

December 16, 2025

Management Meet Update

Key Financials - Consolidated

| Y/e Mar | FY22 | FY23 | FY24 | FY25 |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m) | 30,265 | 31,809 | 29,497 | 25,600 |
| EBITDA (Rs. m) | 4,746 | 3,122 | -1,441 | 2,534 |
| Margin (%) | 15.7 | 9.8 | (4.9) | 9.9 |
| PAT (Rs. m) | 5,046 | 1,994 | 8,081 | 4,621 |
| EPS (Rs.) | 25.8 | 10.2 | 41.4 | 23.7 |
| Gr. (%) | NA | -60.5 | 305.9 | -42.8 |
| DPS (Rs.) | 10.0 | 8.5 | 11.0 | 11.0 |
| Yield (%) | 1.8 | 1.6 | 2.0 | 2.0 |
| RoE (%) | 10.6 | 4.0 | 15.3 | 8.1 |
| RoCE (%) | 13.2 | 5.2 | 18.8 | 9.7 |
| EV/Sales (x) | 2.6 | 2.5 | 2.7 | 3.1 |
| EV/EBITDA (x) | 16.7 | 25.4 | (55.0) | 31.3 |
| PE (x) | 21.2 | 53.6 | 13.2 | 23.1 |
| P/BV (x) | 2.16 | 2.2 | 1.9 | 1.8 |

Key Data

GRPH.BO | GRIL IN

| | |
|---------------------|-------------------------|
| 52-W High / Low | Rs.652 / Rs.366 |
| Sensex / Nifty | 85,213 / 26,027 |
| Market Cap | Rs.106.7bn/ \$ 1,176.4m |
| Shares Outstanding | 195.4m |
| 3M Avg. Daily Value | Rs.741.0m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 65.34 |
| Foreign | 6.60 |
| Domestic Institution | 9.58 |
| Public & Others | 18.48 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|-------|-------|-------|
| Absolute | (4.4) | 1.6 | (2.8) |
| Relative | (4.9) | (2.8) | (8.3) |

Tushar Chaudhari

tusharchaudhari@plindia.com | 91-22-663222391

Satyam Kesarwani

satyamkesarwani@plindia.com | 91-22-66322218

Pranav Iyer

pranaviyer@plindia.com | 91-22-66322539

Play on rising EAF steel production share

We met the management of Graphite India (GRIL) to understand the industry dynamics and the company's long-term strategy. GRIL is one of the largest graphite electrode producers in India with an installed capacity of 80ktpa. The company has a geographically well-diversified customer base, with a leading market share (50%+) in India and also exports to the rest of Asia, Europe and the US. The management highlighted that weakness in the electrode business is expected to continue through H2FY26, with improvement likely thereafter as steel demand improves. Graphite electrodes are consumables used in electric arc furnace (EAF) to melt the scrap. Global steel production via the EAF route has been growing at 2.3% CAGR over the last two decades. This share is expected to increase further as the decarbonization drive intensifies, driving demand for graphite electrodes. Chinese curtailment of steel production and improvement in developed economies' steel sector remain key monitorables for graphite electrode demand over the medium-to-long term.

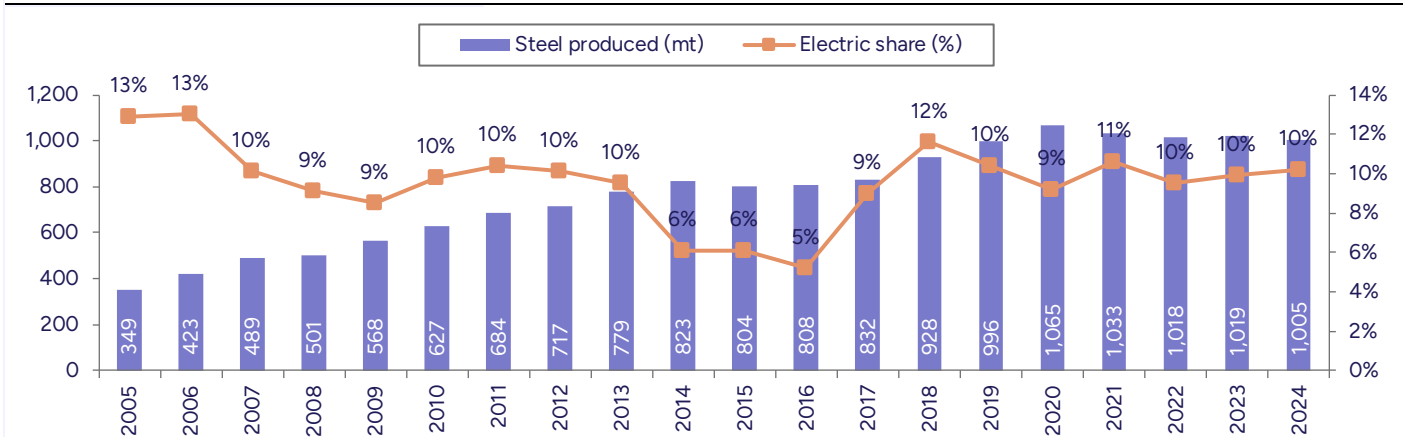
Graphite electrode industry is facing headwinds from excess capacity in the last few years, leading to weak pricing and high raw material prices, mainly of needle coke. Needle coke is sourced from refineries in the US, the UK and Japan operating sweet crude, and its demand remains strong due to its rising usage in lithium-ion battery anodes. Multiple shutdowns of electrode capacities have been reported across Europe and Japan in the last 2 years, which would drive pricing higher once global steel demand improves in 2027. With strong operational capabilities and financial discipline, GRIL is well positioned to meet the rising demand from both domestic and international customers. The stock is trading at EV of 31.3x of FY25 EBITDA. Not Rated.

- Rising share of EAF in steel production – Slow but sustainable:** As per the World Steel Association, global steel production via the EAF route has increased from 358mt (31.7% of total) in 2005 to 548mt (29.1%) in 2024. Over the last 2 decades, steel production via the EAF route has clocked 2.3% CAGR, while overall steel production has grown at a higher CAGR of 2.7%, suggesting higher investments in the BF-BOF route. China, which had vowed to increase EAF share to 20% from 10% over the past decade, was still producing only 10.2% of total steel via the EAF route in 2024. As Chinese government is rationalizing steel capacities and trying to control CO2 emissions over next few years, we expect focused shift to the EAF route in the country to continue.
- Electrode capacity cuts in developed countries augur well for Indian producers:** Steel making in the US and Europe is mainly via the EAF route due to environmental concerns and unavailability of cheaper key raw materials for BF-BOF. As Europe implements CBAM from 2026, demand for steel produced via the EAF route is expected to increase, as it emits 75% less CO2 compared to BF-BOF. If China implements its anti-involution strategy stringently in 2026, excess electrode supplies could be curtailed. Over the last 2 years, declining electrode prices have significantly pressured cash flows and profitability for most electrode producers operating in the developed markets.

This has led to significant cut in capacities over the last few quarters, auguring well for long term pricing.

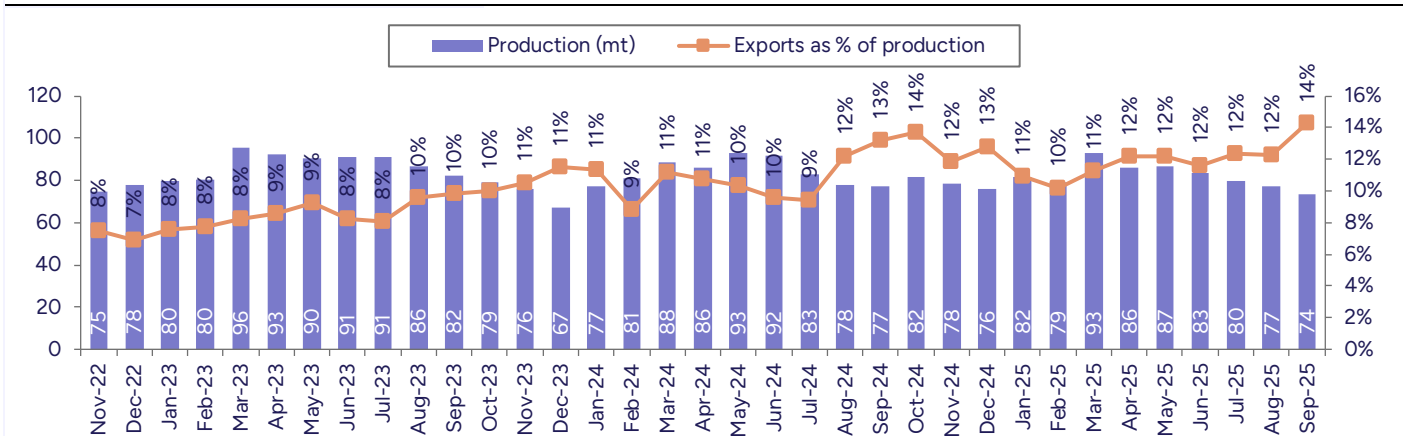
- China holds the key again:** Like most of the commodities, pricing in the graphite electrode pricing is significantly influenced by Chinese supply. In 2017, China cut the supplies due to anti-pollution measures and impact of *Hurricane Harvey*. This had a ripple effect on the global electrode market with prices nearly quadrupling by 2018. Although it is not expected to repeat, the Chinese government's efforts to rationalize old steel capacities and curtail steel production are expected to benefit the electrode industry. Even a partial reduction in its electrode exports would support global capacity utilization and pricing. The steel industry is facing a similar situation, with steel exports as a percentage of production having touched 14% in Sep'25. As domestic steel demand is expected to remain weak due to a subdued property market, curtailment of excess production or stimulus-led demand growth remains the only option for China. A phase out of old BF-BOF furnaces in China can lead to higher usage of electrodes domestically, thereby resulting in lower exports.

Exhibit 1: Share of EAF in steel production still at 10.2% in China in 2024



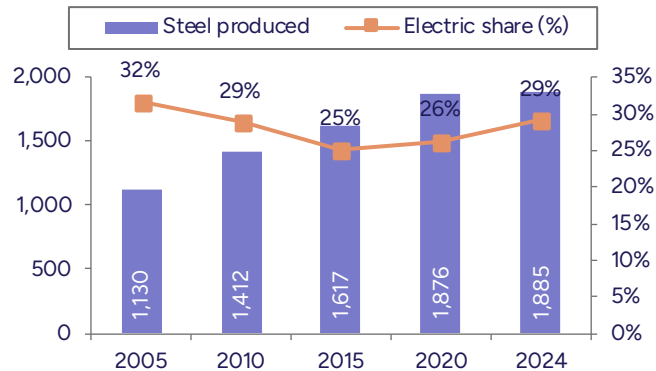
Source: Industry, PL

Exhibit 2: Global steel exports at its peak post FY16, putting significant pressure on steel pricing



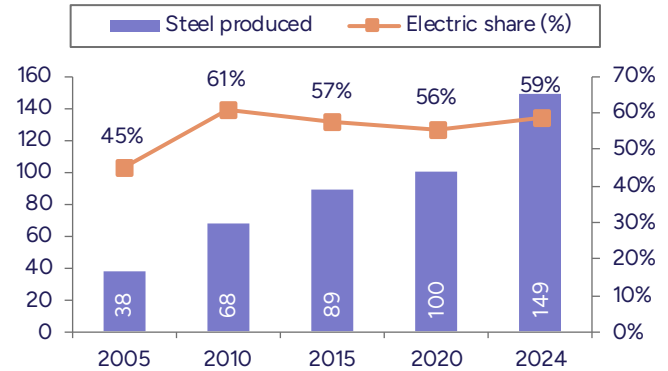
Source: Industry, PL

Exhibit 3: Share of EAF in steel production – world



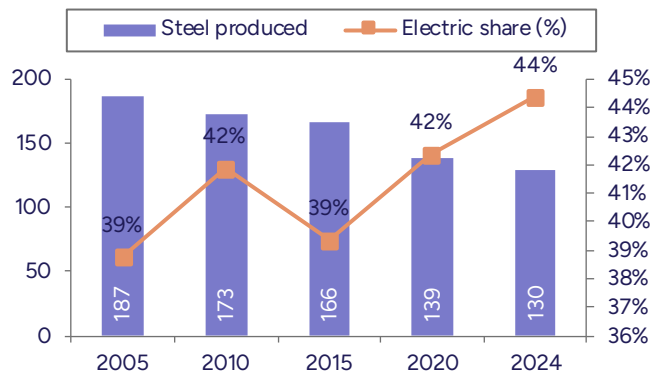
Source: Industry, PL

Exhibit 4: Share of EAF in steel production – India



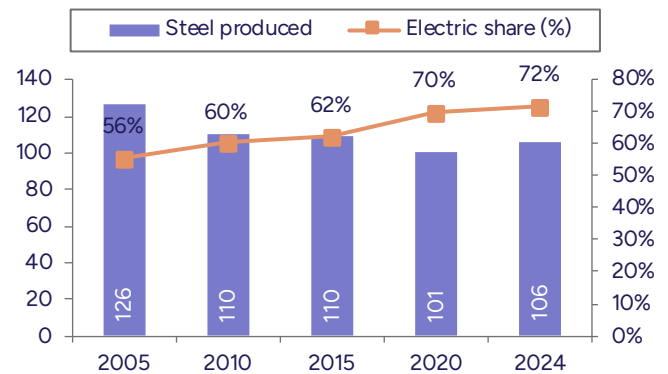
Source: Industry, PL

Exhibit 5: Share of EAF in steel production – EU



Source: Industry, PL

Exhibit 6: Share of EAF in steel production – N America



Source: Industry, PL

Improvement in developed economies post ongoing trade deals

- With most of the infrastructure in the US and Europe being over 40 years old, as economies improve, spending on infrastructure is expected to improve over the long term. The American Society of Civil Engineers estimates the US requires USD7-8trn in infrastructure investment by 2035 across sectors, viz., transportation, water & sewage water, energy and local facilities. This implies average annual investment need of USD700–900bn per year over the next decade to maintain, repair, modernize and expand existing economic infrastructure.
- According to a recent BCG study, Europe stands at a turning point. Europe (EU & broader region) requires ~EUR12trn in infrastructure investment by 2040, roughly EUR800bn per year (more than double the current spend rate of EUR300bn) to remain competitive, decarbonize, and modernize networks. This includes energy, transport, digital and buildings.
- Any improvement in developed economies (which looks distant currently) can aid in demand for electrodes.

Global electrode industry suffering from Chinese oversupplies

- Graphite electrode industry is highly consolidated with top 5 global players accounting for ~75% of the high-end UHP electrode capacity. Majority of this capacity is located in high-cost regions (viz., the US, Europe and Japan). Due to the global oversupply situation led by China, most of the high-cost regional (EU, Japan, etc.) capacities have been curtailed over the past few quarters. GRIL's German unit is also closed due to unviability at current prices. Amid this situation, only Indian players have announced capex for increasing capacities in the country, where they have operating cost advantages.

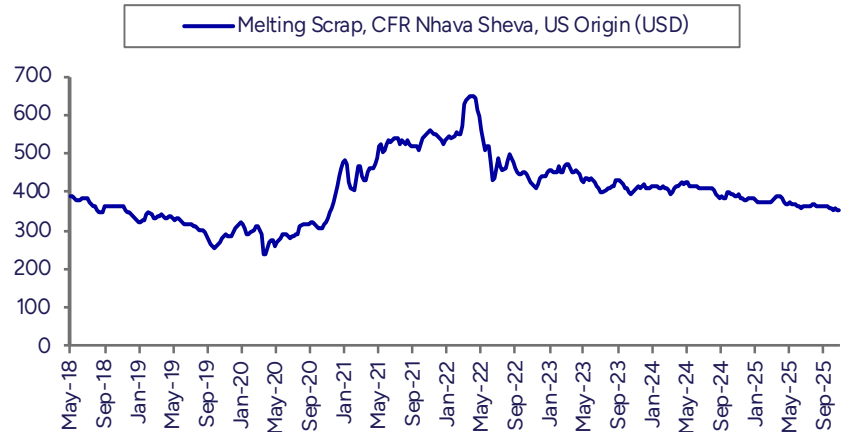
Exhibit 7: Top global players having graphite electrode capacities

| Company | Capacity (ktpa) | Country |
|--------------------|-----------------|---------|
| Fangda Carbon | 190 | China |
| GrafTech | 178 | US |
| Resonac | 140 | Japan |
| Tokai Carbon | 98 | Japan |
| HEG | 100 | India |
| GRIL | 80 | India |
| Planned capacities | 40 | India |

Source: Company, PL; GRIL has planned 25ktpa capacity expansion in 2 phases

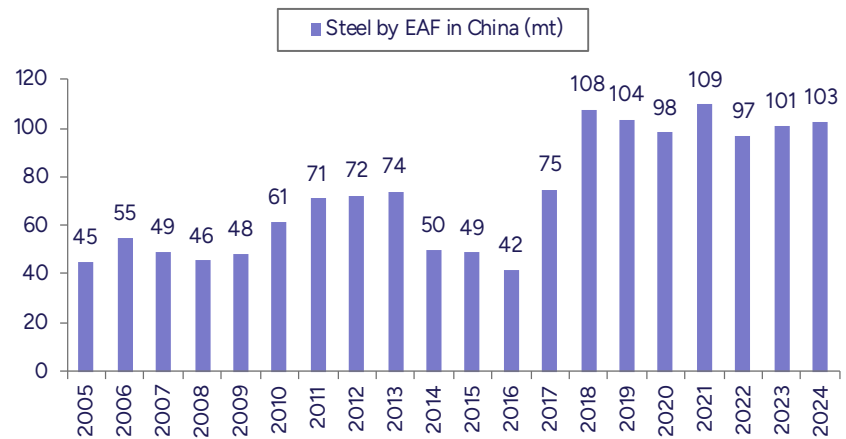
- But weak pricing power:** Indian electrode market capacity stands at ~80ktpa with 2 dominant players serving the markets, along with Chinese imports. GRIL has over 50% share in the domestic market, followed by HEG at ~27%; Chinese players account for the rest. Chinese suppliers offer electrodes at significantly lower prices, as India does not levy import duties on graphite electrodes.
- Rising focus on overseas market:** GRIL is expected to improve its focus on overseas markets, mainly the US and Japan, as demand in the US is expected to improve and Japan has levied ADD on Chinese imports.
- Ongoing capex:** GRIL expects incremental global demand of 150-200ktpa for graphite electrodes over the next 5 years, driven by EAF capacity additions in select regions such as the US. GRIL is planning capacity expansion of 25ktpa over next 3 years in 2 phases with an investment of Rs6bn, entirely funded by internal accruals. Phase 1 is expected to get commissioned by end-FY27.
- Small share of steel's CoP:** 1t of EAF steel requires 1.5-1.6kg of electrodes (depending upon age of furnace, newer being more efficient requires only 1.2kg, and older can consume ~2kg). Thus, electrodes form only 2-3% of steel CoP and can be easily passed through by EAF steel producers.
- But key raw material is in demand:** 1t of UHP requires equivalent amount of needle coke, which is the primary raw material. Needle coke is obtained from refineries using sweet crude and imported mainly from the US, the UK and Japan. There are limited players and usage of needle coke has increased in lithium-ion battery anodes recently, keeping prices high. As EV batteries CoP is still evolving, the situation is expected to remain under control.

Exhibit 8: Scrap prices normalizing after sharp rise post Ukraine issue



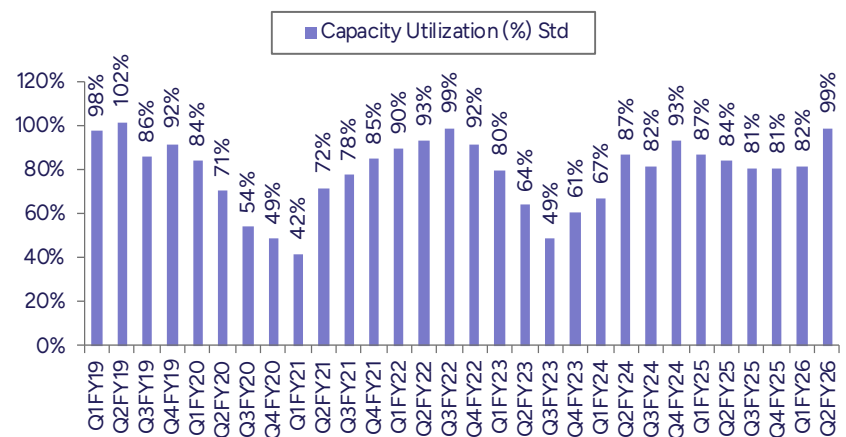
Source: Industry, PL

Exhibit 9: Steel production by EAF route in China (mt)



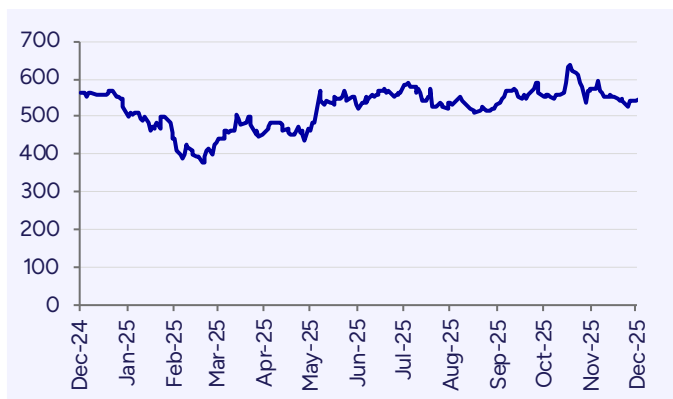
Source: Industry, PL

Exhibit 10: GRIL Capacity utilization expected to remain at 85-90%



Source: Company, PL

Price Chart



Recommendation History

No. Date Rating TP (Rs.) Share Price (Rs.)

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|---------------------------|------------|---------|------------------|
| 1 | ACC | BUY | 2,374 | 1,882 |
| 2 | Adani Port & SEZ | BUY | 1,777 | 1,444 |
| 3 | Ambuja Cement | BUY | 718 | 577 |
| 4 | Dalmia Bharat | Accumulate | 2,372 | 2,250 |
| 5 | Hindalco Industries | Accumulate | 846 | 790 |
| 6 | Jindal Stainless | Hold | 748 | 743 |
| 7 | Jindal Steel | Accumulate | 1,151 | 1,071 |
| 8 | JSW Infrastructure | BUY | 336 | 265 |
| 9 | JSW Steel | Hold | 1,118 | 1,166 |
| 10 | National Aluminium Co. | BUY | 281 | 235 |
| 11 | NMDC | Accumulate | 86 | 77 |
| 12 | Nuvoco Vistas Corporation | Accumulate | 459 | 412 |
| 13 | Shree Cement | Accumulate | 29,850 | 26,100 |
| 14 | Steel Authority of India | Hold | 143 | 137 |
| 15 | Tata Steel | Accumulate | 188 | 166 |
| 16 | Ultratech Cement | Accumulate | 13,425 | 12,370 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Tushar Chaudhari- MMS-Finance, Mr. Satyam Kesarwani- BFM, Passed CFA Level II, Mr. Pranav Iyer- BBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Tushar Chaudhari- MMS-Finance, Mr. Satyam Kesarwani- BFM, Passed CFA Level II, Mr. Pranav Iyer- BBA Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com