



GRAPHITE INDIA LIMITED

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GIL: SEC/SM/24-25/ 12

7th May, 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

Re : Earnings Presentation – Results for year ended 31st March 2024

Dear Sir,

Earning Presentation in connection with the Company's Audited Financial results (Standalone and Consolidated) for the year ended 31st March, 2024 is enclosed for your information and records.

Thanking you,

Yours faithfully,
For Graphite India Limited

Sanjeev Marda
Dy. Company Secretary

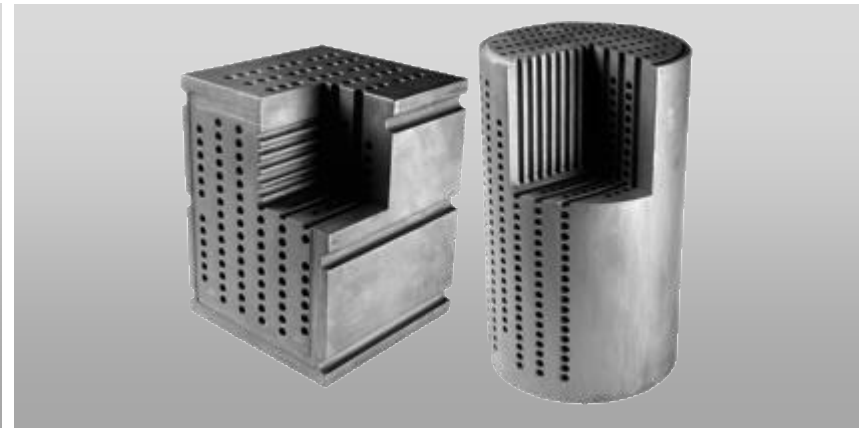
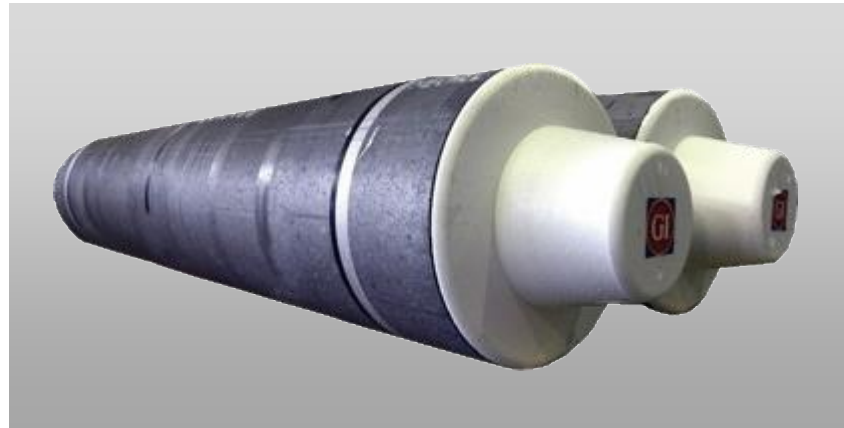
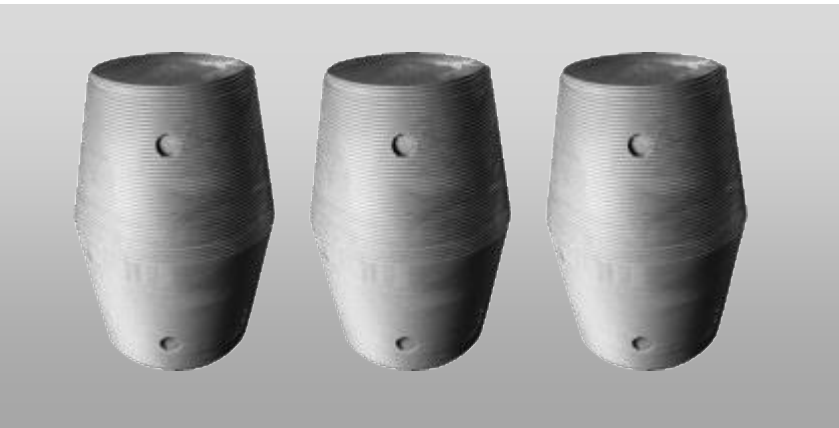
Encl : As above.



Graphite India Limited

NSE: GRAPHITE, BSE: 509488

Q4 and FY2024 Earnings Presentation May 7, 2024



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Q4 and Full Year FY2024 Consolidated Financial Performance

FY2024 Profit and Loss

- Net Sales of Rs. 2,950 Crores, a decline of 7.3% y-o-y
- EBITDA* of Rs. 160 Crores with margin of 5.4%
- Net Profit** of Rs. 805 Crores
- EPS of Rs. 41.36 per share

Balance Sheet

- Gross Debt of Rs. 177 Crores
- Cash (Net of Gross Debt) of Rs. 3,307 Crores

Q4 FY2024 Profit and Loss

- Net Sales of Rs. 720 Crores, a decline of 11.7% y-o-y
- EBITDA of Rs. 62 Crores with margin of 7.5%
- Net Profit of Rs. 16 Crores
- EPS of Rs. 0.80 per share

Dividend

- Dividend announced of Rs. 11 per share for FY2024
- Dividend pay out ratio of 550% on the Face Value

Notes:

1. *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. 328 Cr and Rs. 37 Cr during FY24 and FY23 respectively, thereby impacting the profitability
2. **Includes a net gain of Rs. 954 Crores related to the sale of land in Bengaluru

Q4 and Full Year FY2024 Standalone Financial Performance

FY2024 Profit and Loss

- Net Sales of Rs. 2,894 Crores, a decline of 0.7% y-o-y
- EBITDA* of Rs. 207 Crores with margin of 7.2%
- Net Profit** of Rs. 872 Crores
- EPS of Rs. 44.62 per share

Q4 FY2024 Profit and Loss

- Net Sales of Rs. 706 Crores, a decline of 2.9 % y-o-y
- EBITDA of Rs. 66 Crores with margin of 9.3%
- Net Profit of Rs. 34 Crores
- EPS of Rs. 1.73 per share

Balance Sheet

- Gross Debt of Rs. 96 Crores
- Cash (Net of Gross Debt) of Rs. 3,248 Crores

Notes:

1. *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. 298 Cr during FY24, thereby impacting the profitability
2. **Includes a net gain of Rs. 954 Crores related to the sale of land in Bengaluru



K K Bangur
Chairman

“For FY2024, Graphite India delivered Consolidated Net Sales of Rs. 2,950 Cr, EBITDA of Rs. 160 Cr and Net Profit of Rs. 805 Cr, which includes the sale of land in Bengaluru. Although sales volume increased during the year, lower realisations impacted Net Sales by 7.3% compared to the previous year. During Q4 FY24, standalone capacity utilisation increased to 93% as compared to 61% in Q4 FY23. Graphite India is well capitalised with a Net Cash balance of Rs. 3,307 Cr at the end of March 2024.

Steel demand in developed economies has shown modest near-term growth, with a projected increase of 1.3% in 2024 and a further 2.7% growth in 2025. In China, steel demand remains relatively low as a result of the slowdown in the real estate sector. However, this has been offset by growth from the infrastructure and manufacturing sectors, resulting in 2024 expected demand to be flat compared to the previous year. In sharp contrast, India's steel demand has a positive near-term outlook considering robust plans for infrastructure investments across the country, with an anticipated 8% annual growth rate. The pricing for graphite electrodes continues to remain under pressure while input costs need further correction.

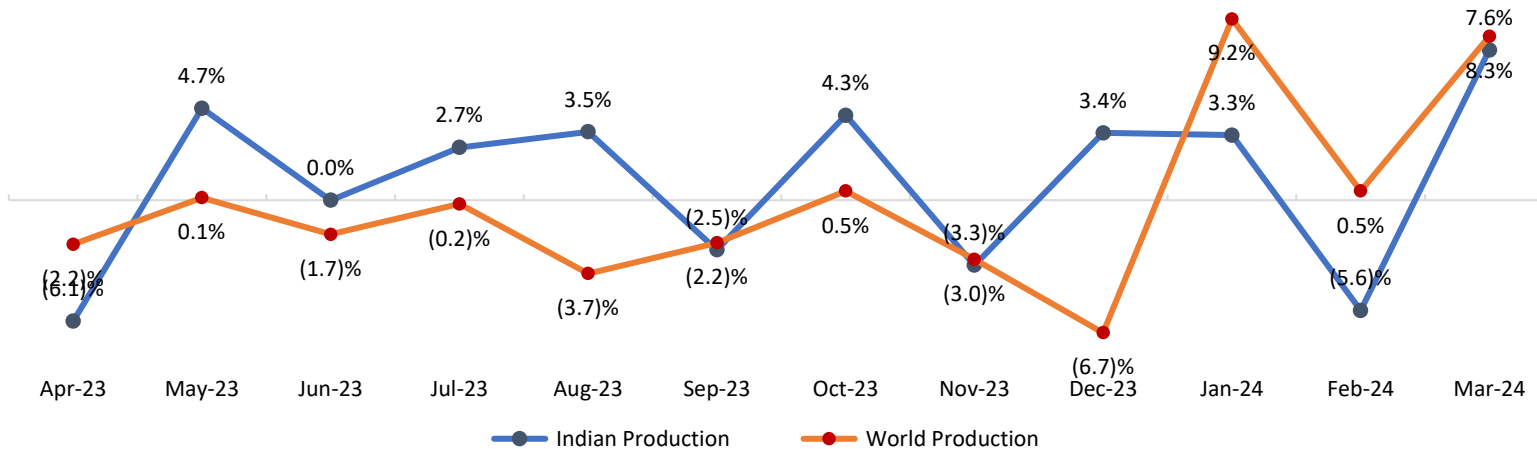
Global decarbonisation of steel will support the EAF manufacturing process, resulting in a significant increase in demand of graphite electrodes in the medium to long term. The current uncertainties in the world economy with persistent inflation, higher interest rates and geopolitical tensions could delay the trend. In alignment with the company's commitment to sustainability objectives, Graphite India has partly commissioned its first wind power facility for captive consumption, with full commissioning expected by Q1 FY25. This initiative will lead to substantial energy cost savings and a reduction in carbon emissions. As Graphite India navigates through this challenging environment, management remains focused on overall operational efficiencies with a long term goal towards a stronger future.”

Steel Industry Overview

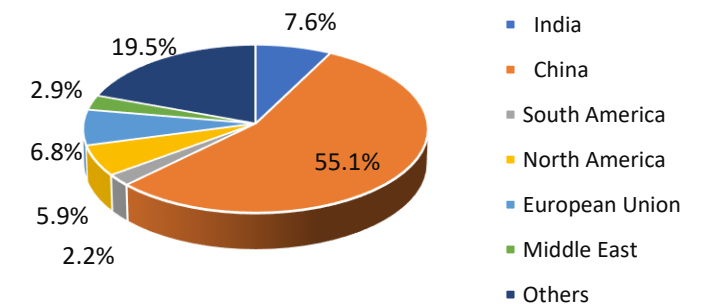


Crude Steel Production (million MT)	Three Months Ended				Year Ended			
	Mar-24	Mar-23	Y-o-Y (%)	Dec-23	Q-o-Q (%)	2023	2022	Y-o-Y (%)
Asia and Oceania	345.9	345.6	0.1%	310.0	11.6%	1,367.2	1,357.7	0.7%
India	37.3	33.2	12.3%	35.9	3.9%	140.2	125.4	11.8%
China	256.6	261.6	(1.9)%	222.6	15.3%	1,019.1	1,019.1	-
Others	52.0	50.8	2.4%	51.5	1.0%	207.9	213.2	(2.5)%
South America	10.6	10.3	2.9%	10.1	5.0%	41.5	44.0	(5.7)%
North America	27.2	26.8	1.5%	27.5	(1.1)%	109.6	111.5	(1.7)%
European Union	33.0	33.1	(0.3)%	30.3	8.9%	126.3	136.4	(7.4)%
Middle East	13.7	8.9	53.9%	14.7	(6.8)%	53.2	52.5	1.3%
Others	38.7	34.6	11.8%	38.7	0.0%	151.9	148.8	2.1%
Total 64 Countries as per WSA	469.1	459.3	2.1%	431.3	8.8%	1,849.7	1,850.9	(0.1)%

M-o-M Growth (%)



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

Q1 CY2024 Steel Production ⁽¹⁾

- As per the World Steel Association (WSA), global crude steel production was 469.1 million MT in Q1 CY2024, an increase of 2.1% y-o-y. Global crude steel production excluding China also increased by 7.5% on a y-o-y basis
- China's crude steel production for Q1 CY2024 was 256.6 million MT, a decline of 1.9% y-o-y
- India's crude steel production in Q1 CY2024 was 37.3 million MT, an increase of 12.3% y-o-y
- The EU produced 33.0 million MT of crude steel in Q1 CY2024, a decline of 0.3% y-o-y
- Japan produced 21.5 million MT in Q1 CY2024, a decline of 0.5% y-o-y
- North America produced 27.2 million MT of crude steel in Q1 CY2024, an increase of 1.5% y-o-y
- The Middle East produced 13.7 million MT of crude steel in Q1 CY2024, an increase of 53.9% y-o-y

Steel Industry Outlook ⁽²⁾

- The WSA released an update of the Short Range Outlook for 2024 and 2025. It forecasts that steel demand will grow by 1.7% in 2024 to reach 1,793 million MT. In 2025, steel demand will grow by marginal 1.2% to 1,815 million MT
- Real estate sector was driven by high interest rates and construction costs which impacted the steel demand across major economies
- The WSA expects the steel demand in China to remain stable in 2024. The investments in real estate will continue to decline, but the corresponding loss in steel demand will be offset by growth from infrastructure and manufacturing sectors. However, in 2025, steel demand in China is projected to decrease by 1.0%
- Acceleration in global decarbonisation efforts in public infrastructure sector will support the global steel demand in the near term

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](#)

- 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
- 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

Consolidated Financial Performance



Graphite India Limited

(Rs. Crore)	Q4		y-o-y	Q3	q-o-q	Year Ended		y-o-y	Comments
	FY2024	FY2023	Growth (%)	FY2024	Growth (%)	FY2024	FY2023	Growth (%)	
Net Sales	720	815	(11.7%)	690	4.3%	2,950	3,181	(7.3%)	Y-o-Y and Q-o-Q volumes improved but Net Sales impacted by lower realisations
Other Income	72	5	nm	63	14.3%	304	133	nm	
Total Income	792	820	(3.4%)	753	5.2%	3,254	3,314	(1.8%)	
EBITDA / (Loss)	62	67	(7.5%)	50	24.0%	160*	445	(64.0%)	
Margin (%)	8.6%	8.2%		7.2%		5.4%	14.0%		
Interest	3	4	(25.0%)	4	(25.0%)	17	13	30.8%	
Depreciation	22	15	46.7%	21	4.8%	80	57	40.4%	
PBT before Exceptional Items	37	48	(22.9%)	25	48.0%	63	375	(83.2%)	
Exceptional Items	-	-	nm	-	nm	954 [#]	(53)	nm	
PBT after Exceptional Items	37	48	(22.9%)	25	48.0%	1,017	322	nm	
Net Profit	16	29	(44.8%)	17	(5.9%)	805	199	nm	Increase in treasury income due to favorable market conditions
Margin (%)	2.2%	3.6%		2.5%		27.3%	6.3%		
Earnings Per Share	0.80	1.58	(49.4%)	0.99	(18.9%)	41.36	10.19	nm	

Notes:

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- [#]Includes a net gain of Rs. 954 Crores related to the sale of land in Bengaluru
- FY2024 EBITDA includes a write back of Rs. 43 Crores charged under Power and Fuel and FY2023 EBITDA excludes onetime expense of Rs. 75 Crores (after netting off corresponding provision created in earlier years) charged under Power and Fuel
- All margins calculated as a percentage of Net Sales (excluding Other Income)

Standalone Financial Performance



Graphite India Limited

(Rs. Crore)	Q4		y-o-y	Q3	q-o-q	Year Ended		y-o-y	Comments
	FY2024	FY2023	Growth (%)	FY2024	Growth (%)	FY2024	FY2023	Growth (%)	
Net Sales	706	727	(2.9%)	682	3.5%	2,894	2,913	(0.7%)	Y-o-Y and Q-o-Q volumes improved but Net Sales impacted by lower realisations Increase in treasury income due to favorable market conditions
Other Income	73	7	nm	59	23.7%	291	133	nm	
Total Income	779	734	6.1%	741	5.1%	3,185	3,046	4.6%	
EBITDA / (Loss)	66	93	(29.0%)	83	(20.5%)	207	531	(61.0%)	
Margin (%)	9.3%	12.8%		12.2%		7.2%	18.2%		
Interest	2	3	(33.3%)	2		12	9	33.3%	
Depreciation	18	14	28.6%	19	(5.3%)	70	46	52.2%	
PBT before Exceptional Items	46	76	(39.5%)	62	(25.8%)	125	476	(73.7%)	
Exceptional Item #	-	-	nm	-	nm	954	-	nm	
PBT after Exceptional Items	46	76	(39.5%)	62	(25.8%)	1,079	476	nm	
Net Profit	34	56	(39.3%)	50	(32.0%)	872	350	nm	
Margin (%)	4.8%	7.7%		7.3%		30.1%	12.0%		
Earnings Per Share	1.73	2.87	(39.7%)	2.54	(31.8%)	44.62	17.91	nm	

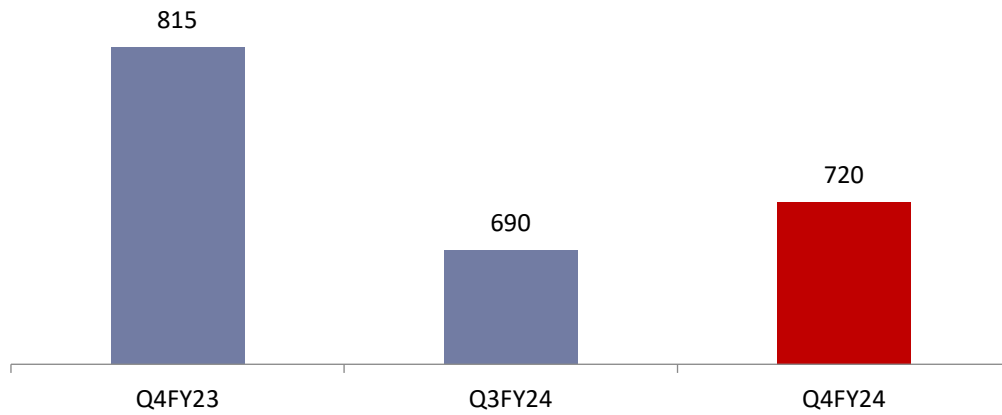
Notes:

- *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. 298 Cr during FY24, thereby impacting the profitability
- #Includes a net gain of Rs. 954 Crores related to the sale of land in Bengaluru
- FY2024 EBITDA includes a write back of Rs. 43 Crores charged under Power and Fuel and FY2023 EBITDA excludes onetime expense of Rs. 75 Crores (after netting off corresponding provision created in earlier years) charged under Power and Fuel
- All margins calculated as a percentage of Net Sales (excluding Other Income)

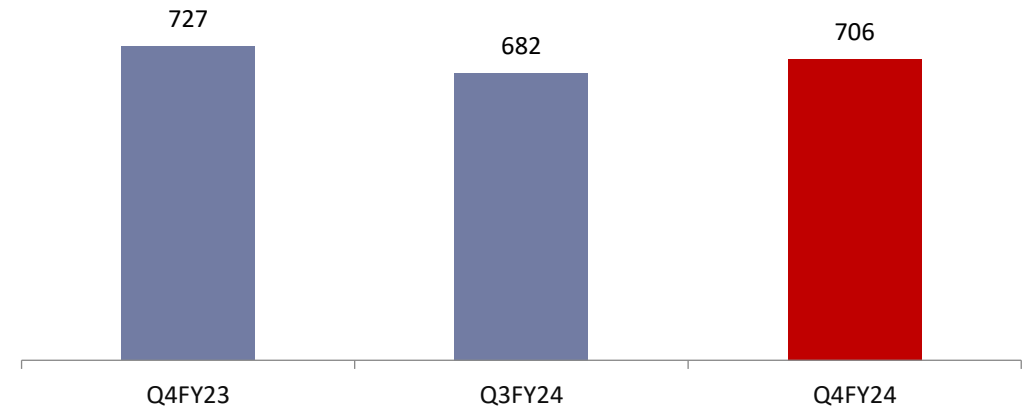
Quarter Performance Trends



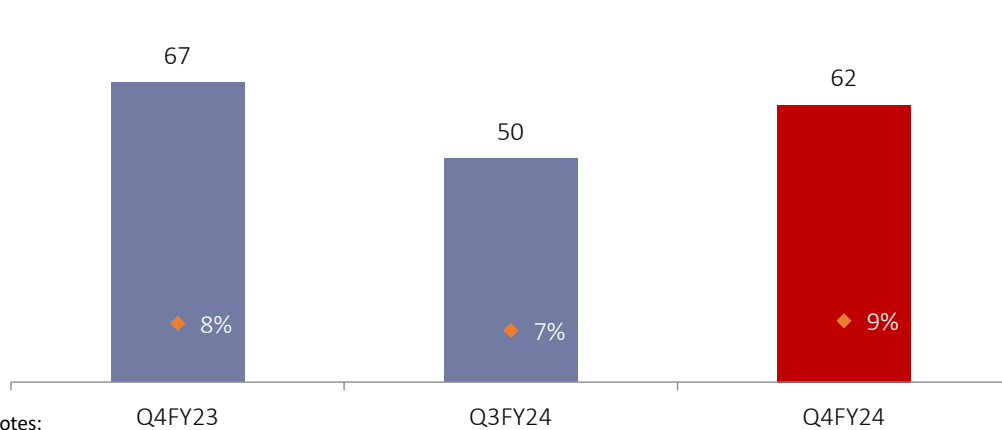
Consolidated Net Sales



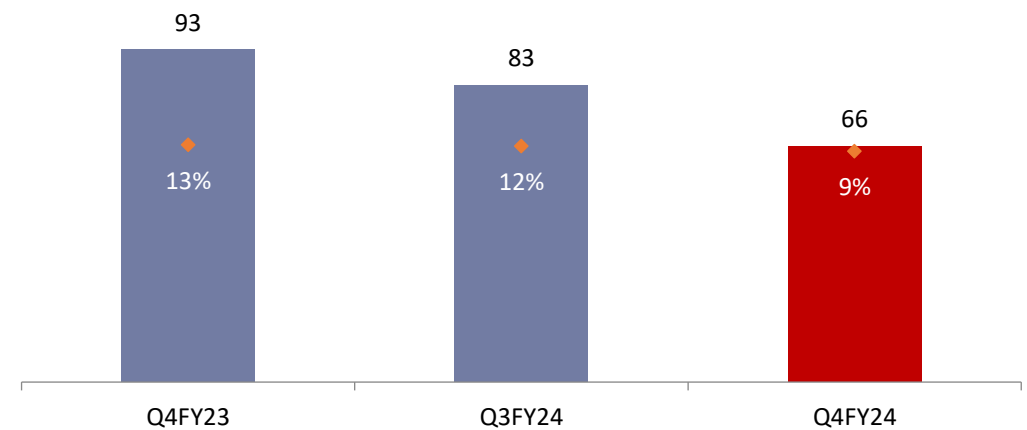
Standalone Net Sales



Consolidated Operating Profit / (Loss)



Standalone Operating Profit / (Loss)



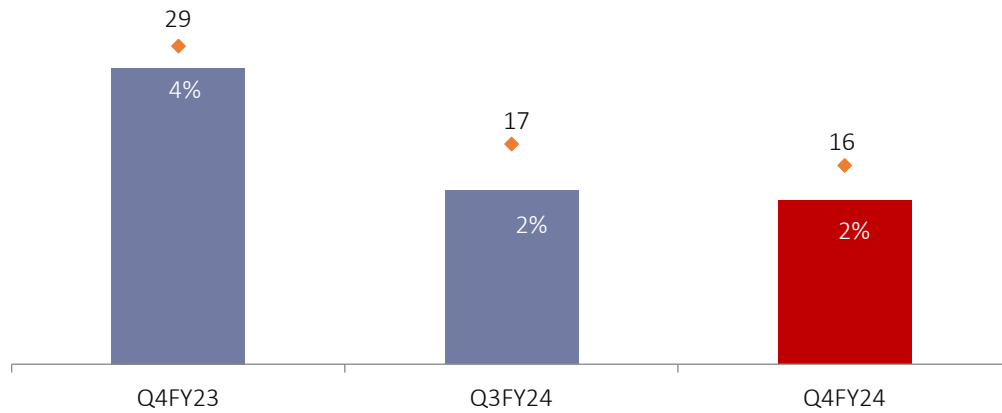
Notes:

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

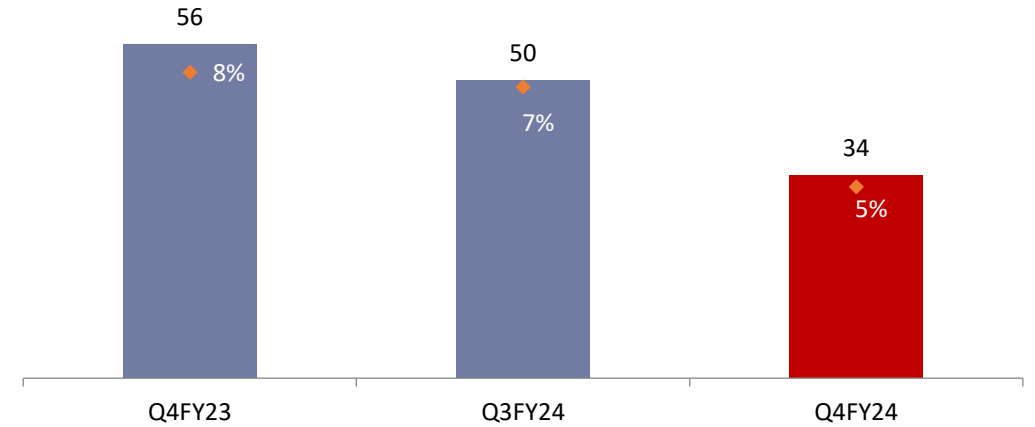
Quarter Performance Trends



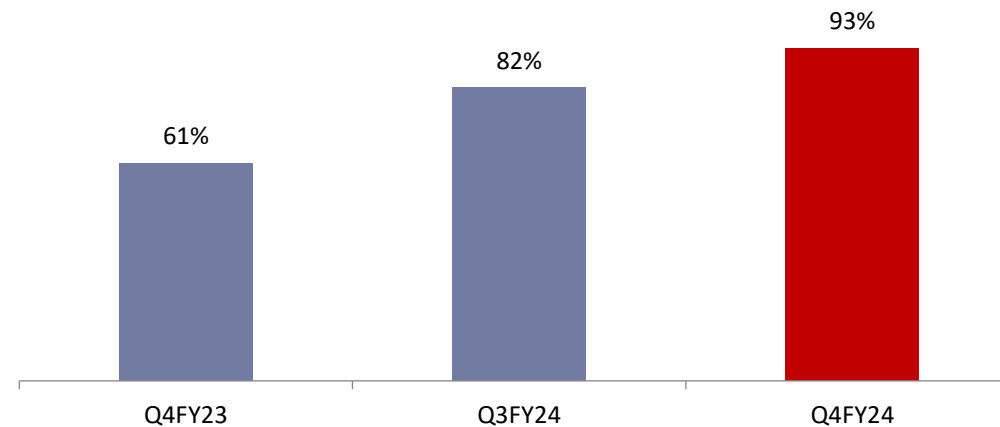
Consolidated Net Profit / (Loss)



Standalone Net Profit / (Loss)



Capacity Utilization (Standalone)



Notes:

1. All numbers in Crores unless specifically mentioned

Significant financial flexibility available for future organic and inorganic growth

Consolidated Leverage Profile

(Rs. Crore)	Mar- 24	Dec- 23	Sept- 23	June- 23	Mar- 23
Cash & Cash Equivalents ¹	3,484	3,404	3,520	2,475	2,356
Total Debt	(177)	(225)	(341)	(360)	(425)
Net Cash	3,307	3,179	3,179	2,115	1,931

Standalone Leverage Profile

(Rs. Crore)	Mar- 24	Dec- 23	Sept- 23	June- 23	Mar- 23
Cash & Cash Equivalents ¹	3,344	3,124	3,120	2,222	2,106
Total Debt	(96)	(143)	(266)	(280)	(335)
Net Cash	3,248	2,981	2,854	1,942	1,771

Notes:

1. Cash and cash equivalents include investments

Annual Segment Performance



Graphite India Limited

Consolidated Segment Performance

(Rs. Crore)	Full Year		y-o-y
	FY2024	FY2023	Growth (%)
Graphite and Carbon	2,726	2,946	(7.5%)
Others	227	236	(3.8%)
Less: Inter Segment Sales	3	1	nm
Segment Revenue	2,950	3,181	(7.3%)
Graphite and Carbon	(173)	307	nm
Others	13	43	(69.8%)
Profit / (Loss) before tax and interest	(160)	350	nm
Less: Finance Cost	17	13	30.8%
Unallocated (Income) / Expense	(240)	(38)	nm
Profit / (Loss) Before Tax (Before Exceptional Items)	63	375	(83.2%)
Exceptional Items	954	(53)	nm
Profit / (Loss) Before Tax	1,017	322	nm

Standalone Segment Performance

(Rs. Crore)	Full Year		y-o-y
	FY2024	FY2023	Growth (%)
Graphite and Carbon	2,673	2,679	(0.2%)
Others	224	235	(4.7%)
Less: Inter Segment Sales	3	1	nm
Segment Revenue	2,894	2,913	(0.7%)
Graphite and Carbon	(112)	392	nm
Others	17	46	(63.0%)
Profit / (Loss) before tax and interest	(95)	438	nm
Less: Finance Cost	12	9	33.3%
Unallocated (Income) / Expense	(232)	(47)	nm
Profit / (Loss) Before Tax (Before Exceptional Item)	125	476	(73.7%)
Exceptional Item	954	-	nm
Profit / (Loss) Before Tax	1,079	476	nm

Notes:

1. Amounts are below the rounding off norm adopted by the Company

Quarterly Segment Performance



Graphite India Limited

Consolidated Segment Performance

(Rs. Crore)	Q4		y-o-y	Q3	q-o-q
	FY2024	FY2023	Growth (%)	FY2024	Growth (%)
Graphite and Carbon	664	763	(13.0%)	629	5.6%
Others	57	52	9.6%	61	(6.6%)
Less: Inter Segment Sales	1	*	nm	*	nm
Segment Revenue	720	815	(11.7%)	690	4.3%
Graphite and Carbon	(10)	78	nm	(27)	nm
Others	(5)	(17)	nm	8	nm
Profit / (Loss) before tax and interest	(15)	61	nm	(19)	nm
Less: Finance Cost	3	4	(25.0%)	4	(25.0%)
Unallocated (Income) / Expense	(55)	9	nm	(48)	nm
Profit / (Loss) Before Tax	37	48	(22.9%)	25	48.0%

Standalone Segment Performance

(Rs. Crore)	Q4		y-o-y	Q3	q-o-q
	FY2024	FY2023	Growth (%)	FY2024	Growth (%)
Graphite and Carbon	646	679	(4.9%)	623	3.7%
Others	61	48	27.1%	59	3.4%
Less: Inter Segment Sales	1	*	nm	*	nm
Segment Revenue	706	727	(2.9)%	682	3.5%
Graphite and Carbon	(10)	87	nm	14	nm
Others	5	*	nm	6	(16.7%)
Profit / (Loss) before tax and interest	(5)	87	nm	20	nm
Less: Finance Cost	2	3	(33.3%)	2	nm
Unallocated (Income) / Expense	(53)	8	nm	(44)	nm
Profit / (Loss) Before Tax	46	76	(39.5)%	62	(25.8%)

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 has also partially installed wind power plants with an installed capacity of 10.5 MW.

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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