



# GRAPHITE INDIA LIMITED

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GIL: SEC/SM/22-23/73

February 8, 2023

Bombay Stock Exchange Limited  
The Corporate  
Relationship Department  
1<sup>st</sup> 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, 5<sup>th</sup> Floor,  
Plot No-C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (E)  
**Mumbai 400 051**  
**Symbol - GRAPHITE**

**Sub: Earnings Presentation – Results for quarter / nine month ended 31<sup>st</sup> December, 2022**

Dear Sir,

Earning Presentation in connection with the Company's un-audited financial results (Standalone and Consolidated) for the quarter / nine month ended 31<sup>st</sup> December, 2022 is enclosed for your information and records.

Thanking you,

Yours faithfully,  
For Graphite India Limited

S Marda  
Dy. Company Secretary

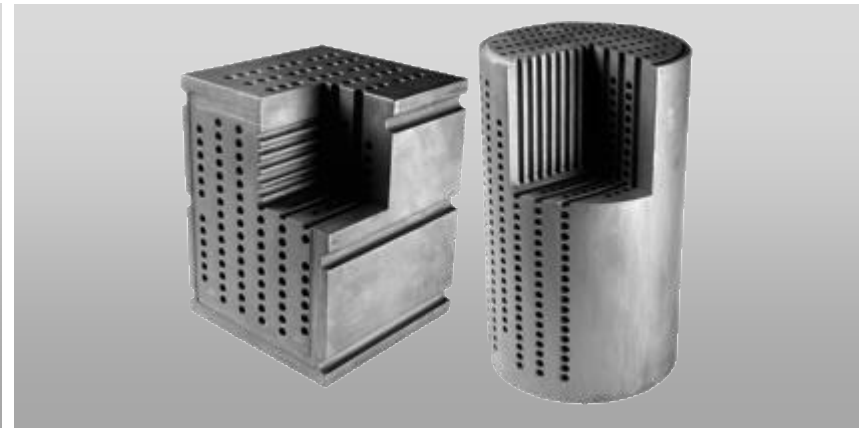
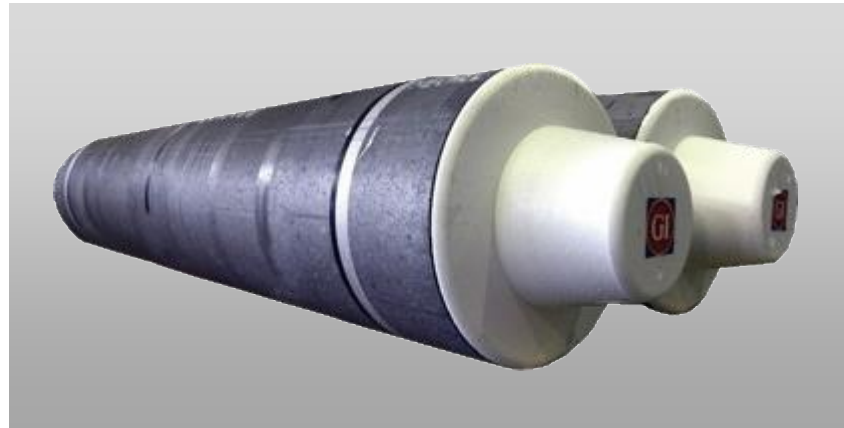
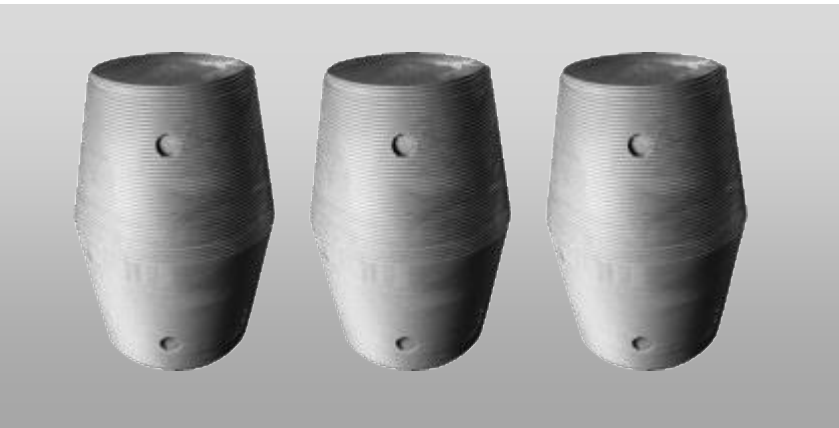
Encl.: As above.



# Graphite India Limited

NSE: GRAPHITE, BSE: 509488

## Q3 FY2023 Earnings Presentation February 8, 2023



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## Q3 FY2023 Financial Performance

### Q3 FY2023 Profit and Loss

(Consolidated)

- Net Sales of Rs. 701 Crores, a decrease of 20% y-o-y and 15% q-o-q
- EBITDA of Rs. 105 Crores as compared to Rs. 203 Crores in Q3 FY22 <sup>(1)</sup>
- Net Profit of Rs. 53 Crores as compared to Rs. 132 Crores in Q3 FY22
- EPS of Rs. 2.66 per share

### Q3 FY2023 Profit and Loss

(Standalone)

- Net Sales of Rs. 669 Crores, a decrease of 20% y-o-y and 7% q-o-q
- EBITDA of Rs. 134 Crores as compared to Rs. 218 Crores in Q3 FY22
- Net Profit of Rs. 92 Crores as compared to Rs. 155 Crores in Q3 FY22
- EPS of Rs. 4.65 per share

### Balance Sheet (Consolidated)

- Gross Debt of Rs. 345 Crores
- Cash (Net of Gross Debt) of Rs. 2,031 Crores

### Balance Sheet (Standalone)

- Gross Debt of Rs. 221 Crores
- Cash (Net of Gross Debt) of Rs. 1,864 Crores

Note:

1. EBITDA excludes an exceptional item, an additional expense of Rs. 8 Crores which was incurred for the closure of the German electrode production during Q3 FY23



K K Bangur  
Chairman

*“During the quarter, Graphite India reported consolidated Net Sales of Rs. 701 Crores, a decline of 20% y-o-y. EBITDA, before a one time charge of Rs. 8 Crores, was Rs. 105 Crores and Net Profit was Rs. 53 Crores. On a standalone basis, the company delivered Net Sales of Rs. 669 Crores, EBITDA of Rs. 134 Crores and Net Profit of 92 Crores. From a manufacturing perspective, the consolidated capacity utilization during the quarter was 42% as compared to 56% in Q2 FY2023. The reduced production was caused by the closure of our German electrode plant and the downturn in the global economy. The company has a consolidated Net Cash position of Rs. 2,031 Crores at the end of December 2022.*

*Total world crude steel production was 1,878.5 Mt in 2022, a 4.2% decrease compared to 2021. In developed economies, the recovery of steel demand faced challenges due to sustained inflation and persistent supply-side constraints. The high energy prices in Europe made it challenging for steel manufacturers to maintain their production levels, as the increased costs put a strain on their margins. This resulted in a slowdown in the recovery of the steel industry.*

*Despite the global headwinds, India saw a positive outcome with a growth rate of 5.5% for the year. Steel remains a critical raw material in various sectors and will benefit from the Indian government's increase in capital expenditure to Rs 10 Lakh Crores in the next fiscal year. This is expected to drive growth in steel and cement consumption, particularly in high-capex industries. The government's initiative to remove the export duty on steel products will also help the domestic steel manufactures to boost their profits and provide them with the opportunity to tap into overseas markets as well. As a result, the demand for steel is projected to remain robust in the coming years.*

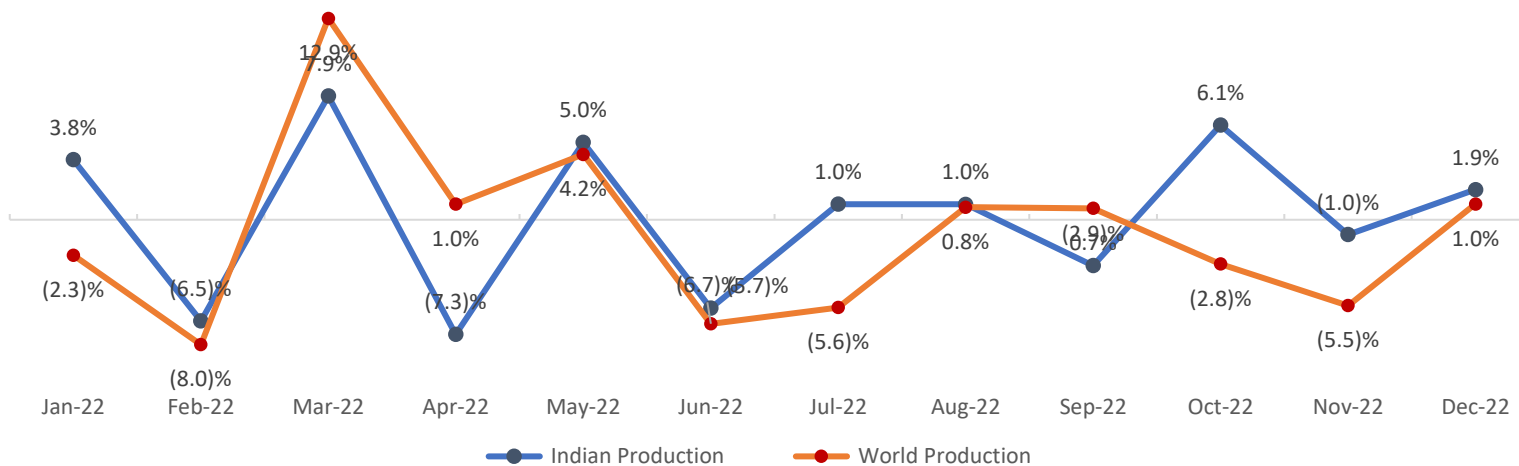
*Graphite India remains confident in the future prospects of the electrode industry. We continue to be focused on implementing best practices in operational efficiency and exercising financial prudence. The Company is well positioned for the future.”*

# Steel Industry Overview

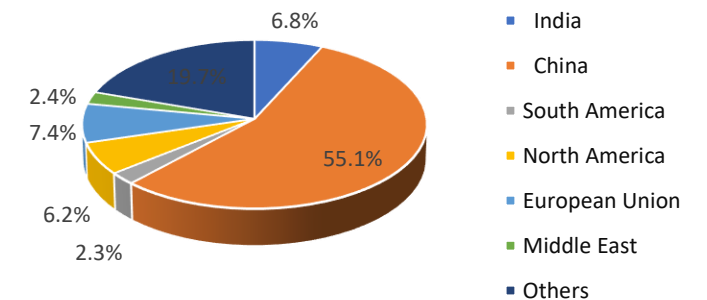


Crude Steel Production (million MT)	Three Months Ended				Twelve Months Ended			
	Dec-22	Dec-21	Y-o-Y (%)	Sept-22	Q-o-Q (%)	12M 2022	12M 2021	Y-o-Y (%)
Asia and Oceania	313.6	315.1	(0.5)%	335.7	(6.6)%	1,351.3	1,382.0	(2.2)%
India	31.5	30.0	5.0%	30.2	4.3%	124.7	118.2	5.5%
China	232.2	227.1	2.2%	252.3	(8.0)%	1,013.0	1,034.7	(2.1)%
Others	49.9	58.0	(14.0)%	53.2	(6.2)%	213.6	229.1	(6.8)%
South America	10.4	11.4	(8.8)%	10.7	(2.8)%	43.3	45.6	(5.0)%
North America	26.9	29.6	(9.1)%	28.3	(4.9)%	111.4	117.8	(5.4)%
European Union	31.0	37.4	(17.1)%	32.1	(3.4)%	136.7	152.5	(10.4)%
Middle East	11.7	10.9	7.3%	10.2	14.7%	44.0	41.2	6.8%
Others	33.5	43.1	(22.3)%	34.4	(2.6)%	191.8	221.3	(13.3)%
<b>Total 64 Countries as per WSA</b>	<b>427.1</b>	<b>447.5</b>	<b>(4.6)%</b>	<b>451.4</b>	<b>(5.4)%</b>	<b>1,878.5</b>	<b>1,960.4</b>	<b>(4.2)%</b>

M-o-M Growth (%)



12M 2022 Regional Production



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

## Q4 CY2022 Steel Production <sup>(1)</sup>

- As per the World Steel Association (WSA) global crude steel production was 427.1 Mt in Q4 CY2022, a decline of 4.6% y-o-y and 5.4% on q-o-q basis. Global crude steel production excluding China declined by 11.6% on y-o-y and 2.1% q-o-q basis
- China crude steel production for Q4 CY2022 was 232.2 Mt, representing a growth of 2.2% y-o-y and decline of 8.0% on q-o-q basis
- India's crude steel production in Q4 CY2022 was 31.5 Mt, an increase of 5.0% y-o-y and 4.3% on q-o-q
- The EU produced 31.0 Mt of crude steel in Q4 CY2022, a decline of 17.1% y-o-y and 3.4% on q-o-q basis
- Japan produced 21.4 Mt in Q4 CY2022, a decline of 11.2% y-o-y and 1.4% on q-o-q basis
- North America produced 26.9 Mt of crude steel in Q4 CY2022, a decline of 9.1% y-o-y and 4.9% on q-o-q basis
- The Middle East produced 11.7 Mt of crude steel in Q4 CY2022, a strong increase of 7.3% y-o-y basis and 14.7% on q-o-q basis

## Steel Industry Outlook

- The global sustainable steel market is projected to reach \$795.8 billion by 2031 from \$367.3 billion in 2022, growing at a CAGR of 9.0% <sup>(2)</sup>
- High inflation, monetary tightening and China's slowdown contributed to a difficult 2022, but infrastructure demand is expected to lift 2023 steel demand slightly
- India's demand is expected to remain strong in steel markets over the next 12-15 months, as domestic consumption is expected to grow at a high single-digit rate

Note:

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

2) Source: [PR News Wire](#)

- The growing demand for infrastructure and consumer goods has driven the growth of steel production. Additionally, the trend towards urbanization has further boosted the steel demand. However, fluctuations in the global economy and trade tensions can impact the steel demand
- The demand for graphite electrodes and realisations are expected to remain volatile in the near term while cost inflation may further squeeze margins
- In 2021, China approved the construction of 43 new EAFs with a total crude steel capacity of 29 million Mt/year through capacity swaps, while in 2020, only about 10 million Mt/year of new EAFs received construction approvals
- The allocation of Rs 10 Lakh Crores towards capital expenditures in the Union Budget 2023 is expected to boost infrastructure development, leading to an increase in demand for steel
- Steel manufacturers are shifting towards the EAF process, which is expected to drive sustainable demand for graphite electrodes in the long term. The EAF process is considered to be more environmentally friendly than traditional steel production methods, making it an attractive option for companies looking to reduce their carbon footprint



# Consolidated Financial Performance



Graphite India Limited

(Rs. Crore)	Q3		y-o-y	Q2		Nine Months Ended		y-o-y	Comments
	FY2023	FY2022	Growth (%)	FY2023	Growth (%)	FY2023	FY2022	Growth (%)	
Net Sales (Excluding Other Income)	701	880	(20)%	825	(15)%	2,382	2,182	9%	<i>Y-o-Y Sales growth was driven primarily driven by improved realizations</i>
Other Income	33	66	(50)%	111	(70)%	136	223	(39)%	
Total Income	734	946	(22)%	936	(22)%	2,518	2,405	5%	
EBITDA / (Loss) excluding One Time Expense	105	203	(48)%	213	(51)%	377	610	(38)%	<i>Q-o-Q Sales decrease was due to decrease in volumes and slight decrease in realisations</i>
Margin (%)	15%	23%		26%		16%	28%		
EBITDA / (Loss) Margin (%)	97	203	(52)%	168	(42)%	324	610	(47)%	<i>In Q2 FY23, German electrode production was stopped with a Rs. 45 Crores exceptional charge</i>
Margin (%)	14%	23%		20%		14%	28%		
Interest	3	2	50%	4	(25)%	9	3	200%	<i>An additional provision of Rs. 8 Crores was made during Q3 FY23 on German electrode production closure</i>
Depreciation	13	14	(7)%	15	(13)%	42	41	2%	
Profit / (Loss) Before Tax (before Exceptional items and Associates)	89	187	(52)%	194	(54)%	326	566	(42)%	
Share of Profit/(Loss) of an Associate	-	(3)	nm	-	nm	-	(14)	nm	
Exceptional Items	(8)	-	nm	(45)	(82)%	(53)	-	nm	
PBT after Exceptional Items	81	184	(56)%	149	(46)%	273	552	(51)%	
Net Profit / (Loss) Margin (%)	53	132	(60)%	92	(42)%	169	410	(59)%	
Margin (%)	8%	15%		11%		7%	19%		
Earnings Per Share (Rs)	2.66	6.75	(61)%	4.72	(44)%	8.61	21.00	(59)%	

Notes:

1. EBITDA excludes an exceptional item of Rs. 45 Crores and Rs. 8 Crores which was incurred for the closure of the German electrode production during Q2 FY23 and Q3 FY23 respectively
2. EBITDA includes Other Income
3. 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 Ended		y-o-y	Comments
	FY2023	FY2022	Growth (%)	FY2023	Growth (%)	FY2023	FY2022	Growth (%)	
Net Sales (Excluding Other Income)	669	835	(20)%	719	(7)%	2,186	2,032	8%	<i>Y-o-Y Sales growth was driven primarily driven by improved realizations</i>
Other Income	39	61	(36)%	104	(63)%	126	205	(39)%	
Total Income	708	896	(21)%	823	(14)%	2,312	2,237	3%	
EBITDA / (Loss) <i>Margin (%)</i>	134 20%	218 26%	(39)%	207 29%	(35)%	438 20%	622 31%	(30%)	<i>Q-o-Q Sales decrease was due to decrease in volumes and slight decrease in realisations</i>
Interest	2	2	<i>nm</i>	2	<i>nm</i>	6	3	100%	
Depreciation	10	11	(9)%	11	(9)%	32	34	(6)%	
Profit / (Loss) Before Tax	122	205	(40)%	194	(37)%	400	585	(32%)	
Net Profit / (Loss) <i>Margin (%)</i>	92 14%	155 19%	(41)%	139 19%	(34)%	294 13%	452 22%	(35%)	
Earnings Per Share (Rs)	4.65	7.85	(41)%	7.13	(35)%	15.04	23.07	(35%)	

Notes:

1. EBITDA includes Other Income
2. All margins calculated as a percentage of Net Sales (excluding Other Income)

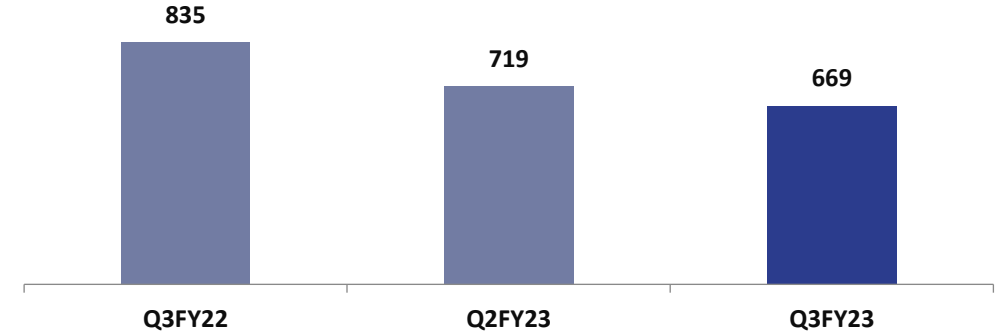
# Quarter Performance Trends



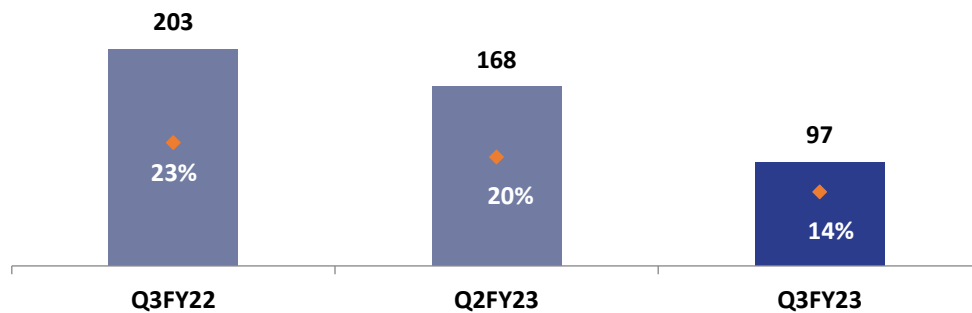
## Consolidated Net Sales



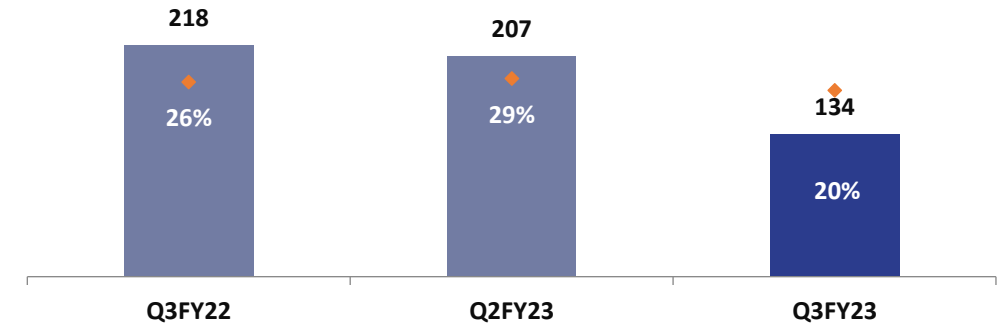
## Standalone Net Sales



## Consolidated Operating Profit / (Loss)



## Standalone Operating Profit / (Loss)



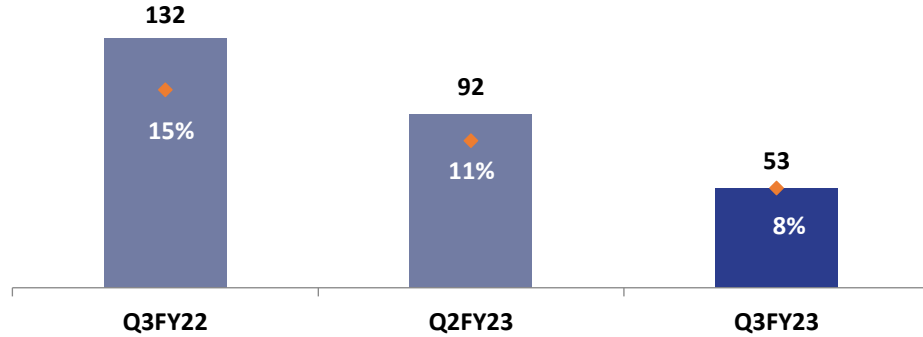
Notes:

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

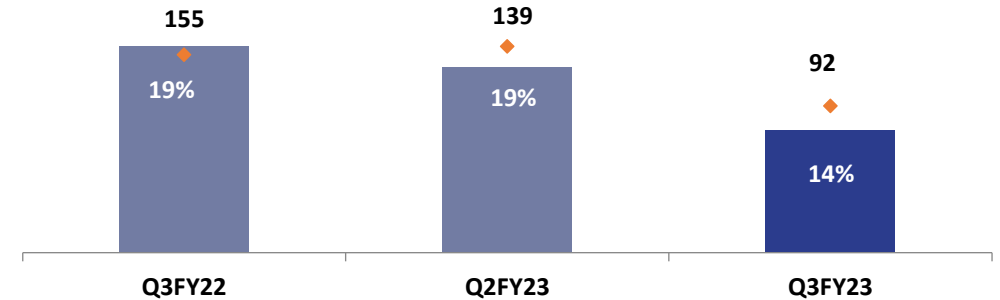
# Quarter Performance Trends



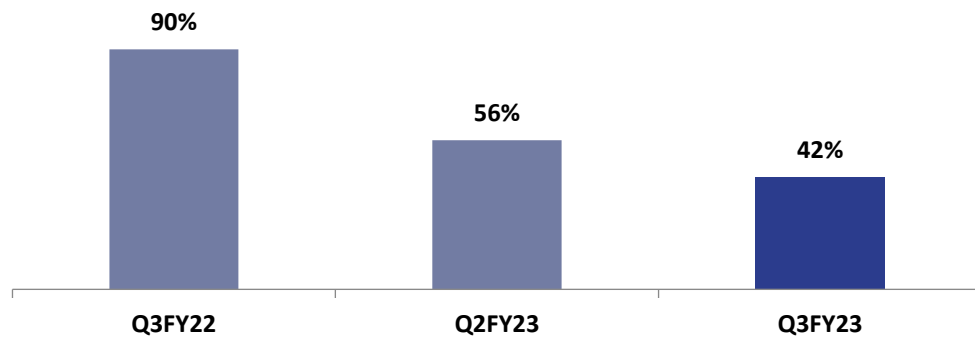
## Consolidated Net Profit / (Loss)



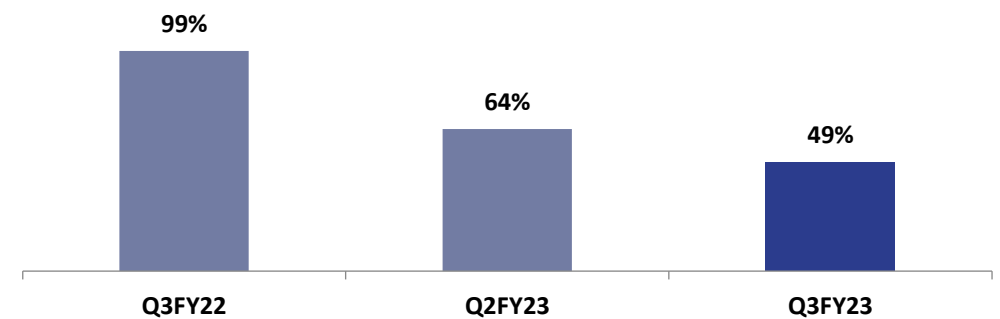
## Standalone Net Profit / (Loss)



## Consolidated Capacity Utilization



## Standalone Capacity Utilization



Note: All numbers in Crores unless specifically mentioned

Significant financial flexibility available for future organic and inorganic growth

## Consolidated Leverage Profile

(Rs. Crore)	Dec- 22	Sept- 22	June- 22	Mar- 22	Dec- 21
Cash & Cash Equivalents <sup>1</sup>	2,376	2,527	2,667	2,774	2,785
Total Debt	(345)	(415)	(464)	(428)	(333)
Net Cash	2,031	2,112	2,203	2,346	2,452

## Standalone Leverage Profile

(Rs. Crore)	Dec- 22	Sept- 22	June- 22	Mar- 22	Dec- 21
Cash & Cash Equivalents <sup>1</sup>	2,085	2,234	2,474	2,482	2,468
Total Debt	(221)	(264)	(356)	(343)	(249)
Net Cash	1,864	1,970	2,118	2,139	2,219

Notes:

1. Cash and cash equivalents include investments

# Quarterly Segment Performance



Graphite India Limited

## Consolidated Segment Performance

(Rs. Crore)	Q3		y-o-y	Q2	q-o-q
	FY2023	FY2022	Growth (%)	FY2023	Growth (%)
Graphite and Carbon	650	824	(21)%	734	(11)%
Others	51	56	(9)%	92	(45)%
Less: Inter Segment Sales	*	*	-	(1)	nm
<b>Segment Revenue</b>	<b>701</b>	<b>880</b>	<b>(20)%</b>	<b>825</b>	<b>(15)%</b>
Graphite and Carbon	71	123	(42)%	89	(20)%
Others	7	12	(42)%	36	(81)%
<b>Profit / (Loss) before tax and interest</b>	<b>78</b>	<b>135</b>	<b>(42)%</b>	<b>125</b>	<b>(38)%</b>
Finance Cost	(3)	(2)	(50)%	(4)	(25)%
Unallocated Income / (expense)	14	54	(74)%	73	(81)%
<b>Profit / (Loss) Before Tax (Before Exceptional Items and Associates)</b>	<b>89</b>	<b>187</b>	<b>(52)%</b>	<b>194</b>	<b>(54)%</b>
Share of Profit/Loss of an Associate	-	(3)	nm	-	nm
Exceptional Items	(8)	-	nm	(45)	(82)%
<b>Profit / (Loss) Before Tax</b>	<b>81</b>	<b>184</b>	<b>(56)%</b>	<b>149</b>	<b>(46)%</b>

## Standalone Segment Performance

(Rs. Crore)	Q3		y-o-y	Q2	q-o-q
	FY2023	FY2022	Growth (%)	FY2023	Growth (%)
Graphite and Carbon	618	778	(21)%	652	(5)%
Others	51	57	(11)%	68	(25)%
Less: Inter Segment Sales	*	*	nm	(1)	nm
<b>Segment Revenue</b>	<b>669</b>	<b>835</b>	<b>(20)%</b>	<b>719</b>	<b>(7)%</b>
Graphite and Carbon	90	140	(36)%	121	(26)%
Others	10	12	(17)%	14	(29)%
<b>Profit / (Loss) before tax and interest</b>	<b>100</b>	<b>152</b>	<b>(34)%</b>	<b>135</b>	<b>(26)%</b>
Finance Cost	(2)	(2)	nm	(2)	nm
Unallocated Income / (expense)	24	55	(56)%	61	(61)%
<b>Profit / (Loss) Before Tax (Before Exceptional Items and Associates)</b>	<b>122</b>	<b>205</b>	<b>(40)%</b>	<b>194</b>	<b>(37)%</b>
<b>Profit / (Loss) Before Tax</b>	<b>122</b>	<b>205</b>	<b>(40)%</b>	<b>194</b>	<b>(37)%</b>

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 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 55% 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 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 constraint for the entry of new players.



## 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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