>
Graphite and Carbon	103	(82)	-	114	(10)%
Others	11	8	38%	23	(52)%
<b>Profit / (Loss) before tax and interest</b>	<b>114</b>	<b>(74)</b>	<b>-</b>	<b>137</b>	<b>(17)%</b>
Finance Cost	0	(2)	-	(1)	-
Unallocated Income / (expense)	61	33	85%	68	(10)%
<b>Profit / (Loss) Before Tax (Before Exceptional Items and Associates)</b>	<b>175</b>	<b>(43)</b>	<b>-</b>	<b>204</b>	<b>(14)%</b>
Share of Profit/Loss of an Associate	(4)	(2)	-	(7)	(43)%
<b>Profit / (Loss) Before Tax</b>	<b>171</b>	<b>(45)</b>	<b>-</b>	<b>197</b>	<b>(13)%</b>

## Standalone Segment Performance

(Rs. Crore)	Q2		y-o-y	Q1	q-o-q
	FY2022	FY2021	Growth (%)	FY2022	Growth (%)
Graphite and Carbon	611	446	37%	504	21%
Others	44	27	63%	39	13%
Less: Inter Segment Sales	(1)	*	-	*	-
<b>Segment Revenue</b>	<b>654</b>	<b>473</b>	<b>38%</b>	<b>543</b>	<b>20%</b>
Graphite and Carbon	114	(37)	-	135	(16)%
Others	8	5	60%	1	-
<b>Profit / (Loss) before tax and interest</b>	<b>122</b>	<b>(32)</b>	<b>-</b>	<b>136</b>	<b>(10)%</b>
Finance Cost	0	(2)	-	(1)	(100)%
Unallocated Income / (expense)	59	33	79%	64	(8)%
<b>Profit / (Loss) Before Tax (Before Exceptional Items)</b>	<b>181</b>	<b>(1)</b>	<b>-</b>	<b>199</b>	<b>(9)%</b>
<b>Profit / (Loss) Before Tax</b>	<b>181</b>	<b>(1)</b>	<b>-</b>	<b>199</b>	<b>(9)%</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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