

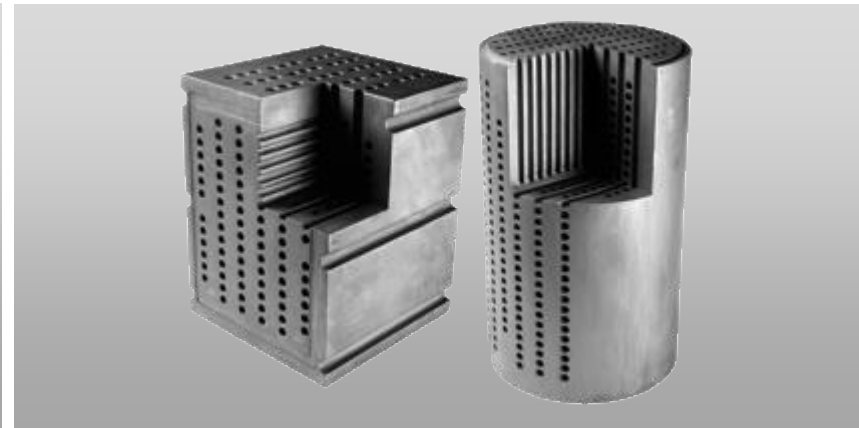
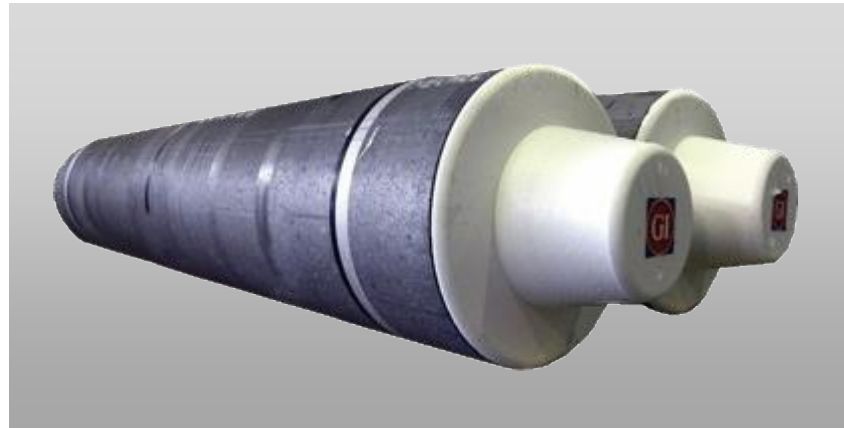
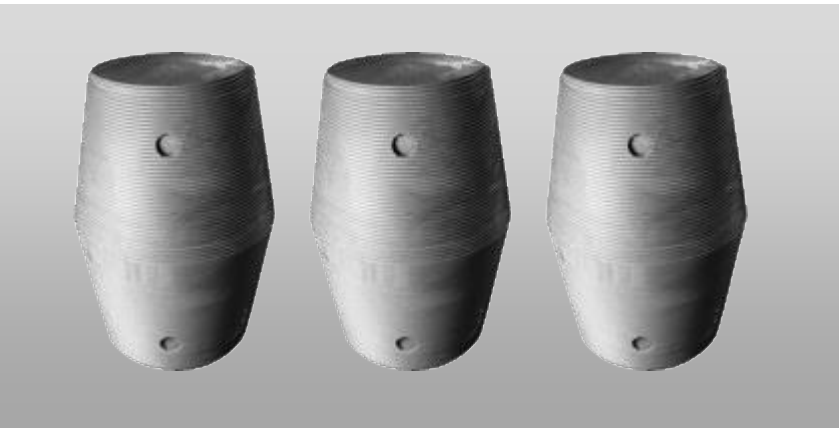




# Graphite India Limited

NSE: GRAPHITE, BSE: 509488

## Q4 and FY2023 Earnings Presentation May 30, 2023



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## Q4 and Full Year FY2023 Consolidated Financial Performance

### FY2023 Profit and Loss

- Net Sales of Rs. 3,181 Crores, up by 5.1% y-o-y
- EBITDA of Rs. 520 Crores\* with margin of 16.3%
- Net Profit of Rs. 199 Crores
- EPS of Rs. 10.19 per share

### Balance Sheet

- Gross Debt of Rs. 425 Crores
- Cash (Net of Gross Debt) of Rs. 1,931 Crores

### Q4 FY2023 Profit and Loss

- Net Sales of Rs. 815 Crores, up by 16.3% q-o-q
- EBITDA of Rs. 67 Crores with margin of 8.2%
- Net Profit of Rs. 29 Crores
- EPS of Rs. 1.58 per share

### Dividend

- Dividend announced of Rs. 8.5 per share for FY2023
- Dividend pay out ratio of 425% on the Face Value

\*EBITDA excludes Onetime expense of Rs. 75 Crores (after netting off corresponding provision created in earlier years) charged under Power and Fuel

## Q4 and Full Year FY2023 Standalone Financial Performance

### FY2023 Profit and Loss

- Net Sales of Rs. 2,913 Crores, up by 4.1% y-o-y
- EBITDA of Rs. 606 Crores\* with margin of 20.8%
- Net Profit of Rs. 350 Crores
- EPS of Rs. 17.91 per share

### Q4 FY2023 Profit and Loss

- Net Sales of Rs. 727 Crores, an increase of 8.7% q-o-q
- EBITDA of Rs. 93 Crores with margin of 12.8%
- Net Profit of Rs. 56
- EPS of Rs. 2.87 per share

### Balance Sheet

- Gross Debt of Rs. 335 Crores
- Cash (Net of Gross Debt) of Rs. 1,771 Crores

\*EBITDA excludes onetime expense of Rs. 75 Crores (after netting off corresponding provision created in earlier years) charged under Power and Fuel



K K Bangur  
Chairman

“During FY2023, Graphite India delivered Consolidated Net sales of Rs. 3,181 Cr, a growth of 5.1%, EBITDA, before one time expense is Rs. 520 Cr and Net Profit of Rs. 199 Cr. The consolidated capacity utilization during the year was 55% as compared to 81 % in FY2022. Performance during the year was impacted due to decline in volumes as customers experienced higher energy costs and business uncertainties arising from the Russia and Ukraine conflict. Despite higher realization, rising input costs resulted in lower operating margins in FY2023. Our balance sheet remains robust with a consolidated Net Cash of Rs. 1,931 Cr at the end of March 2023.

The outlook for the global steel market has deteriorated sharply due to a slowing global economy and as central banks continue to raise interest rates to contain inflation. However, recent positive developments such as China's market reopening, Europe's resilience during the energy crisis and the easing of supply chain bottlenecks is expected to support steel demand in 2023.

Despite these challenges, last year India was a bright spot in the global steel industry registering a growth of 5.5% as compared to an overall market decline of 4.2%. We also remain confident that the steel industry's accelerating efforts to decarbonize will lead to an increased adoption of Electric Arc Furnace steel production, in turn driving sustainable demand growth for graphite electrodes. In addition, the Indian steel industry is expected to continue its growth momentum backed by Government spending on infrastructure and exports, both of which may positively impact electrode demand.

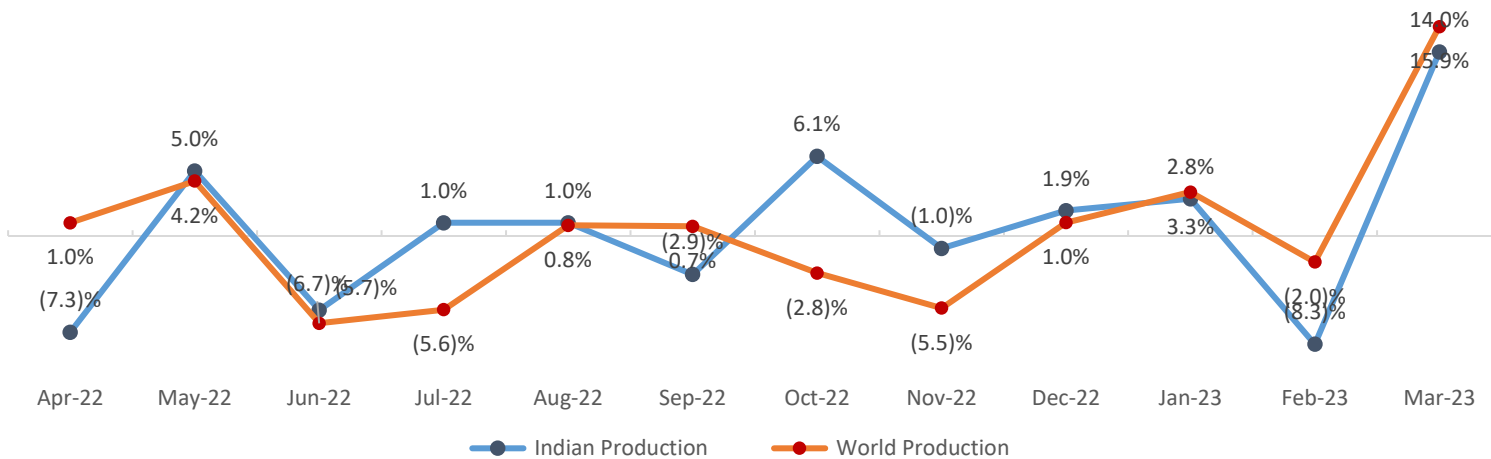
Looking to the year ahead, Graphite India's top priority is to focus on the optimum utilization of its resources and improvement in manufacturing efficiencies towards growing its overall profitability.”

# Steel Industry Overview

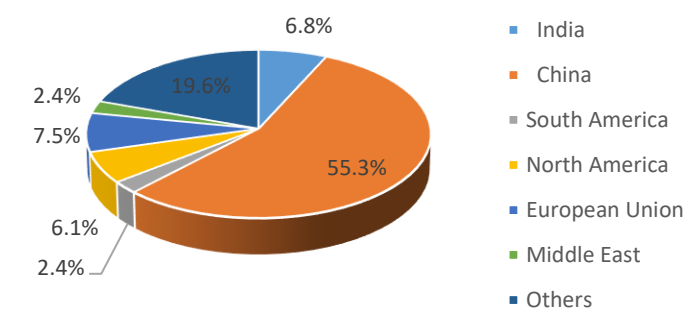


Crude Steel Production (million MT)	Three Months Ended					Year Ended		
	Mar-23	Mar-22	Y-o-Y (%)	Dec-22	Q-o-Q (%)	2022	2021	Y-o-Y (%)
Asia and Oceania	345.6	332.9	3.8%	313.6	10.2%	1,351.3	1,382.0	(2.2)%
India	33.2	31.9	4.1%	31.5	5.4%	124.7	118.2	5.5%
China	261.6	243.4	7.5%	232.2	12.7%	1,013.0	1,034.7	(2.1)%
Others	50.8	57.6	(11.8)%	49.9	1.8%	213.6	229.1	(6.8)%
South America	10.3	10.7	(3.7)%	10.4	(1.0)%	43.3	45.6	(5.0)%
North America	26.8	28.5	(6.0)%	26.9	(0.4)%	111.4	117.8	(5.4)%
European Union	33.1	36.0	(8.1)%	31.0	6.8%	136.7	152.5	(10.4)%
Middle East	8.9	10.9	(18.3)%	11.7	(23.9)%	44.0	41.2	6.8%
Others	34.6	39.9	(13.3)%	33.5	3.3%	191.8	221.3	(13.3)%
<b>Total 64 Countries as per WSA</b>	<b>459.3</b>	<b>458.9</b>	<b>0.1%</b>	<b>427.1</b>	<b>7.5%</b>	<b>1,831.5</b>	<b>1,911.9</b>	<b>(4.2)%</b>

M-o-M Growth (%)



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 a total of 64 Countries as per WSA which accounts for 98% of total world crude steel production

## Q1 CY2023 Steel Production <sup>(1)</sup>

- As per the World Steel Association (WSA) global crude steel production was 459.3 Mt in Q1 CY2023, an increase of 0.1% y-o-y and 7.5% on q-o-q basis. Global crude steel production excluding China declined by 8.3% on y-o-y and increased by 1.4% q-o-q basis
- China crude steel production for Q1 CY2023 was 261.6 Mt, representing a growth of 7.5% y-o-y and 12.7% on q-o-q basis
- India's crude steel production in Q1 CY2023 was 33.2 Mt, an increase of 4.1% y-o-y and 5.4% on q-o-q
- The EU produced 33.1 Mt of crude steel in Q1 CY2023, a decline of 8.1% y-o-y and a growth of 6.8% on q-o-q basis
- Japan produced 21.6 Mt in Q1 CY2023, a decline of 6.1% y-o-y and an increase of 0.9% on q-o-q basis
- North America produced 26.8 Mt of crude steel in Q1 CY2023, a decline of 6.0% y-o-y and 0.4% on q-o-q basis
- The Middle East produced 8.9 Mt of crude steel in Q1 CY2023, a sharp decline of 18.3% y-o-y basis and 23.9% on q-o-q basis

## Steel Industry Outlook <sup>(2)</sup>

- 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](#)



- 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
- China's crude steel capacity has shown modest growth for 2023 as Chinese steelmakers plan to bring up to 118 million MT/year of new crude steel capacity on stream through a capacity swap mechanism
- 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
- 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 electric arc furnaces
- 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)	Q4		y-o-y	Q3		Full Year Ended		y-o-y	Comments
	FY2023	FY2022	Growth (%)	FY2023	Growth (%)	FY2023	FY2022	Growth (%)	
Net Sales (Excluding Other Income)	815	844	(3.4%)	701	16.3%	3,181	3,026	5.1%	<i>Y-o-Y Sales had higher realisation but adversely impacted by lower sales volume</i>
Other Income	5	71	(93.0%)	33	(84.8%)	133	294	(54.8%)	
Total Income	820	915	(10.4%)	734	11.7%	3,314	3,320	(0.2%)	
EBITDA / (Loss) excluding One Time Expense	67	159	(57.9%)	105	(30.9%)	520	769	(32.4%)	<i>Q-o-Q Sales volume improved but there was decrease in realisation</i>
Margin (%)	8.2%	18.8%		15.0%		16.3%	25.4%		
EBITDA / (Loss)	67	159	(57.9%)	105	(30.9%)	445	769	(42.1%)	<i>A provision of Rs. 53 Crores was made during the year on German electrode production closure</i>
Margin (%)	8.2%	18.8%		15.0%		14.0%	25.4%		
Interest	4	2	50.0%	3	33.3%	13	5	160.0%	
Depreciation	15	14	7.1%	13	15.4%	57	55	3.6%	
Profit / (Loss) Before Tax (before Exceptional items and Associates)	48	143	(66.4%)	89	(40.7%)	375	709	(47.1%)	
Share of Profit/(Loss) of an Associate	-	(2)	nm	-	nm	-	(16)	nm	
Exceptional Items	-	-	nm	(8)	(100.0%)	(53)	-	nm	
PBT after Exceptional Items	48	141	(66.0%)	81	(34.2%)	322	693	(53.5%)	
Net Profit / (Loss)	29	95	(69.5%)	53	(45.3%)	199	505	(60.6%)	
Margin (%)	3.6%	11.3%		7.6%		6.3%	16.7%		
Earnings Per Share (Rs)	1.58	4.82	(67.2%)	2.66	(40.6%)	10.19	25.82	(60.5%)	

Notes:

- 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



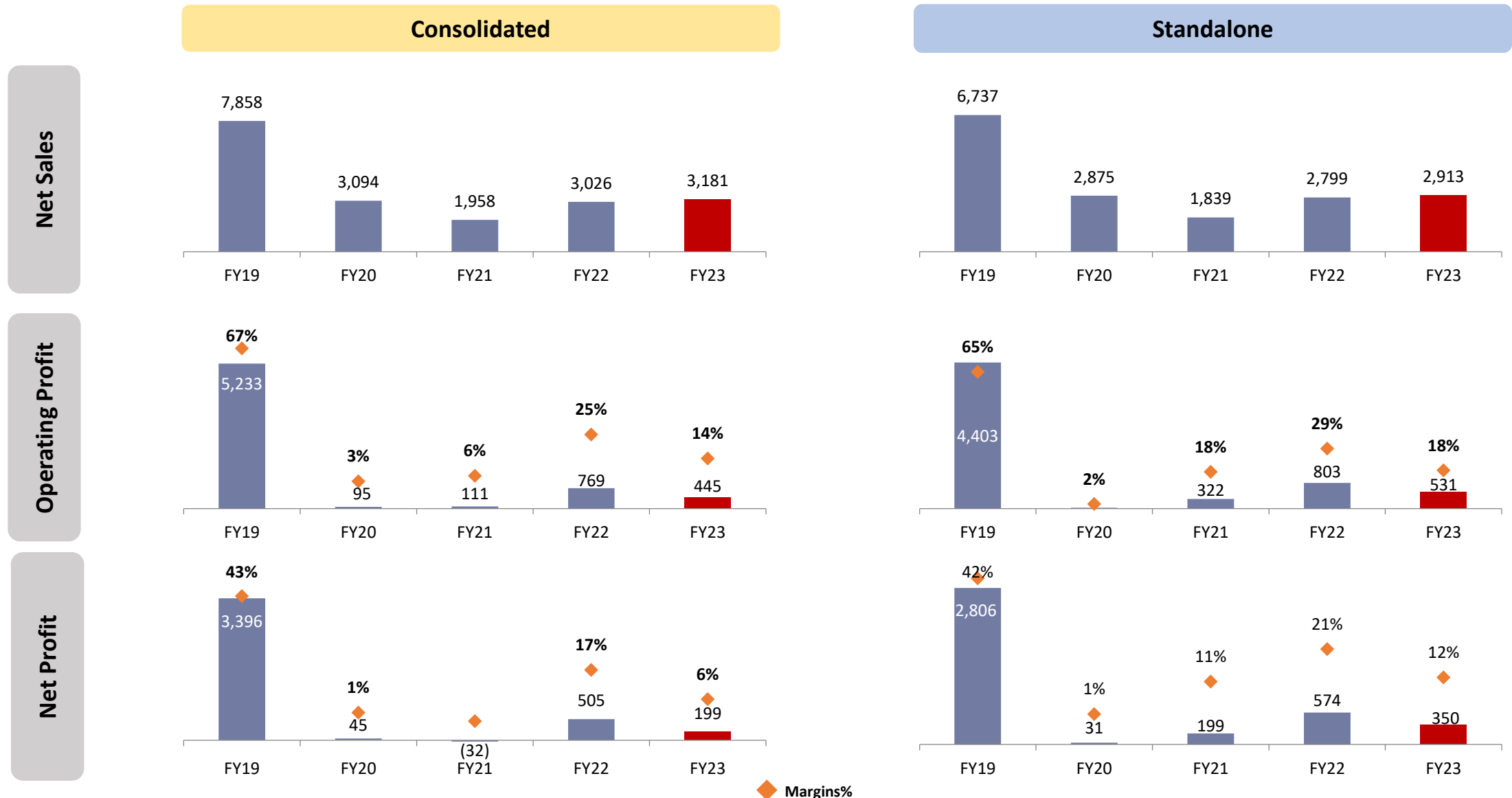
Graphite India Limited

(Rs. Crore)	Q4FY23		y-o-y Growth (%)	Q3FY23		Year Ended		y-o-y Growth (%)	Comments
	FY2023	FY2022		FY2023	q-o-q Growth (%)	FY2023	FY2022		
Net Sales	727	767	(5.2%)	669	8.7%	2,913	2,799	4.1%	Y-o-Y Sales had higher realisation but adversely impacted by lower sales volume
Excluding Other Income									
Other Income	7	74	(90.5%)	39	(82.1%)	133	279	(52.3%)	
Total Income	734	841	(12.7%)	708	3.7%	3,046	3,078	(1.0%)	
EBITDA / (Loss) excluding One Time Income and Expense	93	181	(48.6%)	134	(30.6%)	606	803	(24.5%)	Q-o-Q Sales volume improved but there was decrease in realisation
Margin (%)	12.8%	23.6%		20.0%		20.8%	28.7%		
EBITDA / (Loss)	93	181	(48.6%)	134	(30.6%)	531	803	(33.9%)	
Margin (%)	12.8%	23.6%		20.0%		18.2%	28.7%		
Interest	3	1	200.0%	2	nm	9	4	125.0%	
Depreciation	14	12	16.7%	10	40.0%	46	46	-	
Profit / (Loss) Before Tax (before Exceptional items and Associates)	76	168	(54.8%)	122	(37.7%)	476	753	(36.8%)	
PBT after Exceptional Items	76	168	(54.8%)	122	(37.7%)	476	753	(36.8%)	
Net Profit	56	122	(54.1%)	92	(39.1%)	350	574	(39.0%)	
Margin (%)	7.7%	15.9%		13.8%		12.0%	20.5%		
Earnings Per Share	2.87	6.32	(54.6%)	4.65	(38.3%)	17.91	29.39	(39.1%)	

Notes:

1. EBITDA includes onetime expense of net charge of Rs. 75 Crores (after netting off corresponding provision created in earlier years) charged under 'Power and Fuel' expenses EBITDA includes Other Income
2. All margins calculated as a percentage of Net Sales (excluding Other Income)

# Annual Performance Trends

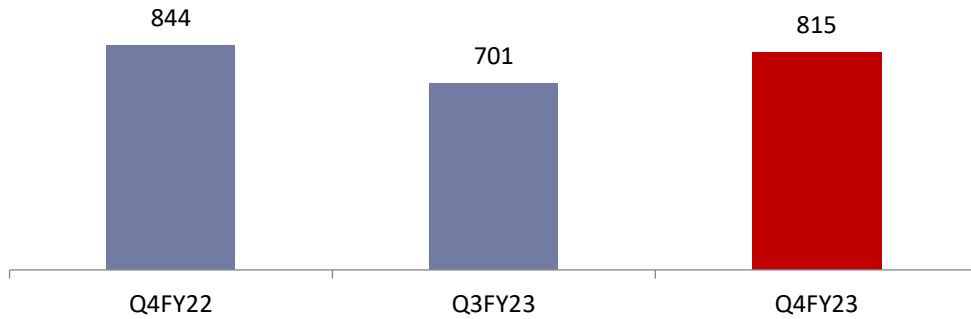


\* All numbers in Crores unless specifically mentioned. Operating profit is as reported without adjustment for CSR expense and one time income

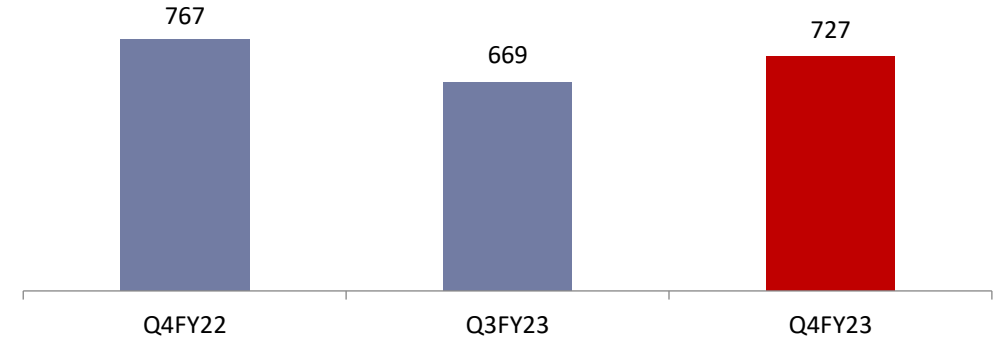
# Quarter Performance Trends



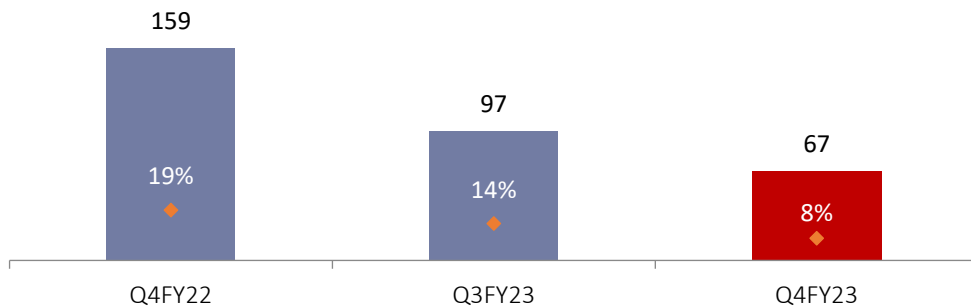
## Consolidated Net Sales



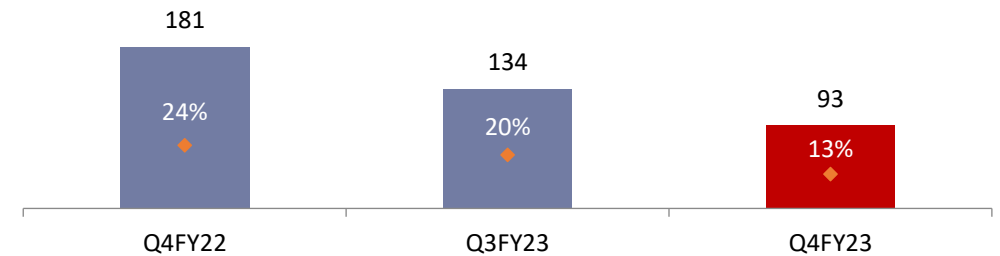
## Standalone Net Sales



## Consolidated Operating Profit / (Loss)



## Standalone Operating Profit / (Loss)



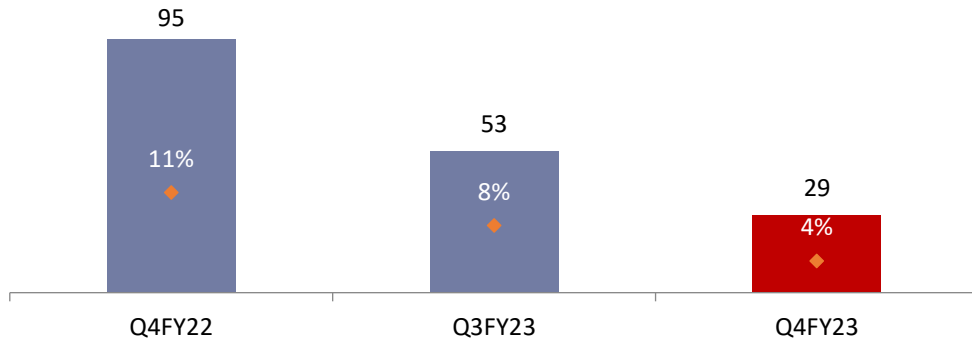
Notes:

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

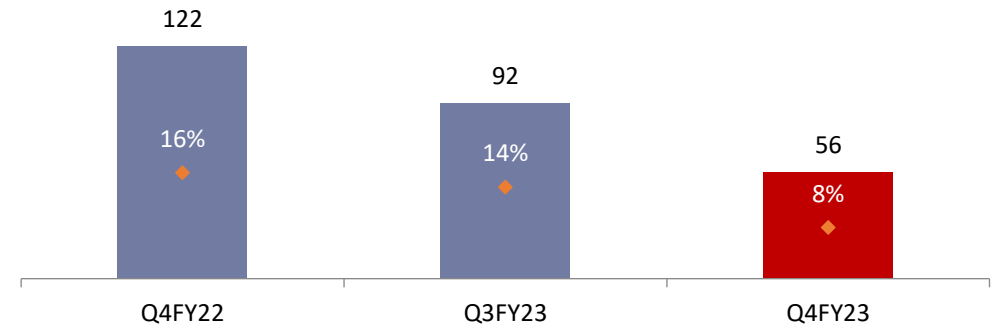
# Quarter Performance Trends



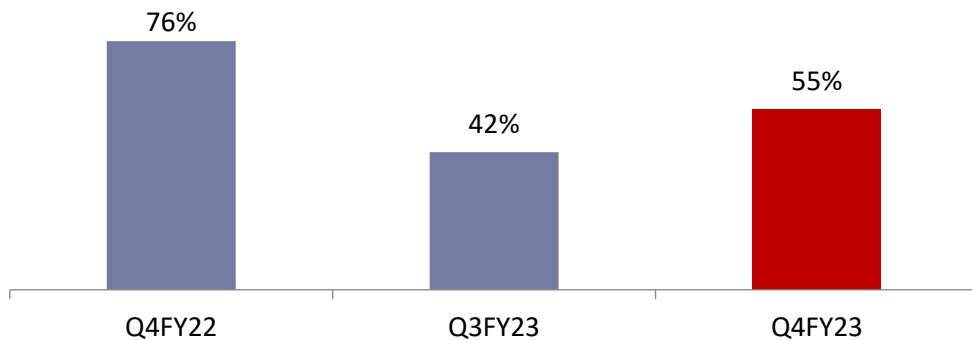
## Consolidated Net Profit / (Loss)



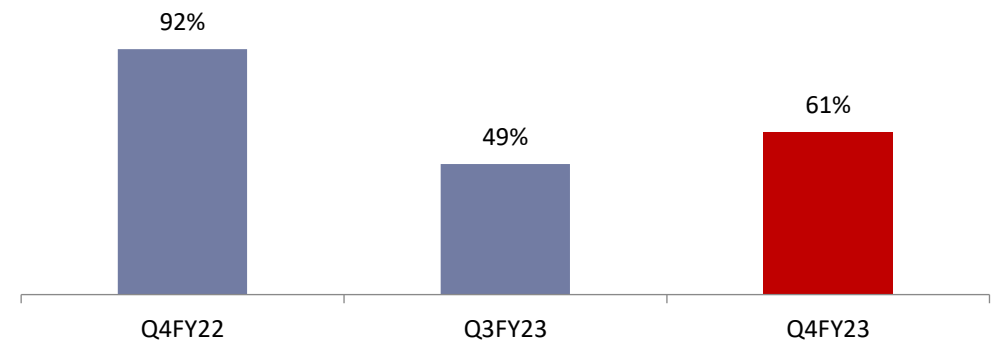
## Standalone Net Profit / (Loss)



## 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)	Mar- 23	Dec- 22	Sept- 22	June- 22	Mar- 22
Cash & Cash Equivalents <sup>1</sup>	2,356	2,376	2,527	2,667	2,774
Total Debt	(425)	(345)	(415)	(464)	(428)
Net Cash	1,931	2,031	2,112	2,203	2,346

## Standalone Leverage Profile

(Rs. Crore)	Mar- 23	Dec- 22	Sept- 22	June- 22	Mar- 22
Cash & Cash Equivalents <sup>1</sup>	2,106	2,085	2,234	2,474	2,482
Total Debt	(335)	(221)	(264)	(356)	(343)
Net Cash	1,771	1,864	1,970	2,118	2,139

Notes:

1. Cash and cash equivalents include investments

# Annual Segment Performance



Graphite India Limited

## Consolidated Segment Performance

(Rs. Crore)	Full Year		y-o-y
	FY2023	FY2022	Growth (%)
Graphite and Carbon	2,946	2,808	4.9%
Others	236	219	7.8%
Less: Inter Segment Sales	(1)	(1)	0.0%
<b>Segment Revenue</b>	<b>3,181</b>	<b>3,026</b>	<b>5.1%</b>
Graphite and Carbon	307	446	(31.2)%
Others	43	64	(32.8)%
<b>Profit / (Loss) before tax and interest</b>	<b>350</b>	<b>510</b>	<b>(31.4)%</b>
Finance Cost	(13)	(5)	160.0%
Unallocated Income / (expense)	38	204	(81.4)%
<b>Profit / (Loss) Before Tax (Before Exceptional Items and Associates)</b>	<b>375</b>	<b>709</b>	<b>(47.1)%</b>
Share of Profit/Loss of an Associate	*	(16)	nm
Exceptional Items	(53)	*	nm
<b>Profit / (Loss) Before Tax</b>	<b>322</b>	<b>693</b>	<b>(53.5)%</b>

## Standalone Segment Performance

(Rs. Crore)	Full Year		y-o-y
	FY2023	FY2022	Growth (%)
Graphite and Carbon	2,679	2,619	2.3%
Others	235	181	29.8%
Less: Inter Segment Sales	(1)	(1)	0.0%
<b>Segment Revenue</b>	<b>2,913</b>	<b>2,799</b>	<b>4.1%</b>
Graphite and Carbon	392	526	(25.5)%
Others	46	26	76.9%
<b>Profit / (Loss) before tax and interest</b>	<b>438</b>	<b>552</b>	<b>(20.7)%</b>
Finance Cost	(9)	(4)	125.0%
Unallocated Income / (expense)	47	205	(77.1)%
<b>Profit / (Loss) Before Tax (Before Exceptional Items and Associates)</b>	<b>476</b>	<b>753</b>	<b>(36.8)%</b>
Share of Profit/Loss of an Associate			
<b>Profit / (Loss) Before Tax</b>	<b>476</b>	<b>753</b>	<b>(36.8)%</b>

\* All numbers in Crores unless specifically mentioned



# Quarterly Segment Performance



Graphite India Limited

## Consolidated Segment Performance

(Rs. Crore)	Q4		y-o-y	Q3	q-o-q
	FY2023	FY2022	Growth (%)	FY2023	Growth (%)
Graphite and Carbon	763	790	(3.4)%	650	17.4%
Others	52	54	(3.7)%	51	2.0%
Less: Inter Segment Sales	*	*	nm	*	nm
<b>Segment Revenue</b>	<b>815</b>	<b>844</b>	<b>(3.4)%</b>	<b>701</b>	<b>16.3%</b>
Graphite and Carbon	78	106	(26.4)%	71	9.9%
Others	(17)	18	nm	7	nm
<b>Profit / (Loss) before tax and interest</b>	<b>61</b>	<b>124</b>	<b>(50.8)%</b>	<b>78</b>	<b>(21.8)%</b>
Finance Cost	(4)	(2)	100.0%	(3)	33.3%
Unallocated Income / (expense)	(9)	21	nm	14	nm
<b>Profit / (Loss) Before Tax (Before Exceptional Items and Associates)</b>	<b>48</b>	<b>143</b>	<b>(66.4)%</b>	<b>89</b>	<b>(46.1)%</b>
Share of Profit/Loss of an Associate	*	(2)	nm	*	nm
Exceptional Items	*	*	nm	(8)	nm
<b>Profit / (Loss) Before Tax</b>	<b>48</b>	<b>141</b>	<b>(66.0)%</b>	<b>81</b>	<b>(40.7)%</b>

## Standalone Segment Performance

(Rs. Crore)	Q4		y-o-y	Q3	q-o-q
	FY2023	FY2022	Growth (%)	FY2023	Growth (%)
Graphite and Carbon	679	726	(6.5)%	618	9.9%
Others	48	41	17.1%	51	(5.9)%
Less: Inter Segment Sales	*	*	nm	*	nm
<b>Segment Revenue</b>	<b>727</b>	<b>767</b>	<b>(5.2)%</b>	<b>669</b>	<b>8.7%</b>
Graphite and Carbon	87	137	(36.5)%	90	(3.3)%
Others	0	5	nm	10	nm
<b>Profit / (Loss) before tax and interest</b>	<b>87</b>	<b>142</b>	<b>(38.7)%</b>	<b>100</b>	<b>(13.0)%</b>
Finance Cost	(3)	(1)	nm	(2)	50.1%
Unallocated Income / (expense)	(8)	27	nm	24	nm
<b>Profit / (Loss) Before Tax (Before Exceptional Items and Associates)</b>	<b>76</b>	<b>168</b>	<b>(54.8)%</b>	<b>122</b>	<b>(37.7)%</b>
<b>Profit / (Loss) Before Tax</b>	<b>76</b>	<b>168</b>	<b>(54.8)%</b>	<b>122</b>	<b>(37.7)%</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 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.

**Graphite India Limited**  
(CIN: L10101WB1974PLC094602)  
31 Chowringhee Road, Kolkata 700 016  
Phone: +91 33 4002 9600  
Fax: +91 33 4002 9676  
[www.graphiteindia.com](http://www.graphiteindia.com)

M.K. Chhajer  
***Graphite India Limited***

+91 33 40029622  
[mkchhajer@graphiteindia.com](mailto:mkchhajer@graphiteindia.com)

Bhushan Khandelwal / Anvita Raghuram

+91 22 6169 5988

Churchgate Partners

[graphite@churchgatepartners.com](mailto:graphite@churchgatepartners.com)