GRAPHITE INDIA LIMITED

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GIL: SEC/SM/23-24/33

August 10, 2023

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 ended June, 2023

Dear Sir,

Earning Presentation in connection with the Company's un-audited financial results (Standalone and Consolidated) for the quarter ended 30th June, 2023 is enclosed for your information and records.

Thanking you,

Yours faithfully,
For Graphite India Limited

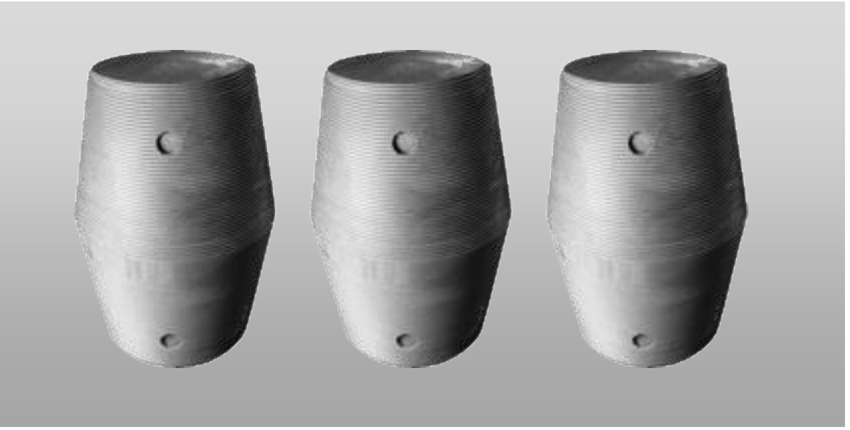
S. Marda
Dy. Company Secretary

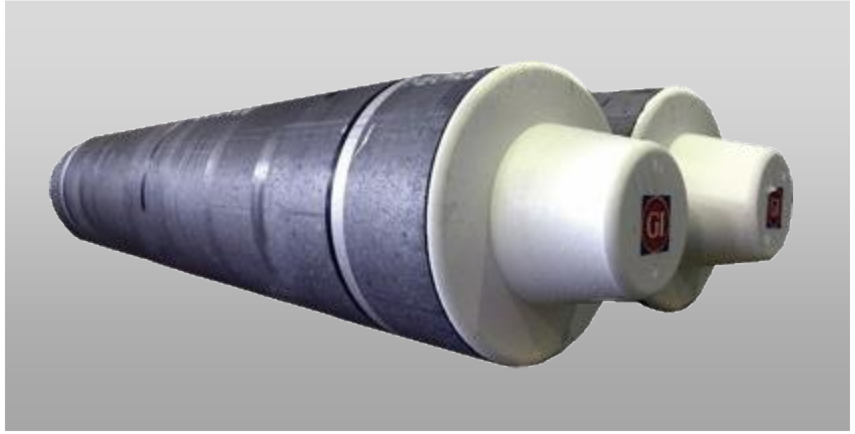
Encl.: As above.

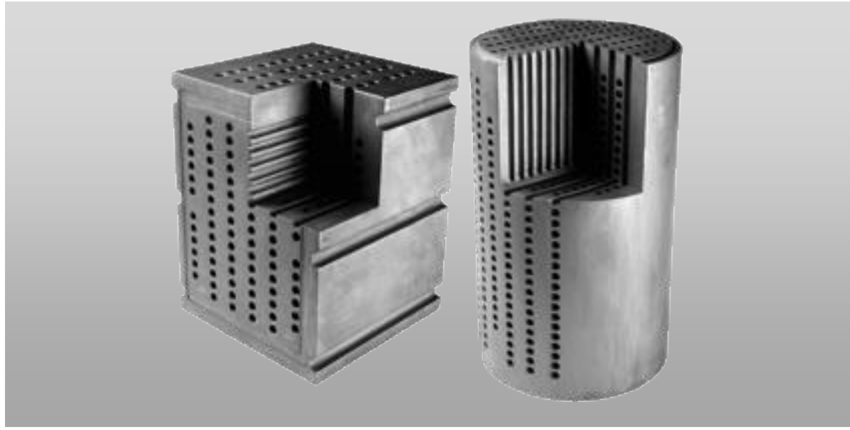
Graphite India Limited

NSE: GRAPHITE, BSE: 509488

Q1 FY2024 Earnings Presentation
August 10, 2023







Discussion Agenda

Graphite India Limited

Executive Summary

Graphite India Limited

Q1 FY2024 Financial Performance

Q1 FY2024 Profit and Loss (Consolidated)

- Net Sales of Rs. 747 Crores, a decline of 13.7% y-o-y and 8.3% q-o-q
- EBITDA of Rs. (13)* Crores as compared to Rs. 59 Crores in Q1 FY23
- Net Loss of Rs. 30 Crores as compared to Net Profit of Rs. 24 Crores in Q1 FY23
- EPS of Rs. (1.56) per share

Q1 FY2024 Profit and Loss (Standalone)

- Net Sales of Rs. 720 Crores, a decline of 9.8% y-o-y and 1.0% q-o-q
- EBITDA of Rs. (14)* Crores as compared to Rs. 97 Crores in Q1 FY23
- Net Loss of Rs. 27 Crores as compared to Net Profit of Rs. 63 Crores in Q1 FY23
- EPS of Rs. (1.39) per share

Balance Sheet (Consolidated)

- Gross Debt of Rs. 360 Crores
- Cash (Net of Gross Debt) of Rs. 2,115 Crores

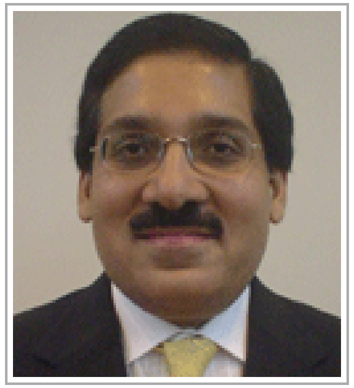
Balance Sheet (Standalone)

- Gross Debt of Rs. 280 Crores
- Cash (Net of Gross Debt) of Rs. 1,942 Crores

Note: *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. 157 Cr. during the current quarter, thereby impacting the profitability for the quarter ended 30th June 2023

Chairman's Message

Graphite India Limited



K K Bangur
Chairman

In Q1 FY2024 Graphite India registered Consolidated Net Sales of Rs. 747 Cr., a decline of 13.7% y-o-y and a decline of 8.3% on q-o-q basis. Operating EBITDA was Rs. (13) Cr. after provision of inventory write down of Rs. 157 Cr. which resulted in a Net Loss of Rs. 30 Cr. The standalone capacity utilization during the quarter was 67% as compared to 80% in Q1 FY2023. This quarter's financial results were impacted due to decline in both realization and volume.

Globally, there has been a 1.7% decline in y-o-y steel production, mainly attributed to subdued demand for electrodes. This has led to reduced capacity utilization and pricing pressures across the industry. Despite this trend, India has displayed resilience, achieving a substantial 7.8% y-o-y growth in its steel output during Q1 FY24 . However increased availability of imported graphite electrodes, have impacted the domestic demand and pricing. Raw Material price correction was not aligned with the fall in electrode price impacting operating margins.

Higher government spending on infrastructure and increased traction of EAFs in the steel industry will drive medium to long term growth in coming quarters. Stringent emission regulations enforced by the governments globally are compelling the steel industry to seek the more efficient EAF steelmaking technology, will positively impact the demand for graphite electrodes going forward.

From a balance sheet perspective, we maintain a strong consolidated Net Cash position of Rs. 2,115 Cr. at the end of June 2023. We are pleased to announce that on August 07, 2023, Graphite India sold its land in Bengaluru for a cash consideration of Rs. 986 Cr., which was received in a single tranche. This will be reflected in our H1 FY24 Net Cash position.

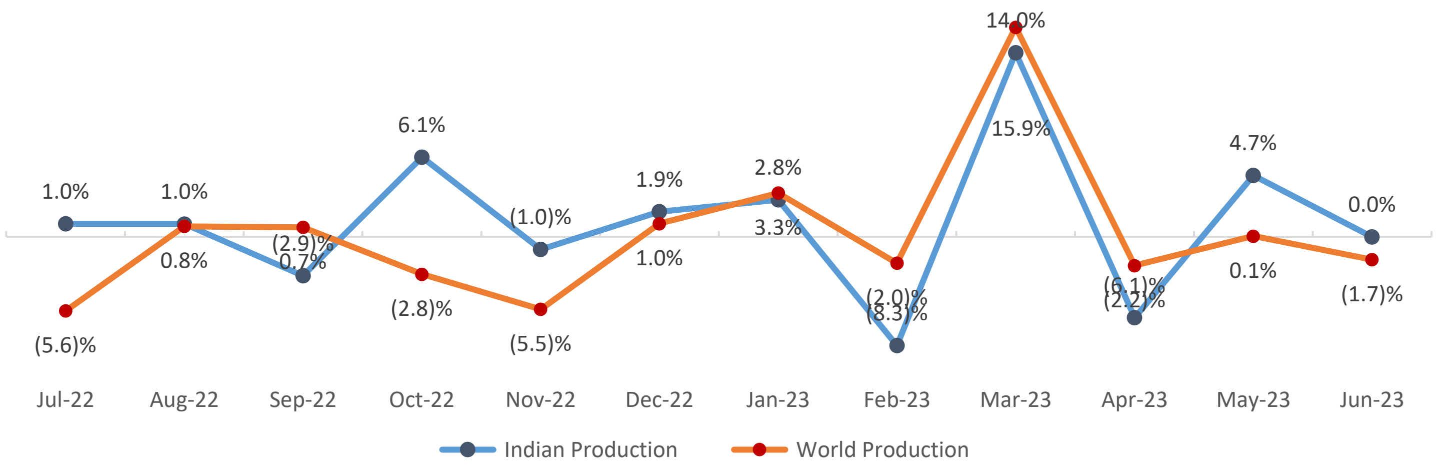
Overall, Graphite India's outlook on the electrode industry's future remains positive. We continue to adopt efficient operational practices and exercise prudent financial management.

Steel Industry Overview

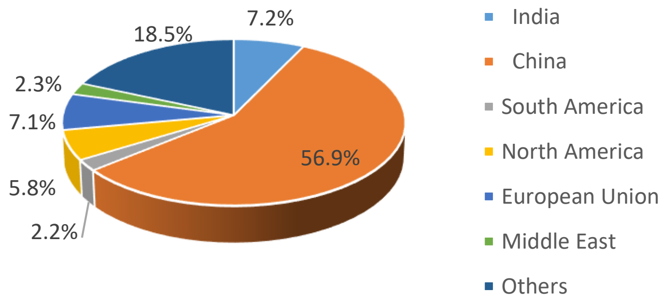
Graphite India Limited

Crude Steel Production	Three Months Ended					Half Yearly		
(million MT)	June-24	June-23	Y-o-Y (%)	Mar-23	Q-o-Q (%)	H1 2023	H1 2022	Y-o-Y (%)
Asia and Oceania	360.3	367.0	*(1.8)%*	345.6	*4.3%*	705.9	701.4	*0.6%*
India	33.1	30.7	*7.8%*	33.2	*(0.3)%*	67.9	63.2	*7.4%*
China	273.8	280.1	*(2.2)%*	261.6	*4.7%*	535.6	526.9	*1.7%*
Others	53.4	56.2	*(5.0)%*	50.8	*5.1%*	102.4	111.3	*(8.0)%*
South America	10.5	11.1	*(5.4)%*	10.3	*1.9%*	20.8	21.8	*(4.6)%*
North America	28.0	28.9	*(3.1)%*	26.8	*4.5%*	54.8	57.2	*(4.2)%*
European Union	33.3	37.0	*(10.0)%*	33.1	*0.6%*	66.4	73.8	*(10.0)%*
Middle East	12.8	10.2	*25.5%*	8.9	*43.8%*	21.7	20.4	*6.4%*
Others	37.0	36.2	*2.2%*	34.6	*6.9%*	191.8	221.3	*(13.3)%*
Total 64 Countries as per WSA	**481.9**	**490.4**	***(1.7)%***	**459.3**	***4.9%***	**941.2**	**949.5**	***(0.9)%***

M-o-M Growth (%)



H1 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

Steel Industry Outlook and Dynamics

H1 CY2023 Steel Production (1)

- As per the World Steel Association (WSA) global crude steel production was 481.9 Mt in Q2 CY2023, a decline of 1.7% y-o-y and an increase of 4.9% on q-o-q basis. Global crude steel production excluding China declined by 1.0% on y-o-y and increased by 5.3% q-o-q basis
- China crude steel production for Q2 CY2023 was 273.8 Mt, representing a degrowth of 2.2% y-o-y and growth of 4.7% on q-o-q basis
- India's crude steel production in Q2 CY2023 was 33.1 Mt, an increase of 7.8% y-o-y and decline of 0.3% on q-o-q
- The EU produced 33.3 Mt of crude steel in Q2 CY2023, a decline of 10.0% y-o-y and a growth of 0.6% on q-o-q basis
- Japan produced 22.1 Mt in Q2 CY2023, a decline of 3.9% y-o-y and an increase of 2.3% on q-o-q basis
- North America produced 28.0 Mt of crude steel in Q2 CY2023, a decline of 3.1% y-o-y and an increase 4.5% on q-o-q basis
- The Middle East produced 12.8 Mt of crude steel in Q2 CY2023, an increase of 25.5% y-o-y basis and 43.8% on q-o-q basis

Steel Industry Outlook (2)

- WSA forecasts that in 2023, demand will see a 2.3% rebound to reach 1,822.3 Mt during the year and the demand forecast is expected to grow by 1.7% to reach 1,854.0 Mt by 2024
- Manufacturing is expected to lead the recovery, but high interest rates will continue to weigh on steel demand
- Persistent inflation and high interest rates in most economies will limit the recovery of steel demand in 2023, despite positive factors like China's reopening, Europe's resilience in the face of the energy crisis and the easing of supply chain bottlenecks
- Having managed inflation well, the Indian economy is on a recovery track, with a rising share of investment in GDP due to government spending on infrastructure. After growth of 8.2% in 2022, demand is expected to show growth of 7.3% in 2023 and 6.2% in 2024

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

Graphite Electrode Industry

Graphite India Limited

- The evident focus on substantial decarbonization measures in the developed world indicates that the growth of Electric Arc Furnace (EAF) will surpass that of Blast Furnace / Bessimer Oxygen Furnace (BF/BOF)
- Governments around the world are introducing stringent environmental regulations to reduce pollution. This is expected to drive the demand for graphite electrodes in the steel industry
- The growing demand from the steel industry for electric arc furnace (EAF) steelmaking, increasing usage of EAFs as a more cost-effective and sustainable steel production method and rising demand for high-quality steel products in various sectors such as automotive, construction and infrastructure, is fueling the market's growth
- The allocation of Rs 10 Lakh Cr. towards capital expenditures in the Union Budget 2023 is expected to boost infrastructure development, leading to an increase in demand for steel
- The Indian government's decision to remove basic customs duty on metal scrap in the Union Budget 2023 is expected to boost the production of steel through electric arc furnaces
- The prices of needle coke have also fallen down in tandem with electrode prices

Note:
1) Source: Industry

Consolidated Financial Performance

Graphite India Limited

(Rs. Crore)	Q1 FY2024	Q1 FY2023	*y-o-y Growth (%)*	Q4 FY2023	*q-o-q Growth (%)*	Year Ended FY2023	Year Ended FY2022	*y-o-y Growth (%)*	Comments
Net Sales (Excluding Other Income)	747	866	*(13.7%)*	815	*(8.3%)*	3,181	3,026	*5.1%*	
Other Income	78	31	*151.6%*	5	*nm*	133	294	*(54.8%)*	
Total Income	825	897	*(8.0%)*	820	*0.6%*	3,314	3,320	*(0.2%)*	
EBITDA / (Loss) excluding One Time Income / Expense	144**	59	*144.1%*	67	*114.9%*	520*	769	*(32.4%)*	*Y-o-Y Sales was impacted due to both lower realization and subdued sales volume*
Margin (%)	*19.3%*	*6.8%*		*8.2%*		*16.3%*	*25.4%*		
EBITDA / (Loss)	(13)	59	*nm*	67	*nm*	445	769	*(42.1%)*	*Q-o-Q Sales volume improved but there was decrease in realization*
Margin (%)	*(1.7)%*	*6.8%*		*8.2%*		*14.0%*	*25.4%*		
Interest	6	2	*200.0%*	4	*50.0%*	13	5	*160.0%*	*Higher treasury income due to positive market scenario resulting in higher MTM gain*
Depreciation	18	14	*28.6%*	15	*20.0%*	57	55	*3.6%*	
Profit / (Loss) Before Tax (before Exceptional items and Associates)	(37)	43	*nm*	48	*nm*	375	709	*(47.1%)*	
Share of Profit/(Loss) of an Associate	-	-	-	-	-	-	(16)	*nm*	*Increase in Finance Cost due to higher interest cost*
Exceptional Items	-	-	-	-	-	(53)	-	*nm*	
PBT after Exceptional Items	(37)	43	*nm*	48	*nm*	322	693	*(53.5%)*	*Inventory write down of Rs. 157 Cr. during the quarter*
Net Profit / (Loss)	(30)	24	*nm*	29	*nm*	199	505	*(60.6%)*	
Margin (%)	*(4.0)%*	*2.8%*		*3.6%*		*6.3%*	*16.7%*		
Earnings Per Share (Rs)	(1.56)	1.23	*nm*	1.58	*nm*	10.19	25.82	*(60.5%)*	

Notes:
1. *EBITDA includes onetime expense of net charge of Rs. 75 Cr. (after netting off corresponding provision created in earlier years) charged under 'Power and Fuel" expenses EBITDA includes Other Income
2. ***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. 157 Cr. during the current quarter, thereby impacting the profitability for the quarter ended 30th June 2023
3. All margins calculated as a percentage of Net Sales (excluding Other Income)

Standalone Financial Performance

Graphite India Limited

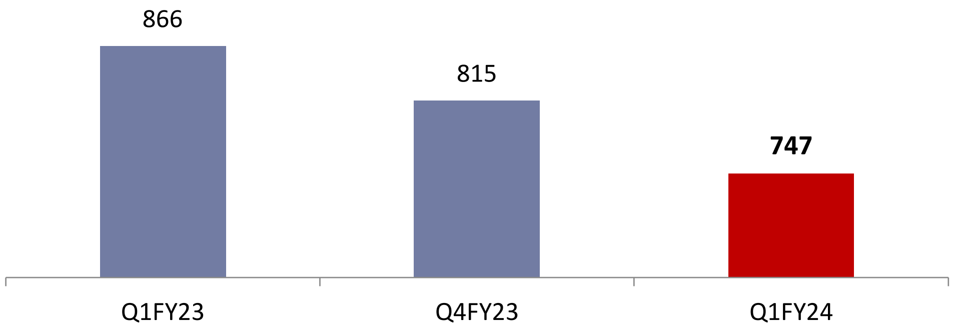
(Rs. Crore)	Q1 FY2024	Q1 FY2023	y-o-y Growth (%)	Q4 FY2023	q-o-q Growth (%)	Year Ended FY2023	Year Ended FY2022	y-o-y Growth (%)	Comments
Net Sales Excluding Other Income	720	798	*(9.8%)*	727	*(1.0%)*	2,913	2,799	*4.1%*	
Other Income	72	22	*227.3%*	7	*nm*	133	279	*(52.3%)*	
Total Income	792	820	*(3.4%)*	734	*7.9%*	3,046	3,078	*(1.0%)*	*Y-o-Y Sales was impacted due to both lower realization and subdued sales volume*
EBITDA / (Loss) excluding One Time Income and Expense	143**	97	*47.4%*	93	*53.8%*	606*	803	*(24.5%)*	
Margin (%)	*19.9%*	*12.2%*		*12.8%*		*20.8%*	*28.7%*		*Q-o-Q Sales volume improved but there was decrease in realization*
EBITDA / (Loss)	(14)	97	*nm*	93	*nm*	531	803	*(33.9%)*	
Margin (%)	*(1.9)%*	*12.2%*		*12.8%*		*18.2%*	*28.7%*		*Higher treasury income due to positive market scenario resulting in higher MTM gain*
Interest	4	2	*100.0%*	3	*33.3%*	9	4	*125.0%*	
Depreciation	16	11	*45.5%*	14	*14.3%*	46	46	-	
Profit / (Loss) Before Tax (before Exceptional items and Associates)	(34)	84	*nm*	76	*nm*	476	753	*(36.8%)*	*Increase in Finance Cost due to higher interest cost*
PBT after Exceptional Items	(34)	84	*nm*	76	*nm*	476	753	*(36.8%)*	*Inventory write down of Rs. 157 Cr. during the quarter*
Net Profit	(27)	63	*nm*	56	*nm*	350	574	*(39.0%)*	
Margin (%)	*(3.8)%*	*7.9%*		*7.7%*		*12.0%*	*20.5%*		
Earnings Per Share	(1.39)	3.26	*nm*	2.87	*nm*	17.91	29.39	*(39.1%)*	

Notes:
1. *EBITDA includes onetime expense of net charge of Rs. 75 Cr. (after netting off corresponding provision created in earlier years) charged under 'Power and Fuel" expenses EBITDA includes Other Income
2. **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. 157 Cr. during the current quarter, thereby impacting the profitability for the quarter ended 30th June 2023
3. All margins calculated as a percentage of Net Sales (excluding Other Income)

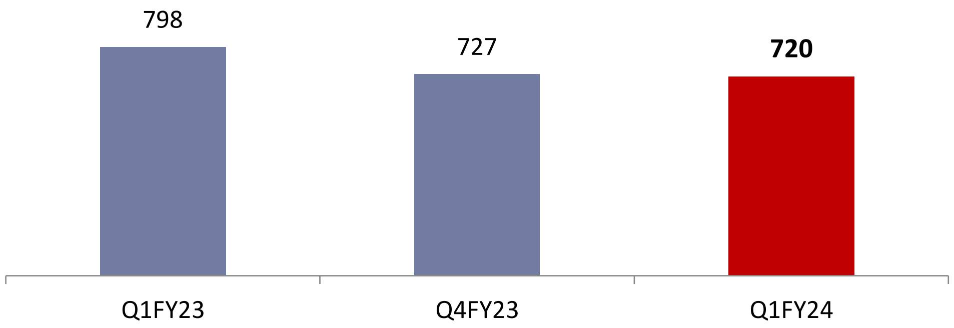
Quarter Performance Trends

Graphite India Limited

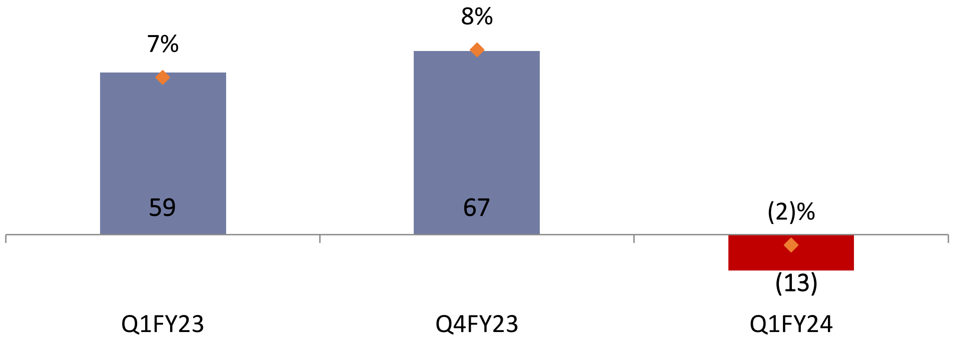
Consolidated Net Sales



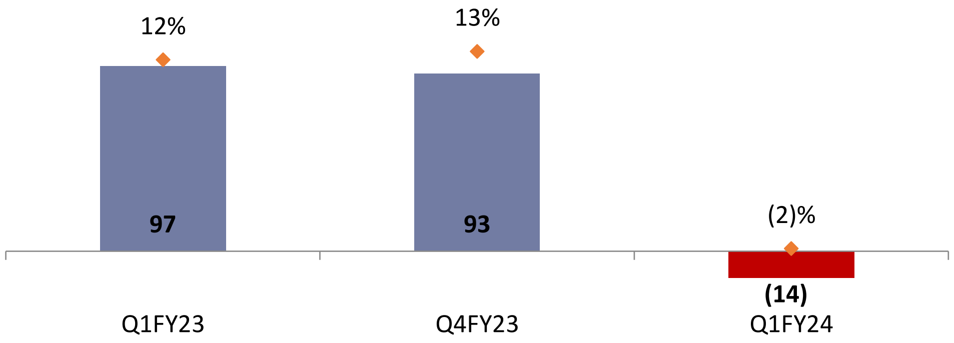
Standalone Net Sales



Consolidated Operating Profit / (Loss)



Standalone Operating Profit / (Loss)



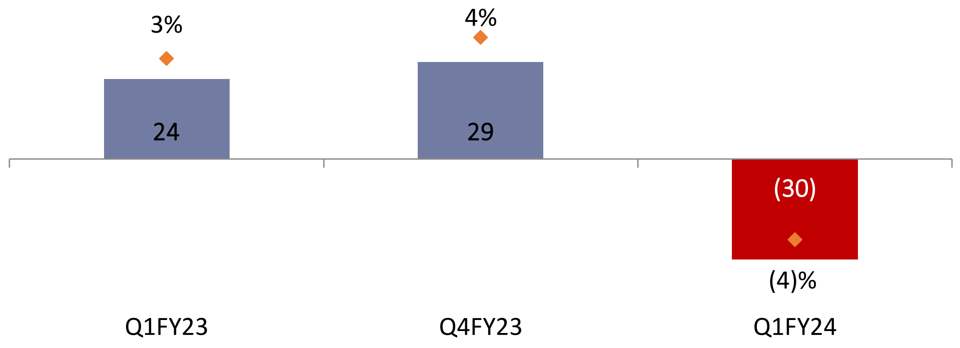
Notes:

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

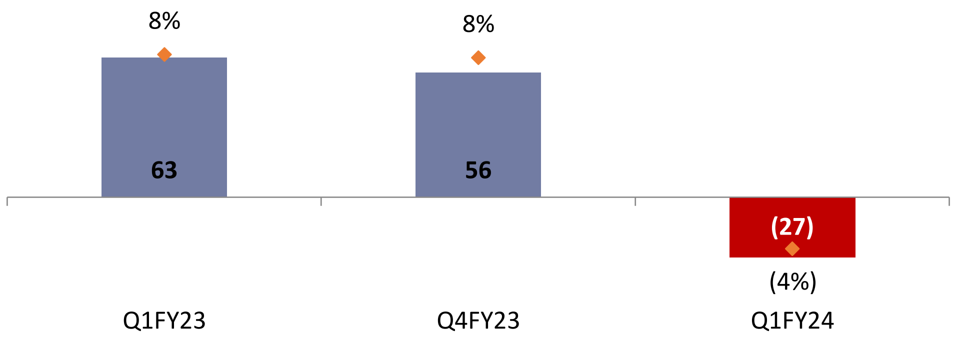
Quarter Performance Trends

Graphite India Limited

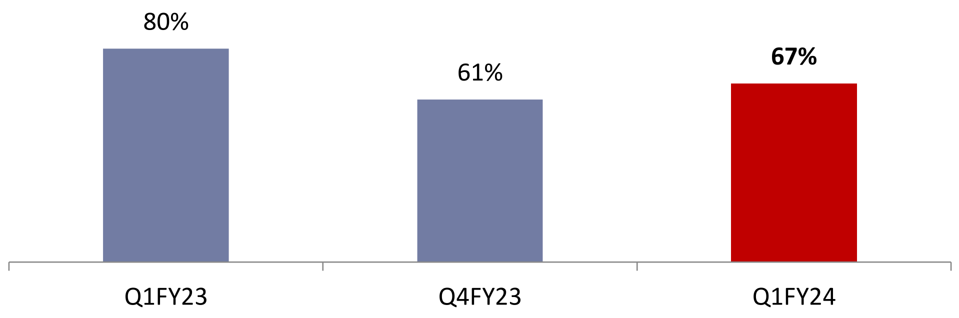
Consolidated Net Profit / (Loss)



Standalone Net Profit / (Loss)



Capacity Utilization (Standalone)



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)	June- 23	Mar- 23	Dec- 22	Sept- 22	June- 22
Cash & Cash Equivalents[1]	**2,475**	**2,356**	**2,376**	**2,527**	**2,667**
Total Debt	(360)	(425)	(345)	(415)	(464)
Net Cash	**2,115**	**1,931**	**2,031**	**2,112**	**2,203**

Standalone Leverage Profile

(Rs. Crore)	June- 23	Mar- 23	Dec- 22	Sept- 22	June- 22
Cash & Cash Equivalents[1]	**2,222**	**2,106**	**2,085**	**2,234**	**2,474**
Total Debt	(280)	(335)	(221)	(264)	(356)
Net Cash	**1,942**	**1,771**	**1,864**	**1,970**	**2,118**

Notes:
1. Cash and cash equivalents include investments

Quarterly Segment Performance

Graphite India Limited

Consolidated Segment Performance

(Rs. Crore)	Q1 FY2024	Q1 FY2023	y-o-y Growth (%)	Q4 FY2023	q-o-q Growth (%)
Graphite and Carbon	692	798	*(13.3)%*	763	*(9.3)%*
Others	56	68	*(17.6)%*	52	*7.7%*
Less: Inter Segment Sales	1	*	*nm*	*	*
Segment Revenue	**747**	**866**	***(13.7)%***	**815**	***(8.3)%***
Graphite and Carbon	(105)	69	*nm*	78	*nm*
Others	11	16	*(31.3)%*	(17)	*nm*
Profit / (Loss) before tax and interest	**(94)**	**85**	***nm***	**61**	***nm***
Finance Cost	(6)	(2)	*200.0%*	(4)	*50.0%*
Unallocated Income / (expense)	63	(40)	*nm*	(9)	*nm*
Profit / (Loss) Before Tax (Before Exceptional Items and Associates)	**(37)**	**43**	***nm***	**48**	***nm***
Share of Profit/Loss of an Associate				*	
Exceptional Items				*	
Profit / (Loss) Before Tax	**(37)**	**43**	***nm***	**48**	***nm***

Standalone Segment Performance

(Rs. Crore)	Q1 FY2024	Q1 FY2023	y-o-y Growth (%)	Q4 FY2023	q-o-q Growth (%)
Graphite and Carbon	673	730	*(7.8)%*	679	*(0.9)%*
Others	48	68	*(29.4)%*	48	*
Less: Inter Segment Sales	1	*	*nm*	*	*
Segment Revenue	**720**	**798**	***(9.8)%***	**727**	***(1.0)%***
Graphite and Carbon	(94)	94	*nm*	87	*nm*
Others	3	22	*(86.4)%*	*	-
Profit / (Loss) before tax and interest	**(91)**	**116**	***nm***	**87**	***nm***
Finance Cost	(4)	(2)	*100.0%*	(3)	*33.3%*
Unallocated Income / (expense)	61	(30)	*nm*	(8)	*nm*
Profit / (Loss) Before Tax (Before Exceptional Items and Associates)	**(34)**	**84**	***nm***	**76**	***nm***
Profit / (Loss) Before Tax	**(34)**	**84**	***nm***	**76**	***nm***

Amounts are below the rounding off norm adopted by the company*

Graphite India - At a Glance

Graphite India Limited

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 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 progressively acquired and now owns 60.12% stake in General Graphene Corporation, a US based company which has developed a breakthrough proprietary technology which would allow them to produce large area, high quality, low cost graphene sheets in Industrial applications in scaled up commercial volumes.

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.

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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