

# Tirupati Graphite

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## Tirupati is about to become the London market's only pure-play, vertically integrated graphite producer

The imminent listing of Tirupati Graphite on the standard list of the London Stock Exchange will provide the UK's investment community the opportunity to take a stake in pure-play graphite company for the first time.

Graphite companies have been much in evidence in other markets in recent years, particularly in Australia, where a boom came and went, and the share prices of graphite exploration companies rose and fell accordingly.

But Tirupati is something different from that altogether.

This is a company that's been around for some time. It's already mining, producing, processing and delivering high-end graphite to established customers, and is profitable at an operational level, although not yet at a group level.

Once Tirupati is listed though, the plan is to step operations up a gear at all levels and move rapidly to overall profitability.

The company is pretty well positioned to do this, and requires, according to executive chairman Shishir Poddar, just £7m in new money to make it happen. The intention, in fact, is to raise £10m on listing, to allow some room for manoeuvre.

The plan is to spend £2.8m on expanding production at the company's key mines in Madagascar, the Vatomina and the Sahamamy projects, and preparing them for further expansion. Sahamamy is already up and running and delivering margins of greater than 50%, and the Vatomina project will be brought on stream in two quarters post listing.

A further £3m will be spent on expanding output at Tirupati's downstream operations in India, where production of speciality grade graphite will rise to 4,800 tonnes per year.

In addition to that, the company also plans to spend £1.5m on boosting its graphene production capabilities, also in India.

"We're currently profitable at the project level," says Poddar. "Post-IPO we'll be profitable at the corporate level too."

Indeed, according to research undertaken by broker Optiva, Tirupati looks set to generate initial sales of US\$20m and earnings of US\$10m, which in turn is likely to grow following the new investment - and the reinvestment of future cash flows - to around US\$150m in sales and US\$80m in earnings.

Accordingly, Optiva reckons the net present value of Tirupati at around £300m, or £169m fully risked, with an expected market capitalisation on listing of between £49m and £56m.

**Price:** 82.6

**Market Cap:** £61.75 m

### 1 Year Share Price Graph



January 2021 January 2021 January 2021

### Share Information

**Code:** TGR

**Listing:** LSE

**52 week High Low**  
 90 45

**Sector:** Mining

**Website:** [www.tirupatigraphite.co.uk](http://www.tirupatigraphite.co.uk)

### Company Synopsis:

*Tirupati Graphite PLC is a fully integrated specialist graphite and graphene producer, with operations in Madagascar and India. The Company is delivering on this strategy by being fully integrated from mine to graphene.*

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And we won't have long to find out.

The current plan is to list early November, all being well.

But just how much appetite is there likely to be for a graphite company in London?

For a start, there's no structural reason why there shouldn't be any graphite companies listed in London. Many graphite mining assets are located in Africa, in jurisdictions with which the London investment community is both familiar, and to some extent expert. And the history of investing in mining and commodities goes back hundreds of years.

So, it's more a historical accident that when Tirupati lists it will have no direct peers on its local exchange. As it goes, though, that's likely to be all to the good.

Demand for graphite is likely to pick up in the coming years as the number of electric vehicle batteries that are manufactured continues to rise. And it's not just in electric vehicle batteries that demand for graphite is growing, as Poddar points out.

"We will build a company that will be a global leader in graphite and graphene," he says.

"We are building a 10 kilogram a day graphene manufacturing centre in India."

That's the cutting edge. But there are also more established applications, for which Tirupati has already built up an existing customer base.

In particular Poddar emphasises the demand for graphite for flame-retardant materials, for composites and thermal management, markets which Tirupati is already addressing.

"The graphite market is going to double in the next four years," he says. "And then double again in the next five-to-seven years."

If that's right, Tirupati should be set fair, building up a head of steam to sell into one of the major growth areas of the twenty-first century.

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