



GRAPHITE INDIA LIMITED

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GIL: SEC/SM/23-24/72

February 14, 2024

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

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
Symbol - GRAPHITE

Sub: Earnings Presentation – Results for quarter / nine months ended 31st December, 2023

Dear Sir,

Earning Presentation in connection with the Company's un-audited financial results (Standalone and Consolidated) for the quarter / nine months ended 31st December, 2023 is enclosed for your information and records.

Thanking you,

Yours faithfully,
For Graphite India Limited

S Marda
Dy. Company Secretary

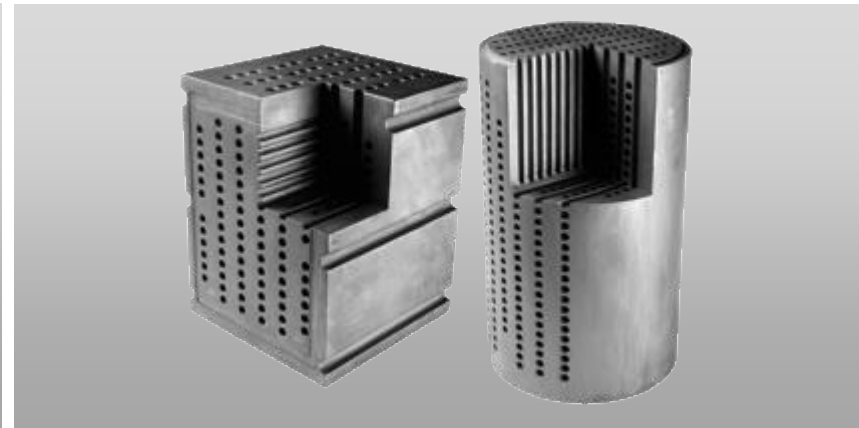
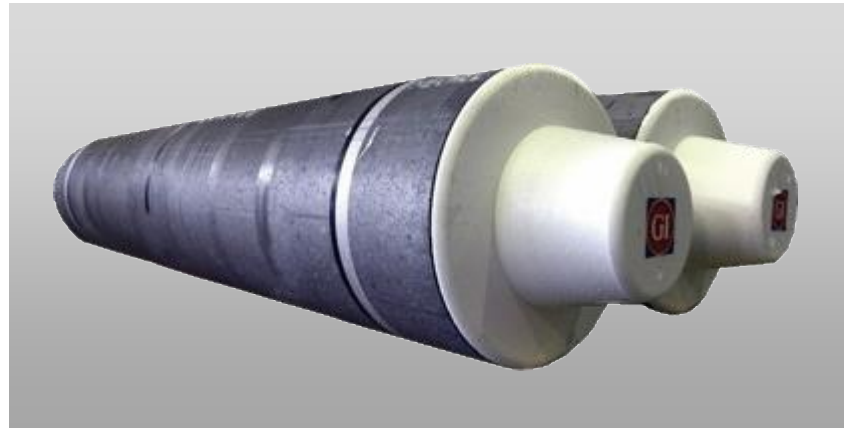
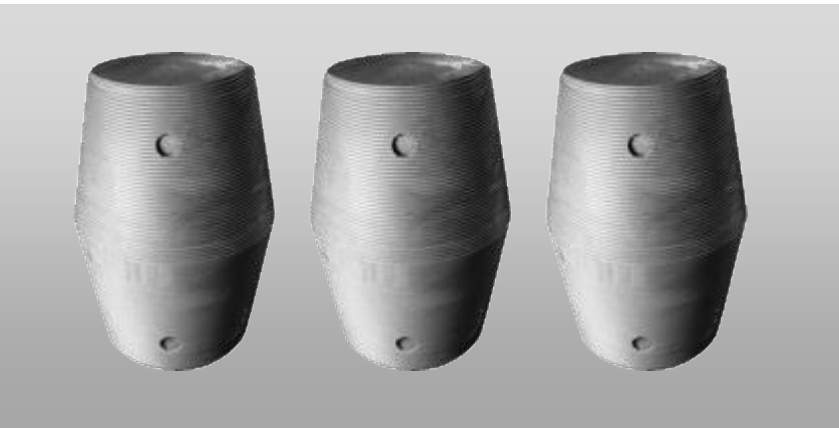
Encl.: As above.



Graphite India Limited

NSE: GRAPHITE, BSE: 509488

Q3 FY2024 Earnings Presentation February 14, 2024



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9M FY2024 Financial Performance

9M FY2024 Profit and Loss (Consolidated)

- Net Sales of Rs. 2,230 Crores, a decline of 6.4% y-o-y
- EBITDA of Rs. 98* Crores as compared to Rs. 377 Crores in 9M FY23
- Net Profit of Rs. 789** Crores as compared to Rs. 169 Crores in 9M FY23
- EPS of Rs. 40.56 per share

Balance Sheet

- Gross Debt of Rs. 225 Crores
- Cash (Net of Gross Debt) of Rs. 3,179 Crores

9M FY2024 Profit and Loss (Standalone)

- Net Sales of Rs. 2,188 Crores, an increase of 0.1%% y-o-y
- EBITDA of Rs. 141* Crores as compared to Rs. 438 Crores in 9M FY23
- Net Profit of Rs. 838** Crores as compared to Rs. 294 Crores in 9M FY23
- EPS of Rs. 42.89 per share

Balance Sheet

- Gross Debt of Rs. 143 Crores
- Cash (Net of Gross Debt) of Rs. 2,981 Crores

Notes:

1. *The Company, in accordance with the applicable Ind AS, has recognized the related inventory on Net Realizable Value (NRV) basis to the extent applicable and has accordingly written down the carrying cost of inventory, the value of such written down (Balance Sheet position) is Rs. 274 Crores on Consolidated basis and Rs. 237 Crores on Standalone basis as at 31st December 2023
2. **Includes a net gain of Rs. 954 Crores related to the sale of land in Bengaluru

Q3 FY2024 Financial Performance

Q3 FY2024 Profit and Loss (Consolidated)

- Net Sales of Rs. 690 Crores, a decline of 1.6% y-o-y and 13.0% q-o-q
- EBITDA of Rs. 50 Crores as compared to Rs. 105 Crores in Q3 FY23
- Net Profit of Rs. 17 Crores as compared to Rs. 53 Crores in Q3 FY23
- EPS of Rs. 0.99 per share

Q3 FY2023 Profit and Loss (Standalone)

- Net Sales of Rs. 682 Crores, an increase of 1.9% y-o-y and a decline of 13.2 % q-o-q
- EBITDA of Rs. 83 Crores as compared to Rs. 134 Crores in Q3 FY23
- Net Profit of Rs. 50 Crores as compared to Rs. 92 Crores in Q3 FY23
- EPS of Rs. 2.54 per share



K K Bangur
Chairman

“Graphite India delivered Consolidated Net Sales of Rs. 690 Cr in Q3 FY2024, a decline of 1.6% compared to Q3 FY2023. During the quarter, sales volumes improved but realisations were lower compared to the same period previous year. The Company reported EBITDA of Rs. 50 Cr in the quarter as compared to Rs. 105 Cr in Q3 FY2023. The standalone capacity utilisation during the quarter was 82% as compared to 49% in Q3 FY2023. Our capital structure remains robust with a strong Net Cash balance of Rs. 3,179 Cr at the end of December 2023. In the quarter gone by, we have invested Rs. 50 Cr in Godi India Private Limited (GIPL) for a 31% stake. This investment is part of our strategy to diversify into advanced chemistry battery technologies for the development of EV and energy storage battery cells.

Global steel production declined marginally during 2023 compared to the previous year while India outperformed by delivering 11.8% production growth. Steel demand in India increased as a result of a push on infrastructure spending. In order to meet the future demand, an additional 17 million MT of steel capacity is expected to be added in India during the year. Heightened geopolitical uncertainties in the Middle East, along with competitive global electrode pricing, have resulted in declining realizations. This has only partially been offset by a corresponding decline in needle coke prices, overall resulting in subdued operating margins.

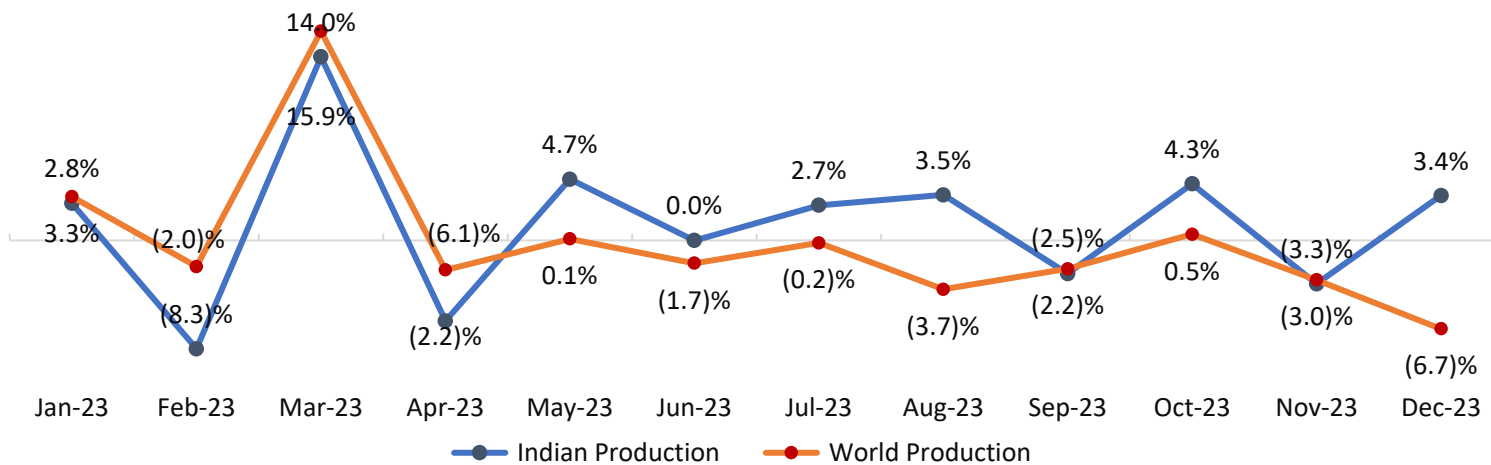
Along with the global steel industry's need to decarbonize, stringent environmental regulations and increasing availability of scrap metal, the electric arc furnace process is well placed to support future sustainable steel production. In this context, we are optimistic about the underlying demand and growth prospects for graphite electrodes, especially with future investment plans in construction and infrastructure across the world. Management remains responsive to customer requirements, focused on quality control and committed to cost optimisation to deliver long term value for all stakeholders.”

Steel Industry Overview

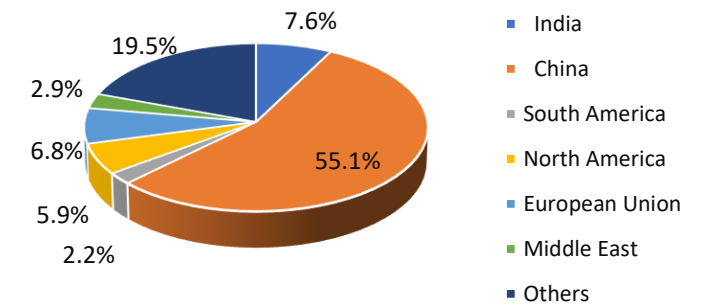


Crude Steel Production (million MT)	Three Months Ended				Year Ended			
	Dec-23	Dec-22	Y-o-Y (%)	Sept-23	Q-o-Q (%)	12M 2023	12M 2022	Y-o-Y (%)
Asia and Oceania	310.0	313.6	(1.1)%	346.3	(10.5)%	1,367.2	1,357.7	0.7%
India	35.9	31.5	14.0%	35.0	2.6%	140.2	125.4	11.8%
China	222.6	232.2	(4.1)%	259.3	(14.2)%	1,019.1	1,019.1	-
Others	51.5	49.9	3.2%	52.0	(1.0)%	207.9	213.2	(2.5)%
South America	10.1	10.4	(2.9)%	10.2	(1.0)%	41.5	44.0	(5.7)%
North America	27.5	26.9	2.2%	27.6	(0.4)%	109.6	111.5	(1.7)%
European Union	30.3	31.0	(2.3)%	30.0	1.0%	126.3	136.4	(7.4)%
Middle East	14.7	11.7	25.6%	9.5	54.7%	53.2	52.5	1.3%
Others	38.7	33.5	15.5%	36.9	4.9%	151.9	148.8	2.1%
Total 64 Countries as per WSA	431.3	427.1	1.0%	460.5	(6.3)%	1,849.7	1,850.9	(0.1)%

M-o-M Growth (%)



12M 2023 Regional Production



Note: Source: World Steel Association, the figures are estimates that may be revised with next month's production update. Above table represents a total of 64 Countries as per WSA which accounts for 98% of total world crude steel production

CY2023 Steel Production ⁽¹⁾

- As per the World Steel Association (WSA), global crude steel production was 1,849.7 million MT in CY2023, a decrease of 0.1% y-o-y. Global crude steel production excluding China also declined by 0.1% on a y-o-y basis
- China's crude steel production for CY2023 was 1,019.1 million MT, with no change on a y-o-y basis
- India's crude steel production in CY2023 was 140.2 million MT, an increase of 11.8% y-o-y
- The EU produced 126.3 million MT of crude steel in CY2023, a decline of 7.4% y-o-y
- Japan produced 87.0 million MT in CY2023, a decline of 2.5% y-o-y
- North America produced 109.6 million MT of crude steel in CY2023, a decline of 1.7% y-o-y
- The Middle East produced 53.2 million MT of crude steel in CY2023, an increase of 1.3% y-o-y

Steel Industry Outlook ⁽²⁾

- The WSA released an update of the Short Range Outlook for 2023 and 2024. It forecasts that steel demand will grow by 1.8% in 2023 to reach 1,815 million MT after contracting by 3.3% in 2022. In 2024, steel demand will see a further increase of 1.9% to 1,849 million MT
- Manufacturing is expected to lead the recovery, but high interest rates will continue to impact steel demand
- The WSA expects China's property market to stabilize and for steel demand to record a slight positive growth due to government measures. The 2024 outlook for China remains uncertain depending on economic policy directions
- Despite the weakening of construction activities due to high interest rates, infrastructure investment is showing positive momentum in many regions, even in the advanced economies

Note:
1) Source: World Steel Association, the figures are estimates that may be revised with next month's production update. Above data represents a total of 64 Countries as per WSA which accounts for 98% of total world crude steel production
2) Source: [World Steel Association](https://www.worldsteel.org/)

- The focus on substantial decarbonization measures in developing economies supports the growth of the Electric Arc Furnace (EAF) process compared with the Blast Furnace / Bessimer Oxygen Furnace (BF/BOF) process
- Governments around the world are also introducing stringent environmental regulations to reduce pollution. This will further support the growth of the EAF process and along with decarbonization, drive the future demand for graphite electrodes
- The use of the EAF process in the steel industry is not only important for sustainable steel production but is a more cost-effective manufacturing method
- India's national steel policy has identified a roadmap for reaching 300 million MT steel production capacity by 2030, to meet the projected demand of 255 million MT of steel
- Currently, the construction and infrastructure sectors account for 68% of steel consumption in India
- In the Interim Budget of 2024, the Indian government highlighted the importance of developing infrastructure projects in railways, highways and power, including renewable energy, which are all steel intensive sectors
- The Indian government's decision to remove basic customs duty on scrap metal in the Union Budget 2023, will facilitate the increase in production of steel through the EAF method going forward
- During Q3 FY2024, the price of graphite electrodes declined more than the decline in needle coke prices

Consolidated Financial Performance



Graphite India Limited

(Rs. Crore)	Q3		y-o-y	Q2	q-o-q	Nine Months		y-o-y	Comments
	FY2024	FY2023	Growth (%)	FY2024	Growth (%)	FY2024	FY2023	Growth (%)	
Net Sales	690	701	(1.6%)	793	(13.0)%	2,230	2,382	(6.4%)	
Excluding Other Income									
Other Income	63	33	90.9%	91	(30.8%)	232	136	70.6%	
Total Income	753	734	2.6%	884	(14.8%)	2,462	2,518	(2.2%)	
EBITDA / (Loss) excluding One Time Income and Expense	50	105	(52.4)%	61	(18.0)%	98*	377	(74.0)%	Y-o-Y volumes improved but Net Sales impacted by lower realisations
Margin (%)	7.2%	15.0%		7.7%		4.4%	15.8%		
EBITDA / (Loss)	50	105	(52.4)%	61	(18.0)%	98*	377	(74.0)%	Q-o-Q Net Sales was impacted by a decrease in both volumes and realisations
Margin (%)	7.2%	15.0%		7.7%		4.4%	15.8%		
Interest	4	3	33.3%	4	-	14	9	55.6%	Increase in treasury income due to favorable market conditions
Depreciation	21	13	61.5%	19	10.5%	58	42	38.1%	
Profit / (Loss) Before Tax (before Exceptional items)	25	89	(71.9)%	38	(34.2)%	26	326	(92.0)%	
Exceptional Items	-	(8)	nm	954	nm	954 [#]	(53)	nm	
PBT after Exceptional Items	25	81	(69.1)%	992	(97.5)%	980	273	nm	
Net Profit	17	53	(67.9)%	802	(97.9)%	789	169	nm	
Margin (%)	2.5%	7.6%		101.1%		35.4%	7.1%		
Earnings Per Share	0.99	2.66	(62.9)%	41.13	(97.6)%	40.56	8.61	nm	

Notes:

- *The Company, in accordance with the applicable Ind AS, has recognized its carrying inventory on Net Realizable Value (NRV) basis to the extent applicable and has taken a charge on the cost of inventory of Rs. 274 Cr during 9M FY24 thereby impacting the profitability
- #Includes a net gain of Rs. 954 Crores related to the sale of land in Bengaluru
- All margins calculated as a percentage of Net Sales (excluding Other Income)

Standalone Financial Performance



Graphite India Limited

(Rs. Crore)	Q3		y-o-y	Q2	q-o-q	Nine Months		y-o-y	Comments
	FY2024	FY2023	Growth (%)	FY2024	Growth (%)	FY2024	FY2023	Growth (%)	
Net Sales	682	669	1.9%	786	(13.2%)	2,188	2,186	0.1%	Y-o-Y volumes improved but Net Sales impacted by lower realisations Q-o-Q Net Sales was impacted by a decrease in both volumes and realisations Increase in treasury income due to favorable market conditions
Excluding Other Income									
Other Income	59	39	51.3%	87	(32.2%)	218	126	73.0%	
Total Income	741	708	4.7%	873	(15.1%)	2,406	2,312	4.1%	
EBITDA / (Loss) excluding One Time Income and Expense	83	134	(38.1%)	72	15.3%	141*	438	(67.8%)	
Margin (%)	12.2%	20.0%		9.2%		6.4%	20.0%		
EBITDA / (Loss)	83	134	(38.1%)	72	15.3%	141*	438	(67.8%)	
Margin (%)	12.2%	20.0%		9.2%		6.4%	20.0%		
Interest	2	2	-	4	(50.0%)	10	6	66.7%	
Depreciation	19	10	90.0%	17	11.8%	52	32	62.5%	
Profit / (Loss) Before Tax (before Exceptional item)	62	122	(49.2%)	51	21.6%	79	400	(80.3%)	
Exceptional Item #	-	-	nm	954	nm	954 [#]	-	nm	
PBT after Exceptional Item	62	122	(49.2%)	1,005	(93.8%)	1,033	400	158.3%	
Net Profit	50	92	(45.7%)	815	(93.9%)	838	294	nm	
Margin (%)	7.3%	13.8%		103.7%		38.3%	13.4%		
Earnings Per Share	2.54	4.65	(45.4%)	41.74	(93.9%)	42.89	15.04	nm	

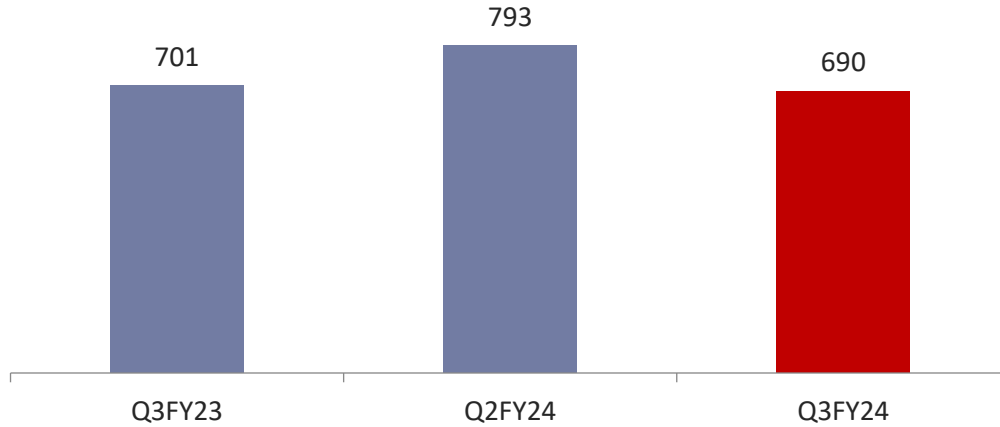
Notes:

- *The Company, in accordance with the applicable Ind AS, has recognized its carrying inventory on Net Realizable Value (NRV) basis to the extent applicable and has taken a charge on the cost of inventory of Rs. 237 Cr during 9M FY24 thereby impacting the profitability
- #Includes a net gain of Rs. 954 Crores related to the sale of land in Bengaluru
- All margins calculated as a percentage of Net Sales (excluding Other Income)

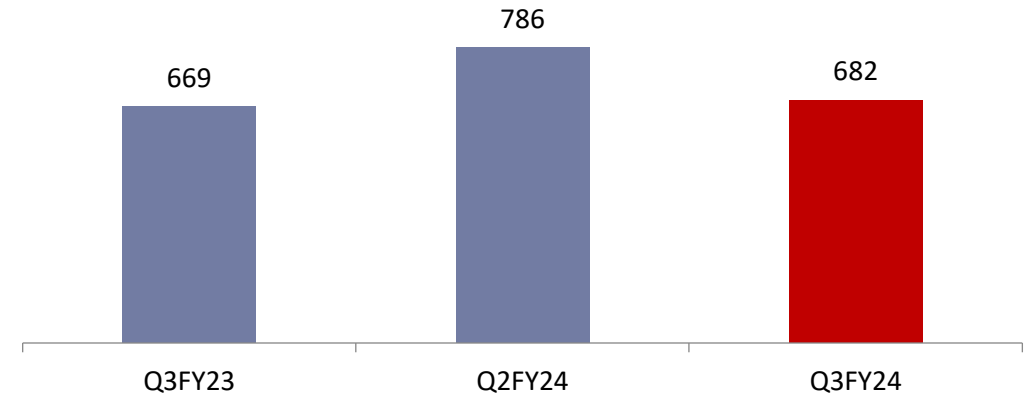
Quarter Performance Trends



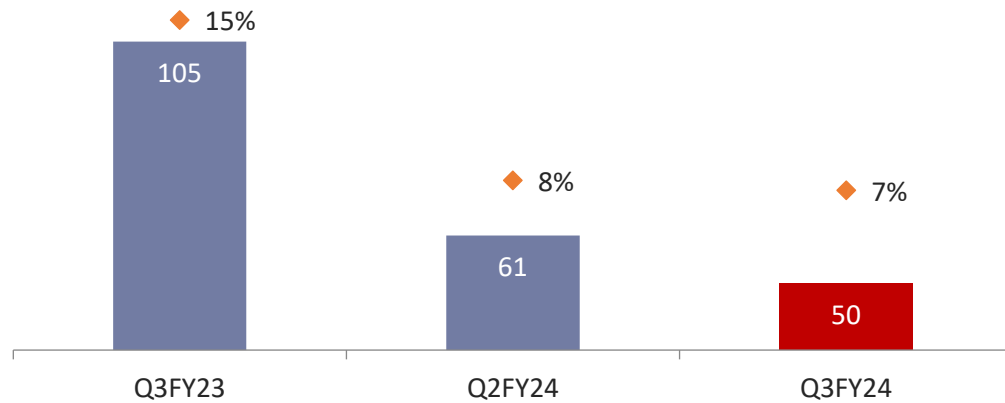
Consolidated Net Sales



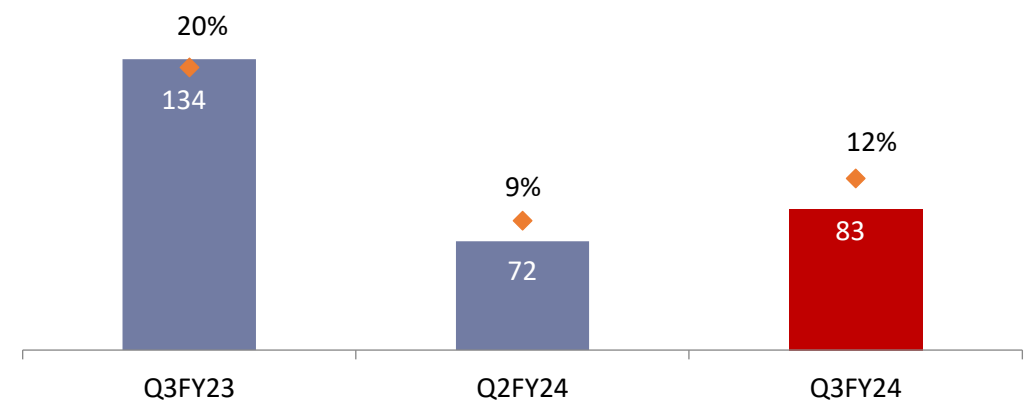
Standalone Net Sales



Consolidated Operating Profit / (Loss)



Standalone Operating Profit / (Loss)



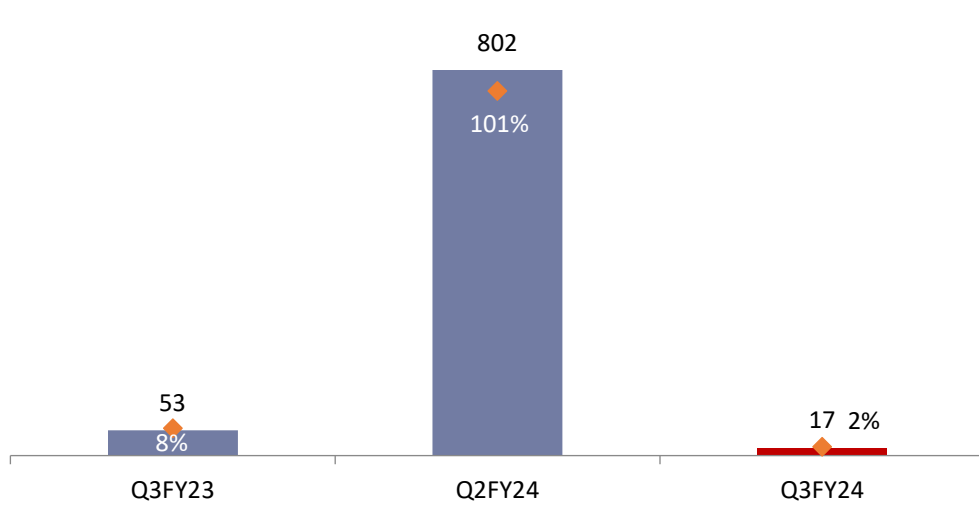
Notes:

- 1. Operating Profit / (Loss) is including Other Income
- 2. All numbers in Crores unless specifically mentioned

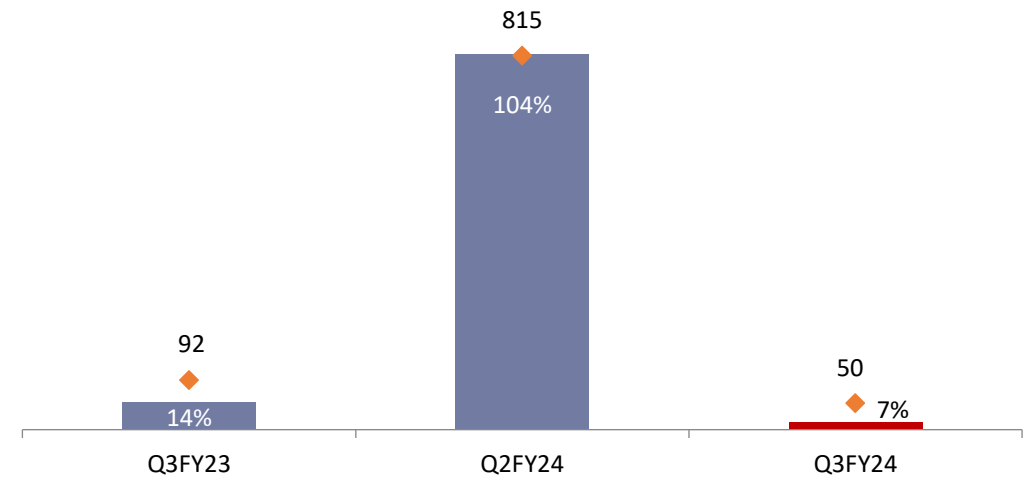
Quarter Performance Trends



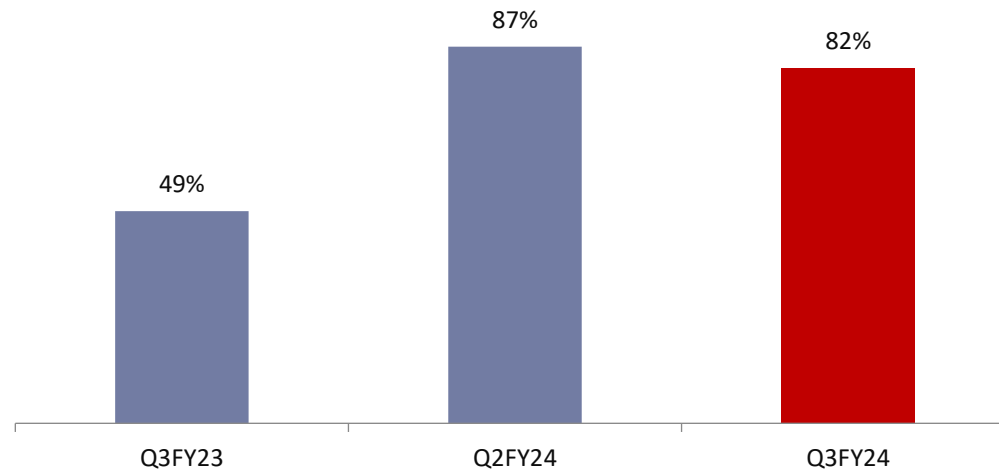
Consolidated Net Profit / (Loss)



Standalone Net Profit / (Loss)



Capacity Utilization (Standalone)



Notes:

- Q2 FY24 includes a net gain of Rs. 954 Crores related to the sale of land in Bengaluru
- All numbers in Crores unless specifically mentioned

Significant financial flexibility available for future organic and inorganic growth

Consolidated Leverage Profile

(Rs. Crore)	Dec- 23	Sept- 23	June- 23	Mar- 23	Dec- 22
Cash & Cash Equivalents ¹	3,404	3,520	2,475	2,356	2,376
Total Debt	(225)	(341)	(360)	(425)	(345)
Net Cash	3,179	3,179	2,115	1,931	2,031

Standalone Leverage Profile

(Rs. Crore)	Dec- 23	Sept- 23	June- 23	Mar- 23	Dec- 22
Cash & Cash Equivalents ¹	3,124	3,120	2,222	2,106	2,085
Total Debt	(143)	(266)	(280)	(335)	(221)
Net Cash	2,981	2,854	1,942	1,771	1,864

Notes:

1. Cash and cash equivalents include investments

Quarterly Segment Performance



Consolidated Segment Performance

(Rs. Crore)	Q3		y-o-y	Q2	q-o-q
	FY2024	FY2023	Growth (%)	FY2024	Growth (%)
Graphite and Carbon	629	650	(3.2)%	741	(15.1)%
Others	61	51	19.6%	53	15.1%
Less: Inter Segment Sales	*	*	-	1	nm
Segment Revenue	690	701	(1.6)%	793	(13.0)%
Graphite and Carbon	(27)	71	nm	(31)	nm
Others	8	7	14.3%	(1)	nm
Profit / (Loss) before tax and interest	(19)	78	nm	(32)	nm
Finance Cost	4	3	33.3%	4	-
Unallocated (Income) / expense	(48)	(14)	nm	(74)	nm
Profit / (Loss) Before Tax (Before Exceptional Items)	25	89	(71.9)%	38	(34.2)%
Exceptional Items	-	(8)	nm	954	nm
Profit / (Loss) Before Tax	25	81	(69.1)%	992	(97.5)%

Standalone Segment Performance

(Rs. Crore)	Q3		y-o-y	Q2	q-o-q
	FY2024	FY2023	Growth (%)	FY2024	Growth (%)
Graphite and Carbon	623	618	0.8%	731	(14.8)%
Others	59	51	15.7%	56	5.4%
Less: Inter Segment Sales	*	*	-	1	nm
Segment Revenue	682	669	1.9%	786	(13.2)%
Graphite and Carbon	14	90	(84.4)%	(22)	nm
Others	6	10	(40.0)%	3	100.0%
Profit / (Loss) before tax and interest	20	100	(80.0)%	(19)	nm
Finance Cost	2	2	-	4	(50.0)%
Unallocated (Income) / expense	(44)	(24)	nm	(74)	nm
Profit / (Loss) Before Tax (Before Exceptional Item)	62	122	(49.2)%	51	21.6%
Exceptional Item	-	-	-	954	nm
Profit / (Loss) Before Tax	62	122	(49.2)%	1,005	(93.8)%

Notes:

1. 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 60 years of technical expertise in the industry. Exports account for less than 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 positioned 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 manufacturers generating losses. However, Graphite India remained consistently profitable and declared dividends.

The Company currently has a conservative leverage profile with significant financial capacity for organic or inorganic expansion.

Graphite India’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.

The Company 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.

Graphite India 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 hydro electric power generation.

The Company, through its subsidiary, has progressively acquired and now owns more than a 60% stake in General Graphene Corporation, a US based company which has developed a breakthrough proprietary technology which would allow it to produce large area, high quality, low cost graphene sheets in industrial applications in scaled up commercial volumes.

Graphite India has also acquired a 31% stake in Godi India. This investment is part of its strategy to diversify into advanced chemistry battery technologies for the development of EV and energy storage battery cells.

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 manufacturers accounting for almost 75% of the high end UHP electrode capacity. The majority of this capacity however, is currently located in high cost regions like US, Europe and Japan.



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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