



GRAPHITE INDIA LIMITED

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GIL:SEC:19/20:
May 18, 2019

Bombay Stock Exchange Limited
The Corporate
Relationship Department
1st Floor, New Trading Ring,
Rotunda Bldg., P.J.Towers,
Dalal Street, **Mumbai 400 001.**
Scrip Code - 509488
Corp.relations@bseindia.com

The Manager
Listing Department
National Stock Exchange
Exchange Plaza, 5th Floor,
Plot No-C/1, G Block,
Bandra-Kurla Complex,
Bandra (E) **Mumbai 400 051**
cmllist@nse.co.in

Dear Sir,

Earning Presentation in connection with the Company's Audited Financial results (Standalone and Consolidated) for the year ended 31st March, 2019 is enclosed for your information and records.

Thanking you,

Yours faithfully,
For Graphite India Limited

B. Shiva
Company Secretary

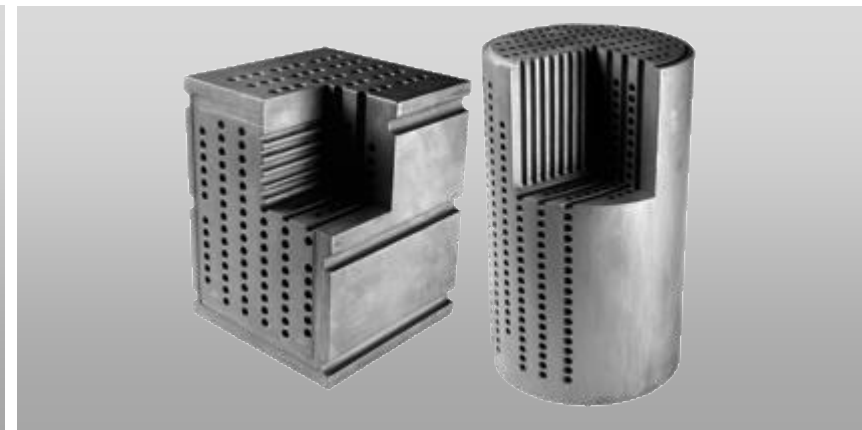
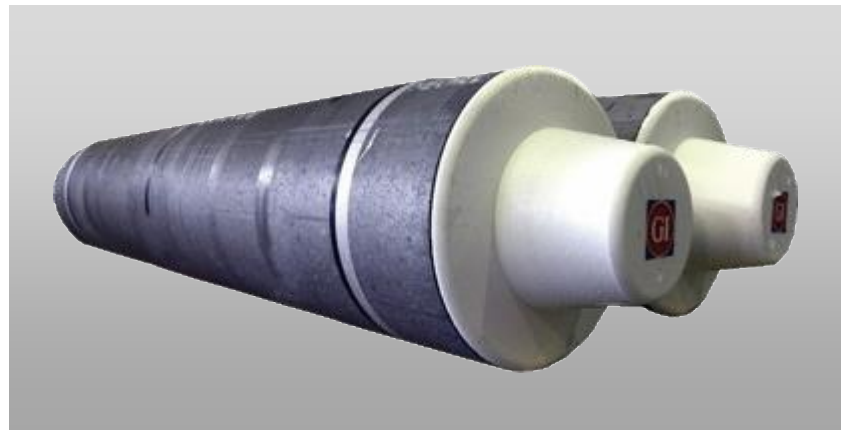
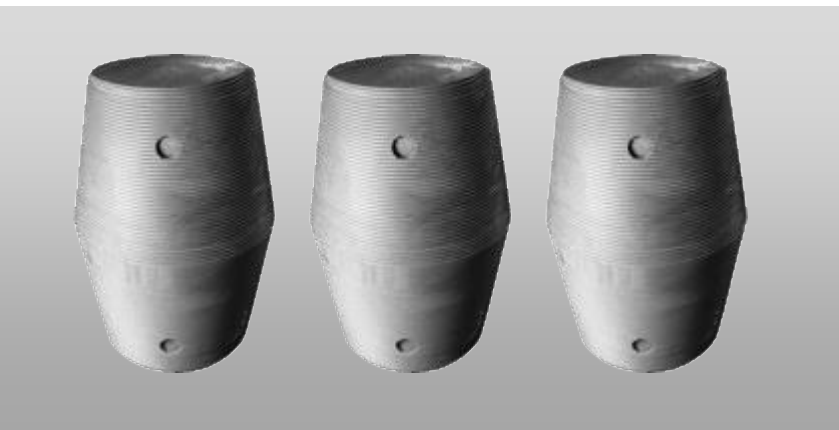
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Graphite India Limited

NSE: GRAPHITE, BSE: 509488

Q4 and Full Year FY2019 Earnings Presentation May 18th, 2019



Discussion Agenda



Graphite India Limited

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Q4 and Full Year FY2019 Consolidated Financial Performance

FY2019 Profit and Loss

- Net Sales of Rs. 7,858 Crores, an increase of 139% y-o-y
- EBITDA increased to Rs. 5,233 Crores; Margin of 67%
- Net Profit increased to Rs. 3,396 Crores; Margin of 43%
- EPS of Rs. 173.80 per share

Q4 FY2019 Profit and Loss

- Net Sales of Rs. 1,693 Crores, an increase of 28% y-o-y
- EBITDA increased to Rs. 934 Crores; Margin of 55%
- Net Profit increased to Rs. 562 Crores; Margin of 33%
- EPS of Rs. 28.74 per share

Balance Sheet

- Gross Debt of Rs. 359 Crores
- Cash (Net of Gross Debt) of Rs. 2,577 Crores

Dividend

- Proposed Final Dividend of Rs. 35 per share for FY2019, totaling a full year dividend of Rs. 55 per share
- Pay Out Ratio of 38%

Q4 and Full Year FY2019 Standalone Financial Performance

FY2019 Profit and Loss

- Net Sales of Rs. 6,737 Crores, an increase of 126% y-o-y
- EBITDA increased to Rs. 4,403 Crores; Margin of 65%
- Net Profit increased to Rs. 2,806 Crores; Margin of 42%
- EPS of Rs. 143.61 per share

Q4 FY2019 Profit and Loss

- Net Sales of Rs. 1,390 Crores, an increase of 15% y-o-y
- EBITDA increased to Rs. 734 Crores; Margin of 53%
- Net Profit increased to Rs. 427 Crores; Margin of 31%
- EPS of Rs. 21.85 per share

Balance Sheet

- Gross Debt of Rs. 359 Crores
- Cash (Net of Gross Debt) of Rs. 2,156 Crores



Mr. K. K. Bangur
Chairman

"I am delighted to report that FY2019 was an unprecedented year in the history of Graphite India with regard to highest ever revenue and profitability. Consolidated Net Sales was Rs. 7,858 Cr with EBITDA of Rs. 5,233 Cr and Net Profit of Rs. 3,396 Cr translating into margins of 67% and 43% respectively. With strong cash flow conversion, the Net Cash balance at the end of March 2019 was Rs. 2,577 Cr.

From the start of 2018, Graphite India continued with its initial momentum benefitting from strong demand, all time high electrode pricing as a result of various factors such as the closure of blast and induction furnace capacities in China, lower Chinese steel exports and the corresponding increased production in other EAF manufacturing countries. However, moving into the second half of the fiscal year, the industry started to experience challenging market dynamics. Global steel demand was negatively impacted by an industrial slowdown due to a volatile geopolitical and economic environment. In China, a slowdown in steel consumption demand has resulted in an oversupply of steel which has negatively impacted steel and electrode prices. In view of these conditions, global steel production has declined during the fourth quarter by 2.9% compared to the previous quarter ending December 2018.

Looking ahead, global steel demand is expected to grow at a modest pace although demand for steel in India remains relatively strong, given the emphasis on infrastructure spending expected going forward. Graphite electrode prices have softened over the last few months while the needle coke costs have continued to increase thus impacting margins. In the medium term, it is expected that the needle coke prices may soften and stabilize.

Graphite India management continues to focus on customer requirements and effective risk management during this period of moderating market conditions. Graphite India is committed to operational excellence and implementation of effective financial controls across the organisation. We continue to generate strong cash flows reinforcing our flexible capital structure. The Company is driven by fundamentals, longstanding relationships with its customers, vendors, stakeholders and has maintained its position as a leading electrode manufacturer."

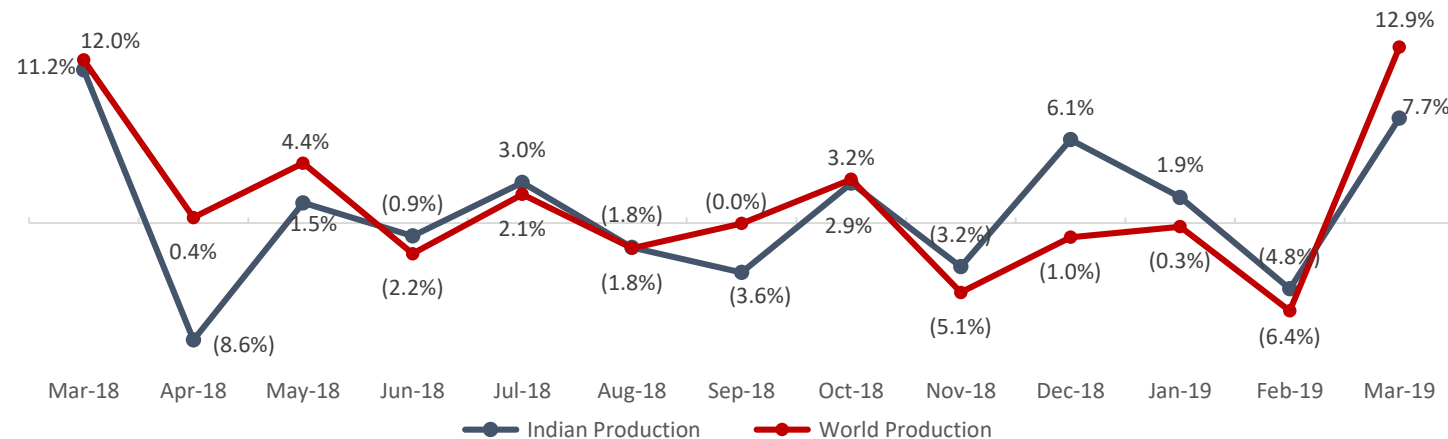
Steel Industry Overview



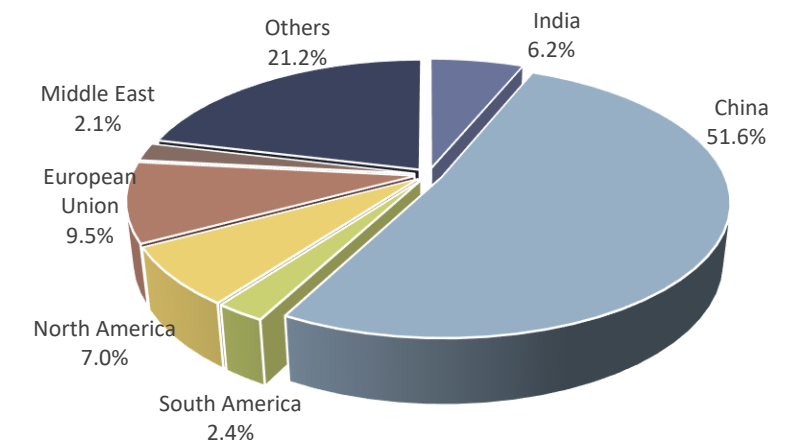
Graphite India Limited

Crude Steel Production (million MT)	Three Months Ended					Full Year Ended		
	Mar-19	Mar-18	Y-o-Y (%)	Dec-18	Q-o-Q (%)	Dec-18	Dec-17	Y-o-Y (%)
Asia	308.1	292.2	5.5%	318.7	(3.3)%	1,258.0	1,191.4	5.6%
India	27.3	27.4	(0.3)%	26.3	4.0%	106.5	101.5	4.9%
China	226.3	210.0	7.8%	236.3	(4.2)%	928.3	870.9	6.6%
Others	54.5	54.8	(0.7)%	56.1	(3.0)%	223.2	219.0	1.9%
South America	10.5	11.0	(4.6)%	11.0	(4.9)%	44.3	43.7	1.4%
North America	30.7	29.5	3.8%	30.9	(0.7)%	120.5	115.8	4.1%
European Union	41.8	43.2	(3.2)%	42.1	(0.7)%	168.1	168.5	(0.3)%
Middle East	9.3	8.4	11.6%	9.2	1.1%	36.1	32.0	12.6%
Others	38.6	40.6	(4.9)%	40.4	(4.3)%	198.8	193.2	2.9%
Total	439.0	424.8	3.3%	452.3	(2.9)%	1,789.6	1,712.5	4.6%

M-o-M Growth (%)



Q1 CY2019 Regional Production



- World Steel Association (WSA) forecasts global steel demand will reach 1,735 million tonnes in 2019, a modest increase of 1.3% and 1,752 million tonnes in 2020, an increase of 1.0% over 2019
- Global crude steel production reached 439.0 million tonnes in Q1 CY2019, up by 3.3% compared to Q1 CY2018, however down by 2.3% as compared to previous quarter
- The EU produced 41.8 Mt of crude steel in Q1 CY2019, a decrease of 3.2% compared to Q1 CY2018. EU steel demand continues to be impacted by deteriorating trade environment and growing economic uncertainty
- Asia produced 308.1 Mt of crude steel in Q1 CY2019, an increase of 5.5% compared to Q1 CY2018. China's crude steel production in Q1 CY2019 reached 226.3 Mt, up by 7.8% y-o-y. China's share of global crude steel production increased from 49.4% in Q1 CY2018 to 51.6% in Q1 CY2019. China steel consumption demand is impacted due to economic slowdown, however government stimulus is expected to boost demand in 2019
- India's crude steel production for Q1 CY2019 was 27.3 Mt, a decrease of 0.3% from Q1 CY2018. India continues to remain the world's second largest steel producing country whereas Japan produced 25.0 Mt in Q1 CY2019, down 5.4% compared to Q1 CY2018
- The Indian economy is expected to achieve faster growth. The ongoing push for infrastructure development and favorable demographics are steadily improving the macroeconomic fundamentals for the Indian steel industry. WSA projects growth in steel demand of above 7% in both 2019 and 2020
- Crude steel production in North America was 30.7 Mt in Q1 CY2019, 3.8% higher than in Q1 CY2018. The US produced 22.3 Mt of crude steel, up by 7.1% on Q1 CY2018, largely due to Government led fiscal stimulus and trade restrictions. However, going forward, the US growth pattern is expected to moderate
- The Middle East produced 9.3 Mt of crude steel in Q1 CY2019, an increase of 11.6% on Q1 CY2018. Steel demand is expected to continue to contract in 2019, with a minor recovery expected in 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
- China's EAF steel output is expected to increase to 87 million tonnes in 2020, 12% of its steel output from 53 million tonne which is 6% of the steel output in 2017. Further, China is expected to have graphite electrode capacity totaling 1.5 million tonnes by 2020, up 66.7% from 0.9 million tonnes in 2017 to support newly installed EAF capacities
- Global slowdown in steel demand coupled with increased steel exports from China is expected to impact demand of electrodes
- India removed antidumping duties on graphite electrodes imported from China in September 2018 which has resulted in increased imports. Steel prices also continue to remain under pressure and combination of these factors have resulted in significant correction of electrode prices
- The needle coke industry is highly concentrated and the demand is growing due to its use in lithium-ion batteries. Hence, availability of additional needle coke at a reasonable price only shall determine the effective utilization of any meaningful addition to electrode capacity across the industry

Consolidated Financial Performance



Graphite India Limited

(Rs. Crore)	Q4		y-o-y Growth (%)	Q3		q-o-q Growth (%)	Full Year		y-o-y Growth (%)	Comments
	FY2019	FY2018		FY2019			FY2019	FY2018		
Net Sales (Excluding Other Income)	1,693	1,323	28%	1,855	(9%)		7,858	3,266	141%	Lower realizations as compared to previous quarter
Other Income	70	36	94%	66	6%		210	89	136%	
Total Income	1,763	1,359	30%	1,921	(8%)		8,068	3,380	139%	
Operating Profit (EBITDA) ¹	934	756	24%	1,149	(19%)		5,233	1,533	241%	Increase in needle coke costs have impacted the margins
Margin (%) ²	55%	57%		62%			67%	47%		
Interest	4	2	100%	3	33%		12	8	49%	
Depreciation	23	13		13			62	52		
Profit Before Tax (before Exceptional items)	907	741	22%	1,133	(20%)		5,159	1,473	250%	
Exceptional Items ³	55	-		-			55	-		
Profit Before Tax	850	741	15%	1,132	(25%)		5,101	1,473	246%	
Net Profit	562	540	4%	764	(26%)		3,396	1,032	229%	
Margin (%)	33%	41%		41%			43%	32%		
Earnings Per Share	28.74	27.69	4%	39.11	(26%)		173.80	52.81	229%	

Notes:

1. FY2018 Net Sales in net of excise
2. Operating Profit includes Other Income
3. All margins calculated as a percentage of Net Sales (excluding Other Income)
4. Exceptional Items: The Company has provided for compensation payable to its employees/workers at Bengaluru unit consequent to closure of its operations

Standalone Financial Performance



Graphite India Limited

(Rs. Crore)	Q4		y-o-y Growth (%)	Q3	q-o-q Growth (%)	Full Year		y-o-y Growth (%)	Comments
	FY2019	FY2018		FY2019		FY2019	FY2018		
Net Sales (Excluding Other Income)	1,390	1,212	15%	1,562	(11%)	6,737	2,958	128%	Lower realizations as compared to previous quarter
Other Income	63	37	70%	64	(2%)	197	89	121%	
Total Income	1,453	1,249	16%	1,626	(11%)	6,934	3,072	126%	
Operating Profit (EBITDA) ¹	734	705	4%	932	(21%)	4,403	1,441	206%	Increase in needle coke costs have impacted the margins
Margin (%) ²	53%	58%		60%		65%	49%		
Interest	4	2	101%	3	33%	11	6	83%	
Depreciation	22	11		11		56	46		
Profit Before Tax (before Exceptional items)	708	692	2%	918	(23%)	4,336	1,389	212%	
Exceptional Items ³	55	-		-		55	-		
Profit Before Tax	653	692	(6%)	918	(29%)	4,281	1,389	208%	
Net Profit	427	454	(6%)	609	(30%)	2,806	914	207%	
Margin (%)	31%	37%		39%		42%	31%		
Earnings Per Share	21.85	23.22	(6%)	31.17	(30%)	143.61	46.76	207%	

Notes:

1. FY2018 Net Sales in net of excise
2. Operating Profit includes Other Income
3. All margins calculated as a percentage of Net Sales (excluding Other Income)
4. Exceptional Items: The Company has provided for compensation payable to its employees/workers at Bengaluru unit consequent to closure of its operations

Annual Performance Trends

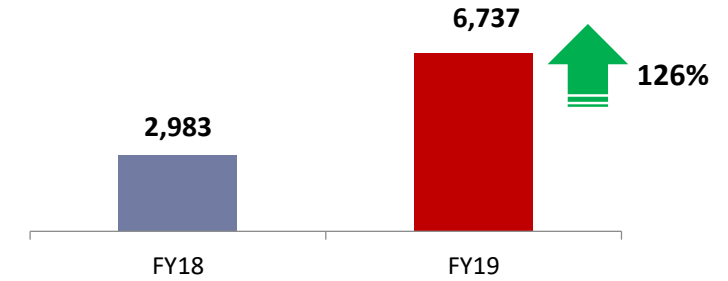
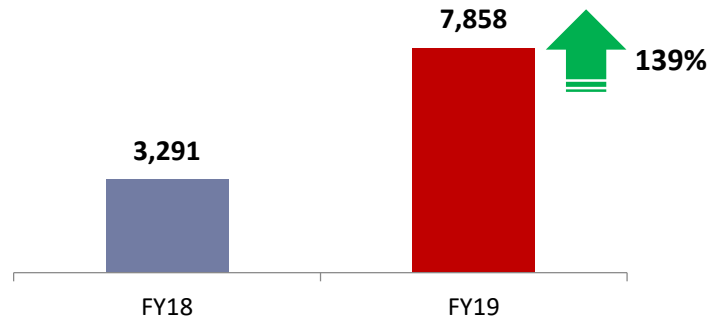


Graphite India Limited

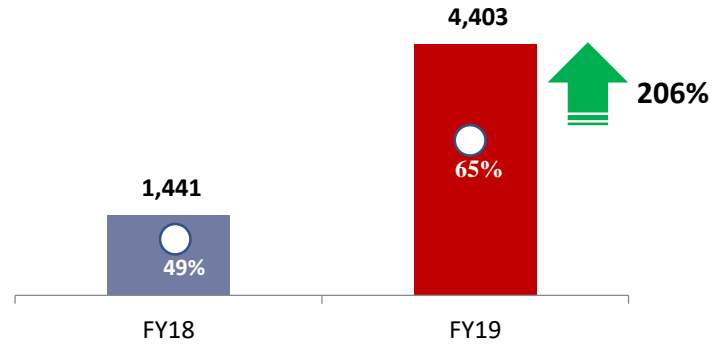
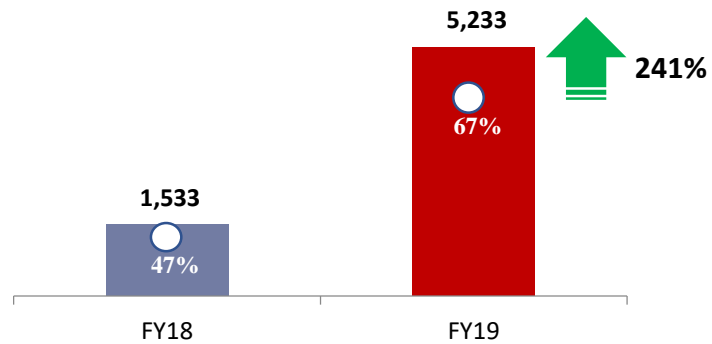
Consolidated

Standalone

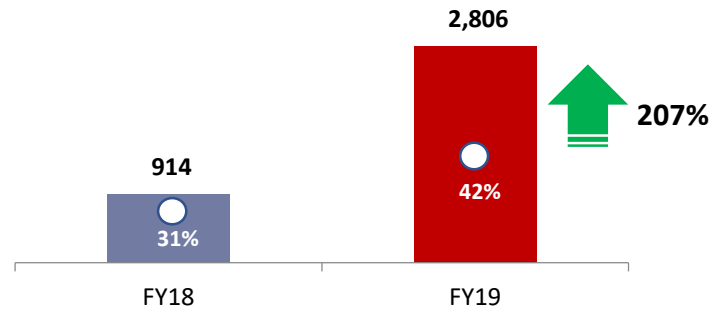
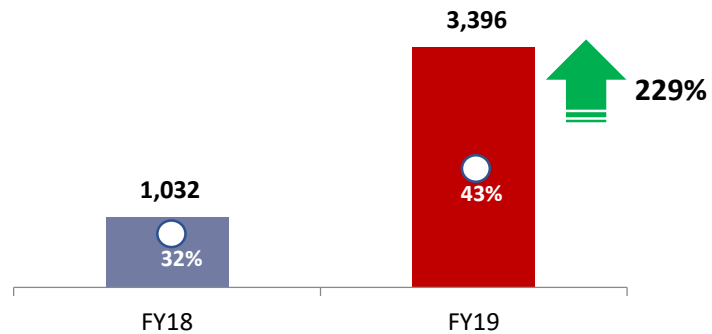
Net Sales



Operating Profit



Net Profit



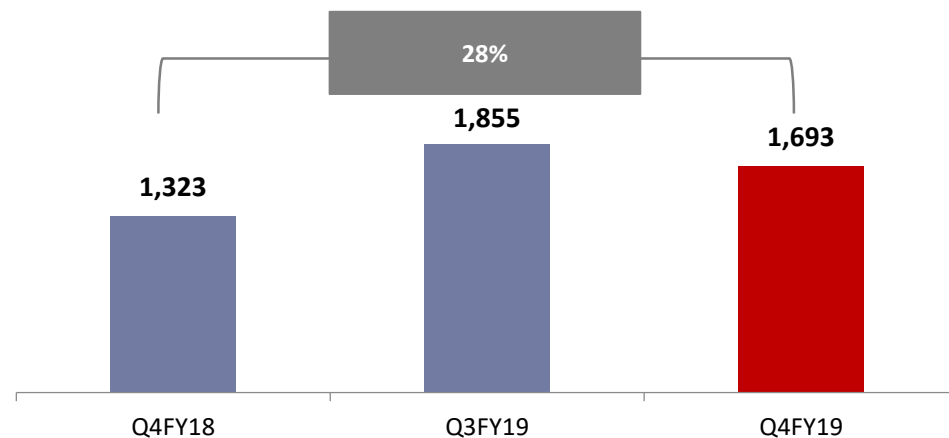
* All numbers in Crores unless specifically mentioned

Quarter Performance Trends

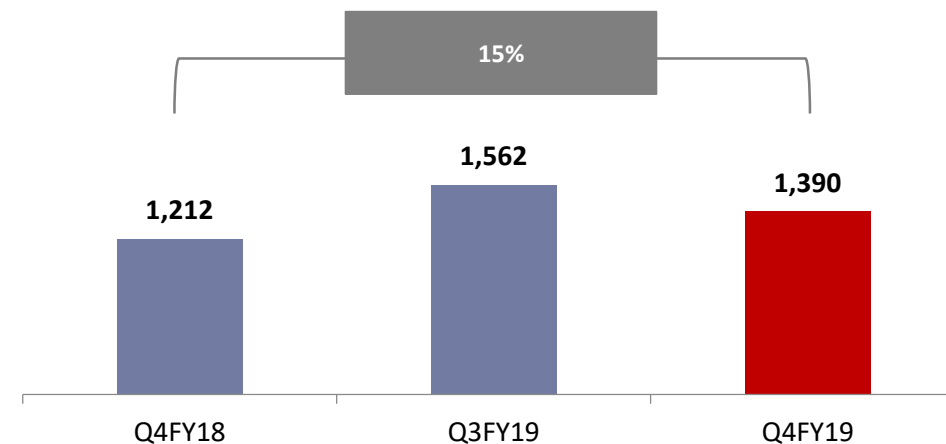


Graphite India Limited

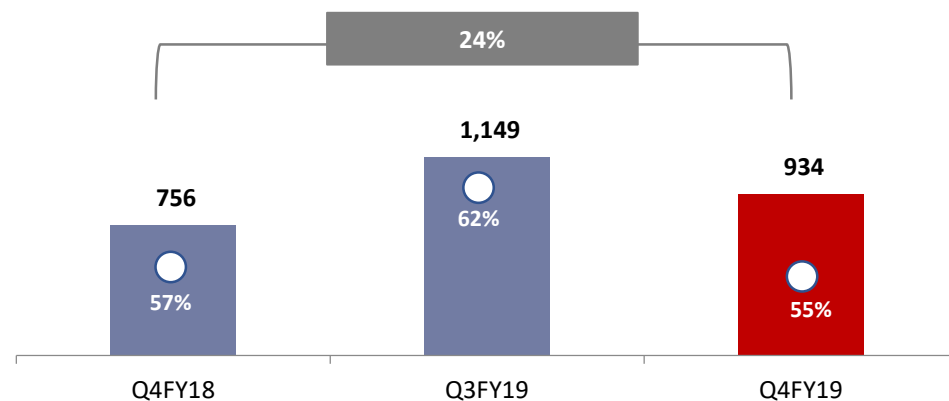
Consolidated Gross Sales



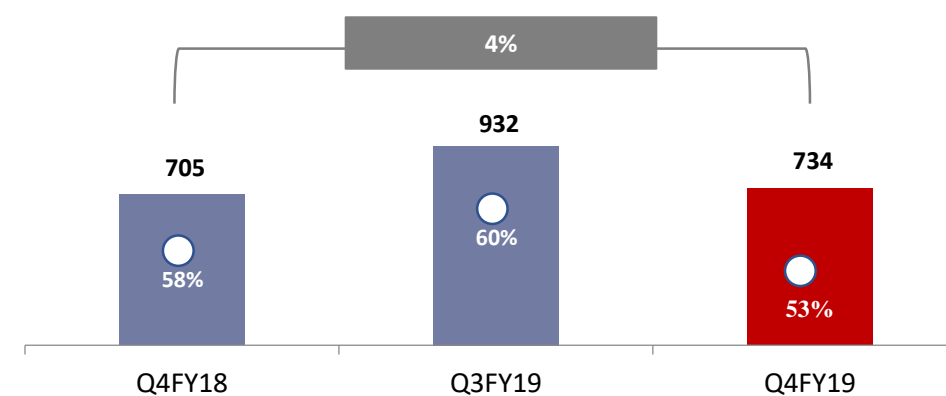
Standalone Gross Sales



Consolidated Operating Profit



Standalone Operating Profit



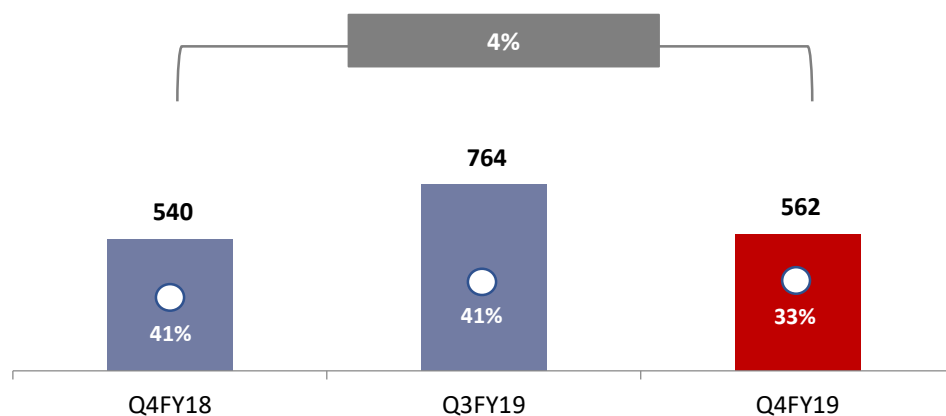
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Quarter Performance Trends

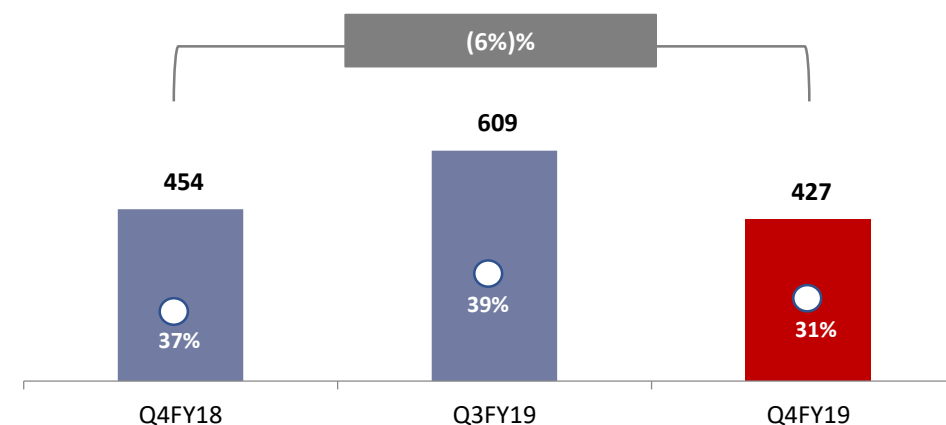


Graphite India Limited

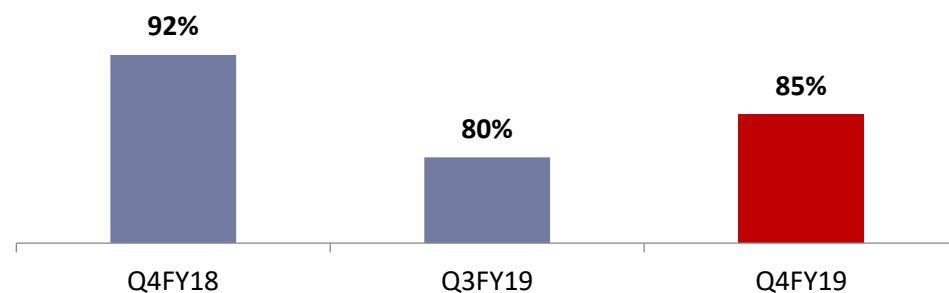
Consolidated Net Profit



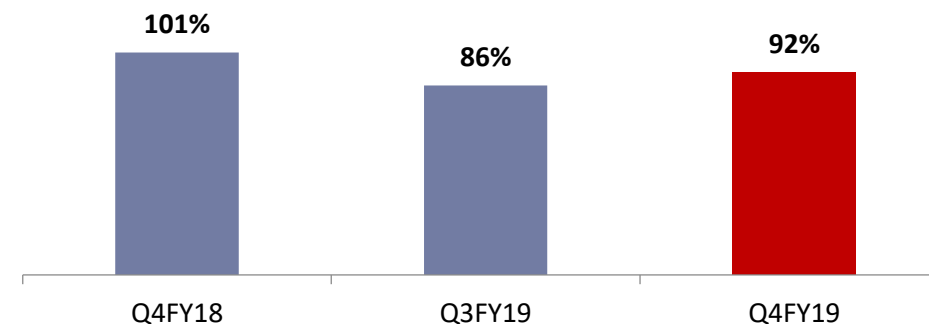
Standalone Net Profit



Consolidated Capacity Utilization



Standalone Capacity Utilization



Leverage Profile



Graphite India Limited

Significant financial flexibility available for future organic / inorganic growth

Consolidated Leverage Profile

(Rs. Crore)	Mar -19	Dec - 18	Sept -18	June-18	Mar-18
Total Debt	(359)	(279)	(265)	(218)	(272)
Cash & Cash Equivalents ¹	2,937	2,641	2,298	1,741	1,263
Net Cash	2,577	2,362	2,033	1,523	991

Standalone Leverage Profile

(Rs. Crore)	Mar - 19	Dec - 18	Sept - 18	June-18	Mar-18
Total Debt	(359)	(279)	(216)	(169)	(155)
Cash & Cash Equivalents ¹	2,516	2,342	2,158	1,671	1,197
Net Cash	2,156	2,063	1,942	1,502	1,042

Notes:

1. Cash and cash equivalents include Mutual Fund investments

* All numbers in Crores unless specifically mentioned

Annual Segment Performance



Graphite India Limited

Consolidated Segment Performance

(Rs. Crore)	Full Year		y-o-y
	FY2019	FY2018	Growth (%)
Graphite and Carbon	7,690	3,140	145%
Others	170	151	13%
Less: Inter Segment Sales	2	-	
Segment Revenue	7,858	3,291	139%
Graphite and Carbon	5,071	1,465	246%
Others	9	11	(11)%
Profit before tax and interest	5,080	1,476	244%
Finance Cost	(12)	(8)	44%
Unallocated Income / (expense)	91	5	1,576%
Profit Before Tax (Before Exceptional Items)	5,159	1,473	250%

Standalone Segment Performance

(Rs. Crore)	Full Year		y-o-y
	FY2019	FY2018	Growth (%)
Graphite and Carbon	6,575	2,833	132%
Others	164	150	9%
Less: Inter Segment Sales	(2)	-	
Segment Revenue	6,737	2,983	126%
Graphite and Carbon	4,251	1,377	209%
Others	4	11	(64)%
Profit before tax and interest	4,255	1,388	207%
Finance Cost	(11)	(6)	83%
Unallocated Income /(expense)	92	7	1,214%
Profit Before Tax (Before Exceptional Items)	4,336	1,389	212%

* All numbers in Crores unless specifically mentioned

Quarterly Segment Performance



Graphite India Limited

Consolidated Segment Performance

(Rs. Crore)	Q4		y-o-y	Q3	
	FY2019	FY2018	Growth (%)	FY2019	q-o-q Growth (%)
Graphite and Carbon	1,663	1,265	31%	1,813	(8)%
Others	32	58	(45)%	42	(23)%
Less: Inter Segment Sales	(2)	-		-	
Segment Revenue	1,855	1,025	81%	2,345	(21)%
Graphite and Carbon	905	746	21%	1,085	(17)%
Others	(1)	4	-	(2)	-
Profit before tax and interest	904	751	20%	1,083	(17)%
Finance Cost	(4)	(2)	81%	(3)	21%
Unallocated Income / (expense)	7	(7)	na	53	(87)%
Profit Before Tax (Before Exceptional Items)	907	742	26%	1,133	(18)%

Standalone Segment Performance

(Rs. Crore)	Q4		y-o-y	Q3	
	FY2019	FY2018	Growth (%)	FY2019	q-o-q Growth (%)
Graphite and Carbon	1,359	1,152	18%	1,524	(11)%
Others	33	60	(45)%	38	(13)%
Less: Inter Segment Sales	(2)	-		-	
Segment Revenue	1,390	1,212	15%	1562	(11)%
Graphite and Carbon	704	693	2%	872	(19)%
Others	0	8	(100)%	(4)	(100)%
Profit before tax and interest	704	701	0%	868	(19)%
Finance Cost	(4)	(2)	100%	(3)	33%
Unallocated Income /(expense)	8	(7)	na	53	(85)%
Profit Before Tax (Before Exceptional Items)	708	692	2%	918	(23)%

* All numbers in Crores unless specifically mentioned

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 19.5 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 significant barrier for the entry of new players.



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