



GRAPHITE INDIA LIMITED

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GIL: SEC/SM/24-25/46

November 11, 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 ended September, 2024

Dear Sir,

Earning Presentation in connection with the Company's un-audited financial results (Standalone and Consolidated) for the quarter ended 30th September, 2024 is enclosed for your information and records.

Thanking you,

Yours faithfully,
For Graphite India Limited

S. Marda
Company Secretary

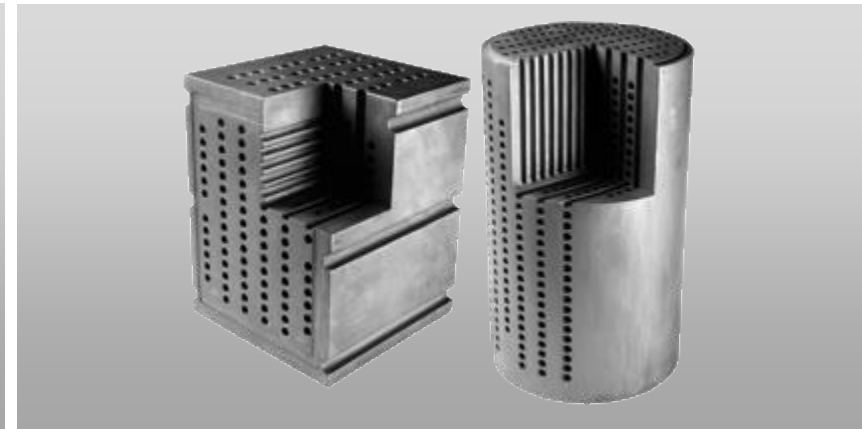
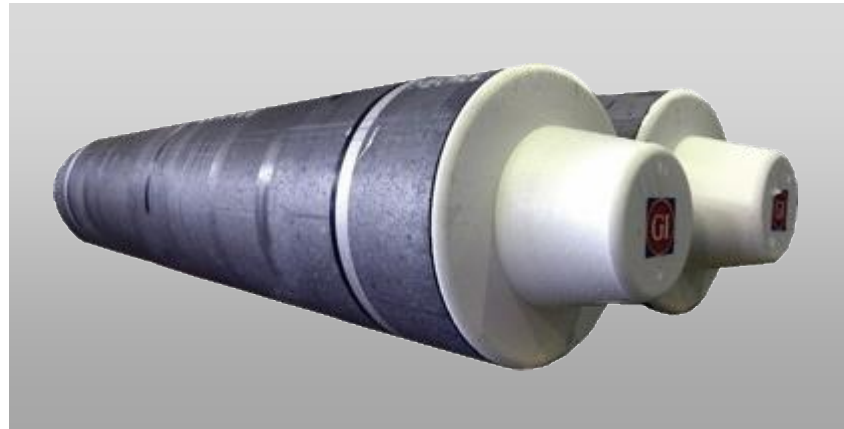
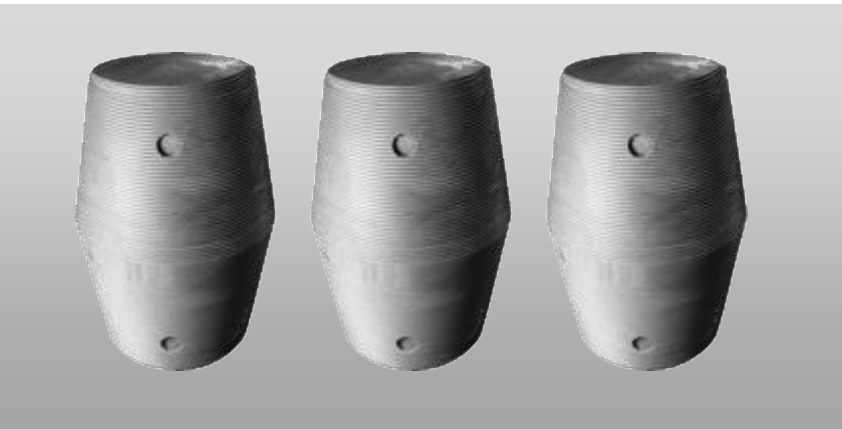
Encl. As above



Graphite India Limited

NSE: GRAPHITE, BSE: 509488

Q2 FY2025 Earnings Presentation November 11, 2024



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Q2 FY2025 Financial Performance

Q2 FY2025 Profit and Loss (Consolidated)

- Net Sales of Rs. 643 Crores, a decline of 18.9 % y-o-y
- EBITDA of Rs. 278 Crores
- Net Profit of Rs. 194 Crores as compared to a Net Profit of Rs. 802¹ Crores in Q2 FY2024
- EPS of Rs. 10.00 per share

Balance Sheet (Consolidated)

- Gross Debt of Rs. 240 Crores
- Cash (Net of Gross Debt) of Rs. 3,864 Crores

Q2 FY2025 Profit and Loss (Standalone)

- Net Sales of Rs. 586 Crores, a decline of 25.4 % y-o-y
- EBITDA of Rs. 255 Crores
- Net Profit of Rs. 182 Crores as compared to a Net Profit of Rs. 815¹ Crores in Q2 FY2024
- EPS of Rs. 9.28 per share

Balance Sheet (Standalone)

- Gross Debt of Rs. 136 Crores
- Cash (Net of Gross Debt) of Rs. 3,692 Crores

Notes:

1. Q2 FY2024 Net Profit includes a gain from sale of Bengaluru land
 - All margins calculated as a percentage of Net Sales (excluding Other Income)



K K Bangur
Chairman

“During the quarter, Graphite India delivered Consolidated Net Sales of Rs. 643 Cr, a decline of 18.9% compared to Q2 FY2024, due to lower realisations and sales volumes. The Company recorded EBITDA of Rs. 278 Cr with a Net Profit of Rs. 194 Cr. From an operations perspective, capacity utilization was 84% as compared to 87% in Q2 FY2024. Graphite India has a strong balance sheet with a Consolidated Net Cash position of Rs. 3,864 Cr at the end of September 2024.

Global and Chinese crude steel production during the quarter declined by 4.1% and 8.3% y-o-y respectively. In sharp contrast, India's crude steel production increased by 3.7% y-o-y and the country is expected to maintain this momentum for rest of the current financial year. Firmly positioned as a major global steel producer, India recorded a production of 110.3 million MT for the first nine months of 2024, an increase of 8.9% y-o-y. Steel demand in India continues to be underpinned by robust infrastructure and real estate spending and continued growth in the automotive, engineering and defense sectors.

While the pricing for graphite electrodes continues to remain under pressure, the decline in the price of imported needle coke is not commensurate, thereby impacting operating margins.

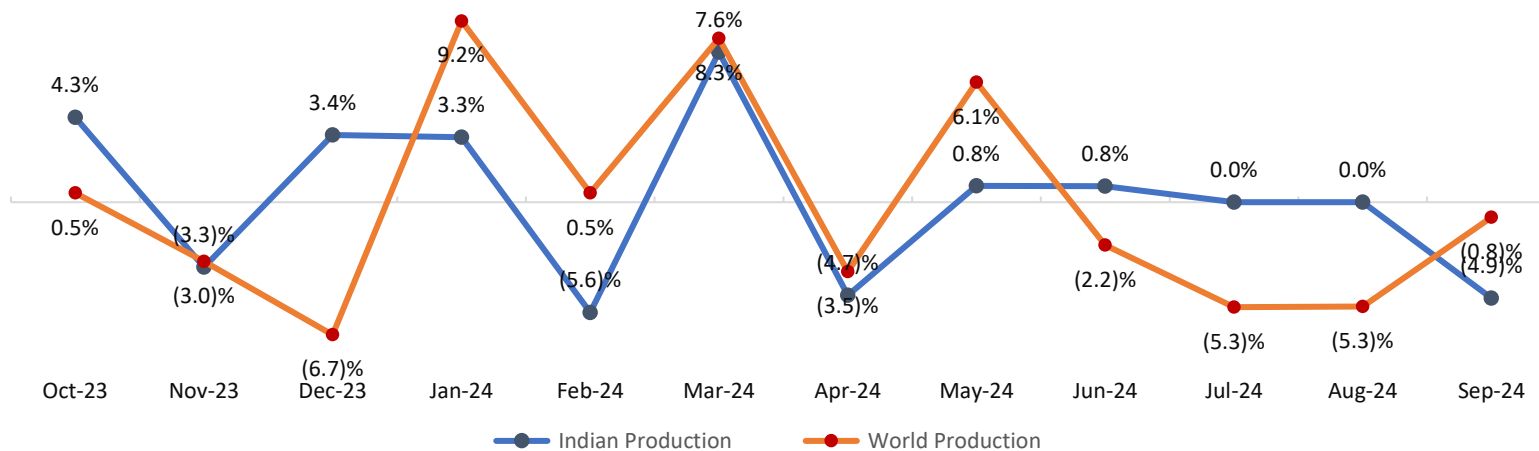
As the world moves towards decarbonisation, Graphite India will continue to benefit from the further adoption of EAF manufacturing processes by the steel industry. The management team is implementing sustainability best practices across its operations, with a particular focus on non conventional energy sources to reduce our carbon footprint, with the ultimate objective of achieving carbon neutrality. Graphite India is dedicated to achieving operational excellence with a primary focus on maximizing long term value for all stakeholders.”

Steel Industry Overview

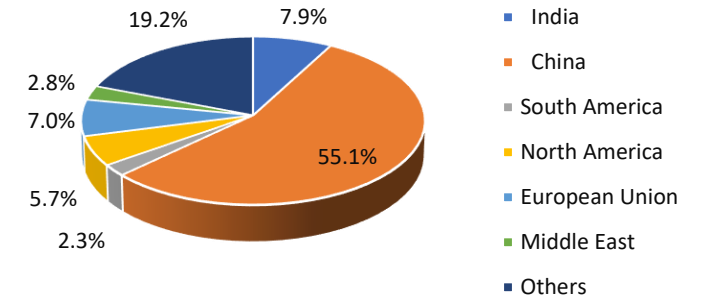


Crude Steel Production (million MT)	Three Months Ended				Nine Months Ended			
	Sept-24	Sept-23	Y-o-Y (%)	June-24	Q-o-Q (%)	9M 2024	9M 2023	Y-o-Y (%)
Asia and Oceania	325.1	346.3	(6.1)%	357.5	(9.1)%	1,032.0	1,052.2	(1.9)%
India	36.3	35.0	3.7%	36.6	(0.8)%	110.3	101.3	8.9%
China	237.9	259.3	(8.3)%	270.4	(12.0)%	768.5	794.7	(3.3)%
Others	50.9	52.0	(2.1)%	50.5	0.8%	153.2	156.2	(1.9)%
South America	10.8	10.2	5.9%	10.2	5.9%	31.4	31.0	1.3%
North America	26.4	27.6	(4.3)%	27.2	(2.9)%	80.0	82.4	(2.9)%
European Union	30.4	30.0	1.3%	34.1	(10.9)%	97.8	96.4	1.5%
Middle East	10.6	9.5	11.6%	14.4	(26.4)%	38.4	31.2	23.1%
Others	38.1	36.9	3.3%	38.8	(1.8)%	114.60	128.74	(10.99)%
Total 64 Countries as per WSA	441.4	460.5	(4.1)%	482.2	(8.5)%	1,394.2	1,421.9	(1.95)%

M-o-M Growth (%)



9M 2024 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

Q3 CY2024 Steel Production ⁽¹⁾

- As per the World Steel Association (WSA), global crude steel production was 441.4 million MT in Q3 CY2024, decline of 4.1% y-o-y. Global crude steel production excluding China increased marginally by 1.1% on a y-o-y basis
- China's crude steel production for Q3 CY2024 was 237.9 million MT, a decline of 8.3% y-o-y
- India's crude steel production in Q3 CY2024 was 36.3 million MT, an increase of 3.7% y-o-y
- The EU produced 30.4 million MT of crude steel in Q3 CY2024, an increase of 1.3% y-o-y
- North America produced 26.4 million MT of crude steel in Q3 CY2024, a decline of 4.3% y-o-y
- Japan's crude steel production for Q3 CY2024 was 20.6 million MT, a decline of 4.2% y-o-y
- The Middle East produced 10.6 million MT of crude steel in Q3 CY2024, an increase of 11.6% 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 drop by 0.9% in 2024 to reach 1,751 million MT. In 2025, steel demand will grow by 1.2% to 1,772 million MT
- Steel demand in the developing world excluding China is projected to grow by 3.5% in 2024 and 4.2% in 2025, driven by India's robust growth and a rebound in other major emerging economies
- India remains the strongest driver of steel demand growth since 2021, with an expected 8.0% increase over 2024-2025. This growth is largely driven by expanding infrastructure investments across steel consuming sectors
- 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 67% of steel consumption in India
- In the 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)	Q2		y-o-y	Q1	q-o-q	Half Yearly		y-o-y	Comments	
	FY2025	FY2024	Growth (%)	FY2025	Growth (%)	FY2025	FY2024	Growth (%)		
Net Sales	643	793	(18.9%)	728	(11.7%)	1,371	1,540	(11.0%)	Y-o-Y and Q-o-Q sales impacted by lower realisations and volume	
Other Income	168	91	84.6%	194	(13.4%)	362	169	nm		
Total Income	811	884	(8.3%)	922	(12.0%)	1,733	1,709	1.4%		
EBITDA / (Loss) ¹	278	61	nm	307	(9.4%)	585	48	nm		
Margin (%)	43.2%	7.7%		42.2%		42.7%	3.1%			
Interest	4	4	-	3	33.3%	7	10	(30.0%)		
Depreciation	22	19	15.8%	20	10.0%	42	37	13.5%		
PBT before Exceptional Items	252	38	nm	284	(11.3%)	536	1	nm		Increase in Other Income was due to favorable financial markets
Exceptional Items ²	-	954	-	-	-	-	954	-		
PBT after Exceptional Items	252	992	(74.6%)	284	(11.3%)	536	955	(43.9%)		
Net Profit	194	802	(75.8%)	236	(17.8%)	430	772	(44.3%)		
Margin (%)	30.2%	101.1%		32.4%		31.4%	50.1%			
Earnings Per Share	10.00	41.13	(75.7%)	12.11	(17.4%)	22.11	39.57	(44.1%)		

Notes:

- The Company, in accordance with the applicable Ind AS, has recognized its inventory on Net Realizable Value (NRV) basis to the extent applicable and has accordingly written down the carrying cost of inventory of Rs. 149 Crores, Rs. 208 Crores and Rs. 257 Crores during Q2 FY2025, Q1 FY2025 and Q2 FY2024 respectively
- Includes a net gain of Rs. 954 Crores related to the sale of land in Bengaluru

Standalone Financial Performance



(Rs. Crore)	Q2		y-o-y	Q1	q-o-q	Half Yearly		y-o-y	Comments
	FY2025	FY2024	Growth (%)	FY2025	Growth (%)	FY2025	FY2024	Growth (%)	
Net Sales	586	786	(25.4%)	672	(12.8%)	1,258	1,506	(16.5%)	Y-o-Y and Q-o-Q sales impacted by lower realisations and volume Increase in Other Income was due to favorable financial markets
Other Income	166	87	90.8%	190	(12.6%)	356	159	nm	
Total Income	752	873	(13.9%)	862	(12.8%)	1,614	1,665	(3.1%)	
EBITDA / (Loss) ¹	255	72	nm	265	(3.8%)	520	58	nm	
Margin (%)	43.5%	9.2%		39.4%		41.3%	3.9%		
Interest	3	4	(25.0%)	1	nm	4	8	(50.0%)	
Depreciation	20	17	17.6%	18	11.1%	38	33	15.2%	
PBT before Exceptional Items	232	51	nm	246	(5.7%)	478	17	nm	
Exceptional Item ²	-	954	-	-	-	-	954	-	
PBT after Exceptional Items	232	1,005	(76.9%)	246	(5.7%)	478	971	(50.8%)	
Net Profit	182	815	(77.7%)	205	(11.2%)	387	788	(50.9%)	
Margin (%)	31.1%	103.7%		30.5%		30.8%	52.3%		
Earnings Per Share	9.28	41.74	(77.8%)	10.49	(11.5%)	19.77	40.35	(51.0%)	

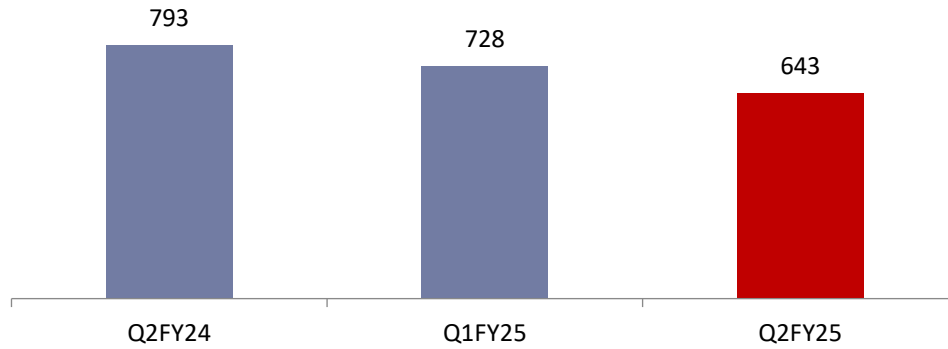
Notes:

1. The Company, in accordance with the applicable Ind AS, has recognized its inventory on Net Realizable Value (NRV) basis to the extent applicable and has accordingly written down the carrying cost of inventory of Rs. 140 Crores, Rs. 192 Crores and Rs. 226 Crores during Q2 FY2025, Q1 FY2025 and Q2 FY2024 respectively
2. Includes a net gain of Rs. 954 Crores related to the sale of land in Bengaluru

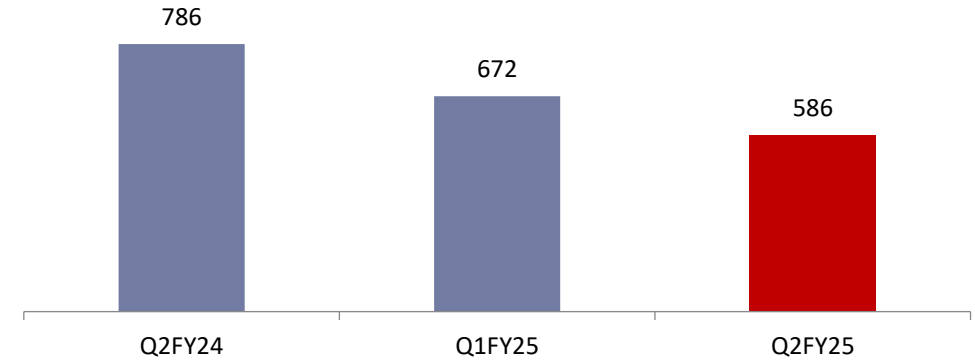
Quarter Performance Trends



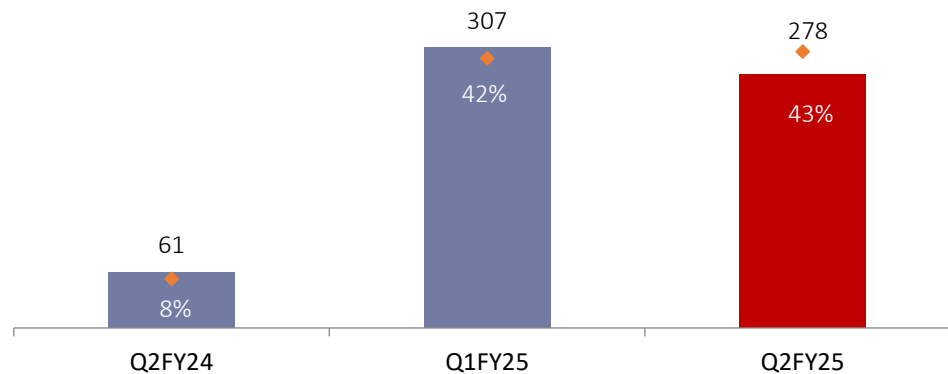
Consolidated Net Sales



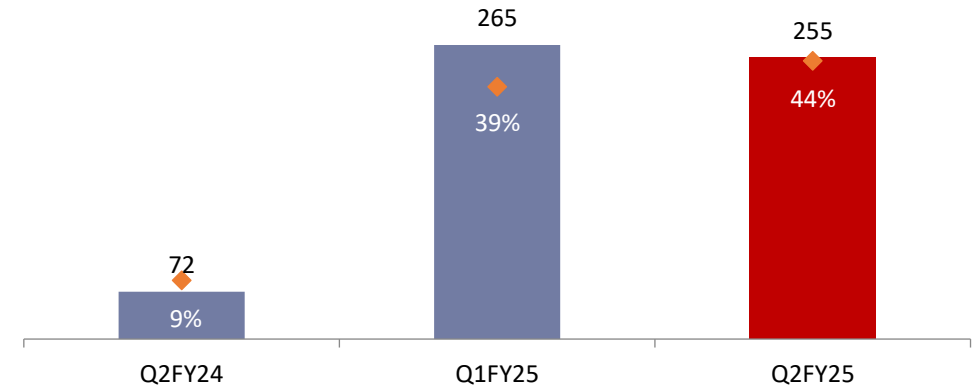
Standalone Net Sales



Consolidated Operating Profit / (Loss)



Standalone Operating Profit / (Loss)



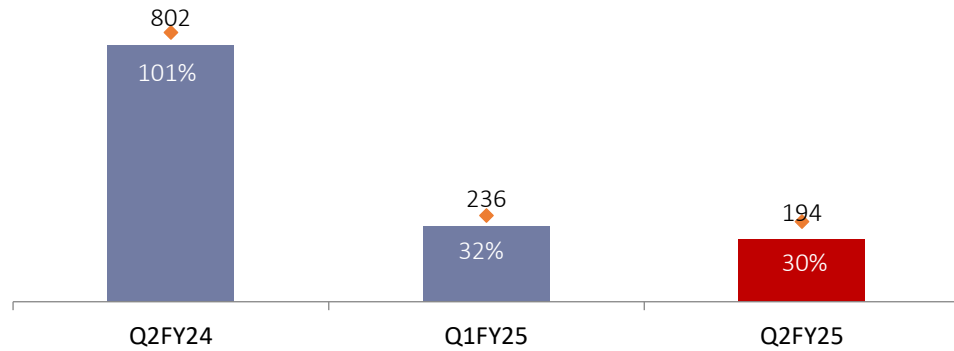
Notes:

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

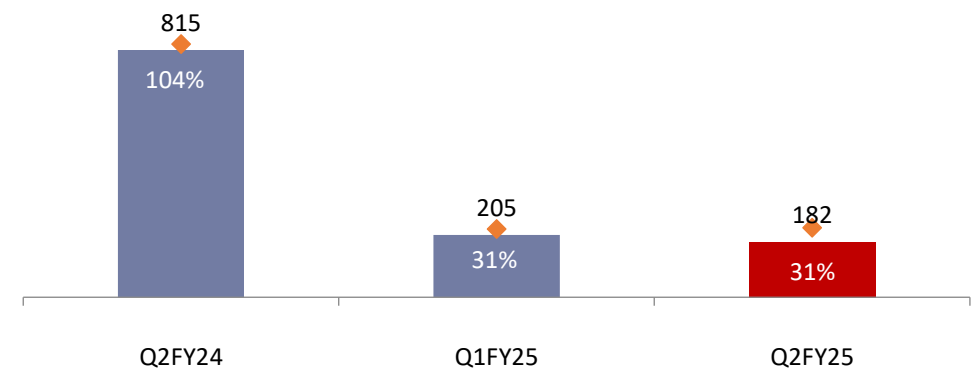
Quarter Performance Trends



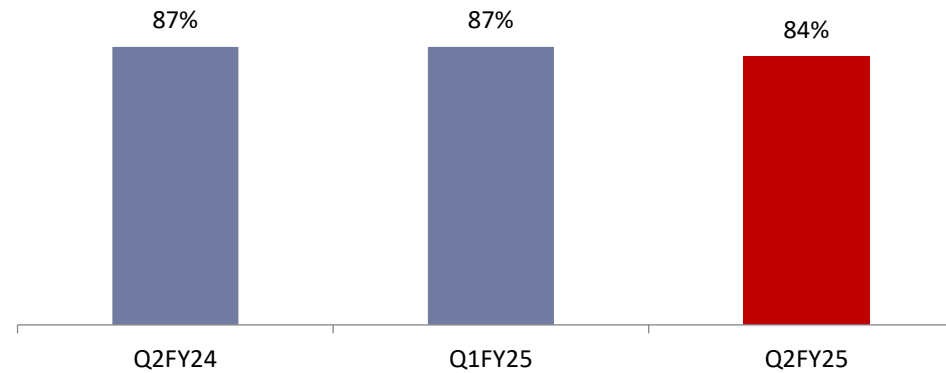
Consolidated Net Profit / (Loss)



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)	Sept- 24	June- 24	Mar- 24	Dec- 23	Sept- 23
Cash & Cash Equivalents ¹	4,104	3,986	3,484	3,404	3,520
Total Debt	(240)	(257)	(177)	(225)	(341)
Net Cash	3,864	3,729	3,307	3,179	3,179

Standalone Leverage Profile

(Rs. Crore)	Sept- 24	June- 24	Mar- 24	Dec- 23	Sept- 23
Cash & Cash Equivalents ¹	3,828	3,822	3,344	3,124	3,120
Total Debt	(136)	(172)	(96)	(143)	(266)
Net Cash	3,692	3,650	3,248	2,981	2,854

Notes:

1. Cash and cash equivalents include investments

Quarterly Segment Performance



Graphite India Limited

Consolidated Segment Performance

(Rs. Crore)	Q2		y-o-y Growth (%)	Q1	
	FY2025	FY2024		FY2025	q-o-q Growth (%)
Graphite and Carbon	554	741	(25.2%)	624	(11.2%)
Others	90	53	69.8%	105	(14.3%)
Less: Inter Segment Sales	1	1	-	1	-
Segment Revenue	643	793	(18.9%)	728	(11.7%)
Graphite and Carbon	69	(31)	nm	60	15.0%
Others	35	(1)	nm	52	(32.7%)
Profit / (Loss) Before Tax and Interest	104	(32)	nm	112	(7.1%)
Finance Cost	(4)	(4)	-	(3)	33.3%
Unallocated Income / (expense)	152	74	nm	175	(13.1%)
Profit / (Loss) Before Tax (Before Exceptional Items)	252	38	nm	284	(11.3%)
Exceptional Items	-	954	-	-	-
Profit / (Loss) Before Tax	252	992	(74.6%)	284	(11.3%)

Standalone Segment Performance

(Rs. Crore)	Q2		y-o-y Growth (%)	Q1	
	FY2025	FY2024		FY2025	q-o-q Growth (%)
Graphite and Carbon	520	731	(28.9%)	612	(15.0%)
Others	67	56	19.6%	61	9.8%
Less: Inter Segment Sales	1	1	-	1	-
Segment Revenue	586	786	(25.4%)	672	(12.8%)
Graphite and Carbon	72	(22)	nm	65	10.8%
Others	13	3	nm	8	62.5%
Profit / (Loss) Before Tax and Interest	85	(19)	nm	73	16.4%
Finance Cost	(3)	(4)	(25.0%)	(1)	-
Unallocated Income / (expense)	150	74	nm	174	(13.8%)
Profit / (Loss) Before Tax (Before Exceptional Items)	232	51	nm	246	(5.7%)
Exceptional Items	-	954	-	-	-
Profit / (Loss) Before Tax	232	1,005	(76.9%)	246	(5.7%)

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 has also partially installed wind power plants with an installed capacity of 16.8 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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