

May 22, 2017

₹ 110

Graphite India (CAREVE)

EBITDA margin disappoints...

- Graphite India reported a dismal set of Q4FY17 numbers wherein the topline was in line with our estimates but EBITDA and EBITDA margin were lower than our estimates. PAT was largely supported by other income and tax credit
- The domestic operations of the company clocked capacity utilisation of 89% during quarter. Gross income from operations was at ₹ 397.5 crore. After adjusting for excise duty, net operating income was at ₹ 373.4 crore (up 6.9% YoY but up 10.6% QoQ), broadly in line with our estimate of ₹ 370.9 crore
- EBITDA was at ₹ 14.7 crore (down 52.6% YoY, 59.7% QoQ) significantly lower than our estimate of ₹ 55.5 crore. EBITDA margins were at 3.9% (our estimate: 15%, Q4FY16: 8.8% and Q3FY17: 10.8%)
- The company reported other income of ₹ 31.2 crore, up 124.1% YoY, 141.4% QoQ and higher than our estimate of ₹ 17.6 crore. The company benefited from write-back of income tax provision arising out of favourable income tax orders amounting to ₹ 29.9 crore against our estimate of tax expense of ₹ 20.1 crore. Subsequently, GIL reported PAT of ₹ 62.0 crore (up 1.9% YoY and 46.7% QoQ) higher than our estimate: ₹ 40.9 crore

Model capacity utilisation of 80% for FY18E, 85% for FY19E...

Graphite India reported healthy utilisation level for Q4FY17 (89% in Q4FY17 compared to capacity utilisation of 85% in Q3FY17, 70% in Q4FY16). Demand for graphite electrodes has started picking up after the inventory correction at the customers' end, auguring well for the company. Going forward, on a standalone, basis we have modelled capacity utilisation of 85% for FY18E and 88% for FY19E. On a consolidated basis, we have modelled capacity utilisation of 80% for FY18E and 85% for FY19E (the management has guided capacity utilisation of ~85% for FY18E).

Operating margins to get augmented from current levels...

During the quarter, despite healthy capacity utilisation, higher input costs and lower realisations impacted the EBITDA margins. Going forward, we expect EBITDA margins to improve on the back of increased volumes, realisations and cost rationalisation. Graphite India is likely to enjoy economies of scale with improvement in capacity utilisation. In the next couple of years, we expect consolidated EBITDA margins to increase from 2.7% in FY17P to 6.5% in FY18E and 8.5% in FY19E.

Revise capacity utilisation upwards...

Graphite India reported healthy capacity utilisation for Q4FY17. Capacity utilisation for the quarter was at 89%, a tad lower than our estimate of 90%. Going forward, we have upward revised the consolidated capacity utilisation level to 80% for FY18E (from 75% earlier) and 85% for FY19E (from 78% earlier). On account of oligopoly nature of the graphite electrode market globally, we have valued the company at 9.0x FY19E EV/EBITDA thereby arriving at a target price of ₹ 105, with a **HOLD** recommendation on the stock.

| Rating matrix | | |
|------------------|---|-----------|
| Rating | : | Hold |
| Target | : | ₹ 105 |
| Target Period | : | 12 months |
| Potential Upside | : | -5% |

| What's Changed? | | |
|-----------------|-----------------------------|--|
| Target | Changed from ₹ 100 to ₹ 105 | |
| EPS FY18E | Changed from ₹ 5.5 to ₹ 5.4 | |
| EPS FY19E | Changed from ₹ 7.5 to ₹ 7.9 | |
| Rating | Unchanged | |

| Quarterly Performance (Standalone) | | | | | |
|------------------------------------|--------|--------|----------|--------|----------|
| | Q4FY17 | Q4FY16 | YoY (%) | Q3FY17 | QoQ (%) |
| Revenue | 373.4 | 349.3 | 6.9 | 337.6 | 10.6 |
| EBITDA | 14.7 | 30.9 | -52.6 | 36.4 | -59.7 |
| EBITDA (%) | 3.9 | 8.8 | -492 bps | 10.8 | -684 bps |
| PAT | 62.0 | 28.6 | 117.0 | 23.4 | 165.1 |

| Key Financials | | | | |
|------------------------|--------|--------|--------|--------|
| (₹ Crore) | FY16 | FY17 P | FY18E | FY19E |
| Total Operating Income | 1532.4 | 1467.8 | 1748.9 | 1886.4 |
| EBITDA | 138.8 | 39.6 | 114.1 | 160.7 |
| Net Profit | 61.5 | 70.5 | 106.1 | 153.8 |
| EPS | 3.1 | 3.6 | 5.4 | 7.9 |

| Valuation summary | | | | |
|-------------------|------|--------|-------|-------|
| | FY16 | FY17 P | FY18E | FY19E |
| PE (x) | 35.0 | 30.5 | 20.3 | 14.0 |
| Target PE (x) | 33.4 | 29.1 | 19.4 | 13.3 |
| EV/EBITDA (x) | 14.5 | 43.6 | 14.5 | 9.6 |
| P/BV (x) | 1.2 | 1.2 | 1.2 | 1.1 |
| RoNW (%) | 3.5 | 3.8 | 5.9 | 8.1 |
| RoCE (%) | 4.4 | -0.3 | 3.4 | 5.7 |

| Stock data | |
|---------------------------------|---------------|
| Particular | Amount |
| Market Capitalisation | ₹ 2149 Crore |
| Debt (FY17 P) | ₹ 259.2 Crore |
| Cash & Cash Equivalent (FY17 P) | ₹ 683 Crore |
| EV | ₹ 1726 Crore |
| 52 week H/L | 137 / 70 |
| Equity capital | ₹ 39.1 Crore |
| Face value | ₹ 2 |

| Price performance (%) | | | | |
|-----------------------|------|------|------|------|
| Return % | 1M | 3M | 6M | 12M |
| HEG | -2.7 | 49.3 | 76.6 | 72.9 |
| Graphite India | -7.4 | 11.9 | 51.8 | 55.3 |

| Research Analyst | |
|------------------|-------------------------------------|
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Variance analysis

| | Q4FY17 | Q4FY17E | Q4FY16 | YoY (%) | Q3FY17 | QoQ (%) | |
|--------------------------|--------|---------|--------|----------|--------|----------|---|
| Revenue | 373.4 | 370.9 | 349.3 | 6.9 | 337.6 | 10.6 | Topline came broadly in line with our estimates |
| Other Income | 31.2 | 17.6 | 13.9 | 124.1 | 12.9 | 141.4 | Other income came in higher than our estimates |
| Employee Expense | 41.1 | 38.8 | 31.8 | 29.2 | 38.8 | 5.9 | |
| Raw Material Expense | 161.9 | 136.7 | 169.7 | -4.6 | 118.1 | 37.2 | Raw material cost came in higher than our estimates |
| Power & Fuel Expense | 63.3 | 57.6 | 40.6 | 56.1 | 62.5 | 1.4 | Power and fuel cost came in higher than our estimates |
| Other operating expenses | 92.4 | 82.2 | 76.4 | 21.0 | 81.9 | 12.8 | Other expenses came in higher than our estimates |
| EBITDA | 14.7 | 55.5 | 30.9 | -52.6 | 36.4 | -59.7 | EBITDA came in lower than our estimates |
| EBITDA Margin (%) | 3.9 | 15.0 | 8.8 | -492 bps | 10.8 | -684 bps | EBITDA margin came in lower than our estimates |
| Depreciation | 12.6 | 9.8 | 11.0 | 15.0 | 9.6 | 31.4 | |
| Interest | 1.1 | 2.4 | 2.2 | -50.7 | 2.1 | -48.6 | |
| Exceptional Items | 0.0 | 0.0 | 0.0 | NA | 0.0 | NA | |
| PBT | 32.1 | 60.9 | 31.6 | 1.6 | 37.5 | -14.4 | |
| Tax Outgo | -29.9 | 20.1 | 3.0 | -1,081.9 | 14.2 | -311.0 | The company benefited from write back of income tax provision arising out of favourable income tax orders |
| PAT | 62.0 | 40.9 | 28.6 | 117.0 | 23.4 | 165.1 | The PAT came in higher than our estimates |

Key Metrics

| | | | | | |
|--|-----|-----|-----|-----|---|
| Capacity Utilisation Level (%) ; Domestic Operations | 89% | 90% | 70% | 85% | The capacity utilisation came in a tad lower than our estimates |
|--|-----|-----|-----|-----|---|

Source: Company, ICICIdirect.com Research

Change in estimates

| (₹ Crore) | FY17 P | FY18E | | | FY19E | | | Comments |
|-------------------|---------|---------|---------|----------|---------|---------|----------|--|
| | | Old | New | % Change | Old | New | % Change | |
| Revenue | 1,467.8 | 1,659.3 | 1,748.9 | 5.4 | 1,818.9 | 1,886.4 | 3.7 | Topline estimates revised upwards for both years |
| EBITDA | 39.6 | 166.7 | 114.1 | -31.5 | 223.3 | 160.7 | -28.0 | EBITDA estimates revised downwards for both years |
| EBITDA Margin (%) | 2.7 | 10.0 | 6.5 | -352 bps | 12.3 | 8.5 | -376 bps | EBITDA Margin estimates revised downwards for both years |
| PAT | 70.5 | 108.3 | 106.1 | -2.1 | 147.1 | 153.8 | 4.6 | PAT estimates revised downwards for FY18E, upwards for FY19E |
| EPS (₹) | 3.6 | 5.5 | 5.4 | -1.3 | 7.5 | 7.9 | 5.0 | EPS estimates revised downwards for FY18E, upwards for FY19E |

Source: Company, ICICIdirect.com Research

Assumptions

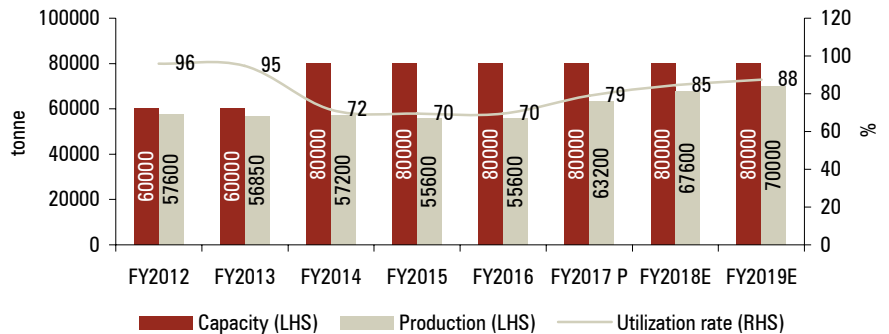
| | FY17P | Current | | Earlier | | Comments |
|-----------------------------------|-------|---------|-------|---------|-------|---|
| | | FY18E | FY19E | FY18E | FY19E | |
| Consolidated capacity utilisation | 74 | 80 | 85 | 75 | 78 | Capacity utilisation estimates revised upwards for both years |

Source: Company, ICICIdirect.com Research

Company Analysis

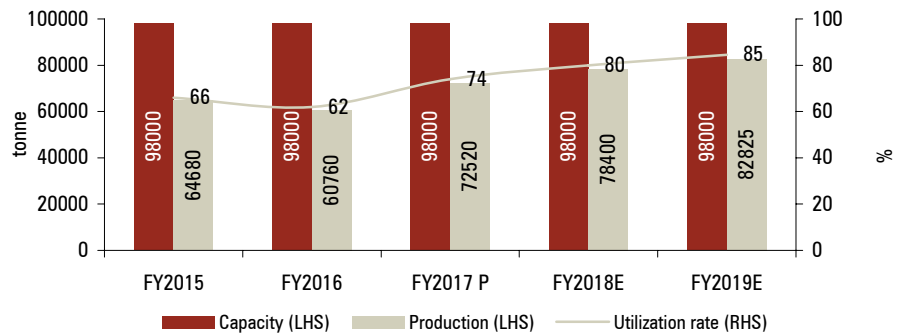
The company is a leading manufacturer of graphite electrode with an installed capacity of 98,000 tonne per annum (TPA). The installed capacity in India is 80,000 tonne of which 54,000 tonne is in Durgapur, 13,000 tonne in Nashik and 13,000 tonne in Bangalore. GIL also owns a plant in Nuremberg (Germany) with an installed capacity of 18,000 tonne. The company commissioned its last capacity expansion in Q1FY14 wherein it installed a capacity of 20,000 tonne at its Durgapur plant while incurring a capex of ₹ 255 crore.

Exhibit 1: Graphite electrode capacity production & utilisation rate (standalone basis)



Source: Company, ICICIdirect.com Research

Exhibit 2: Capacity & utilisation rates (Consolidated basis)

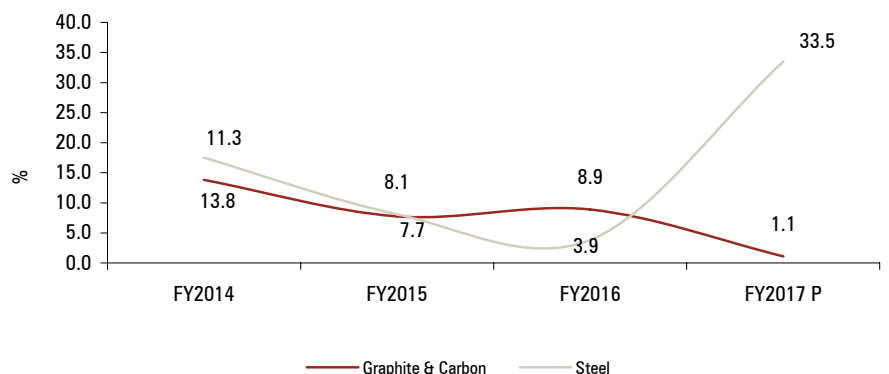


Source: Company, ICICIdirect.com Research

Segmental performance

Apart from operating the graphite electrode facility, the company also operates a carbon paste facility, calcined petroleum coke facility and some graphite equipment facility. GIL also possesses a high speed steel and alloy steel facility.

Exhibit 3: Graphite electrode & steel segment EBIT performance (consolidated basis)



Source: Company, ICICIdirect.com Research

On a standalone basis, the company clocked a capacity utilisation of ~79%. We expect capacity utilisation of 85% in FY18E and 89% in FY19E

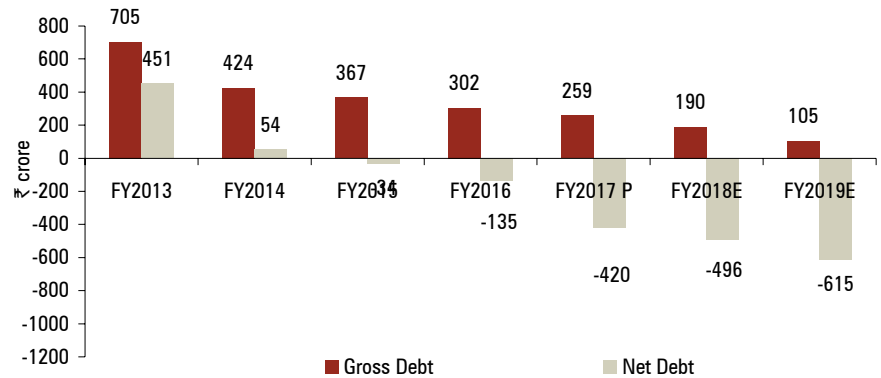
On a consolidated basis, the company clocked a capacity utilisation rate of 74% in FY17. We expect the company to report capacity utilisation of 80% in FY18E and 85% in FY19E

For standalone operations in Q3FY17, EBIT margins of graphite electrodes segment were at 2.2% while that of the steel segment was at 61.0%

Net cash status augurs well for company...

Better working capital management led to a reduction in debt levels for the company. On a consolidated basis, the company's net cash and cash equivalents has increased from ₹ 135 crore at the end of FY16 to ₹ 420 crore at the end of FY17. Going forward, we expect consolidated net cash and cash equivalents balance to increase to ₹ 615 crore at the end of FY19E.

Exhibit 4: Gross debt & net debt movement



Source: Company, ICICIdirect.com Research

Outlook and valuation

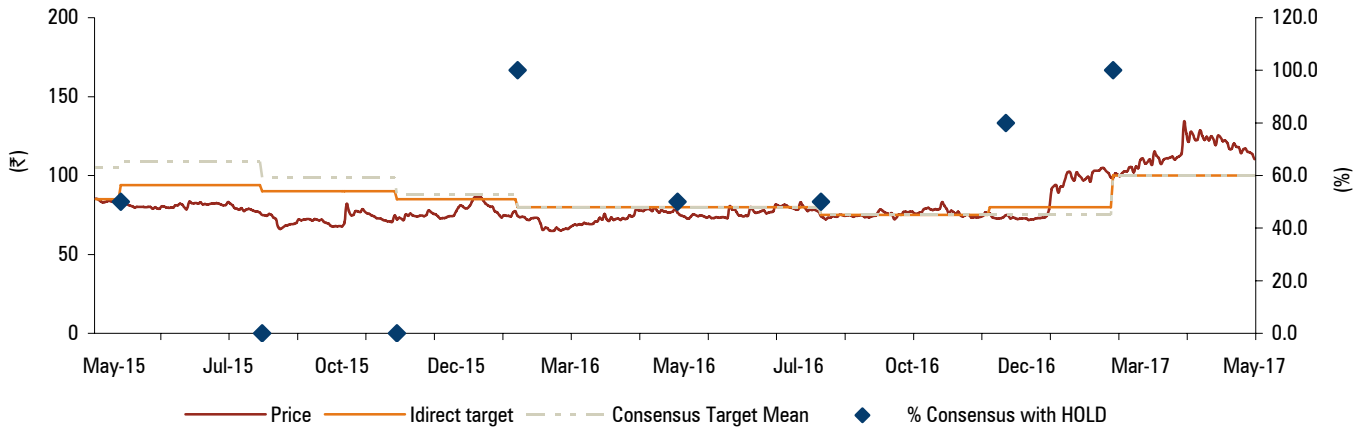
Graphite India reported healthy capacity utilisation for Q4FY17. Capacity utilisation for the quarter was at 89%, a tad lower than our estimate of 90%. Hence, we have upward revised the consolidated capacity utilisation level to 80% for FY18E (from 75% earlier) and 85% for FY19E (from 78% earlier). On account of the oligopoly nature of the graphite electrode market globally, we have valued the company at 9.0x FY19E EV/EBITDA. Hence, we arrive at a target price of ₹ 105, with a **HOLD** recommendation on the stock.

Exhibit 5: Valuation matrix

| | Revenue (₹ Cr) | Growth (%) | EPS (₹) | Growth (%) | PE (x) | EV/EBITDA (x) | RoNW(%) | RoCE(%) |
|--------|-------------------|---------------|---------|---------------|--------|---------------|---------|---------|
| FY15 | 1710.7 | -14.9 | 2.9 | -55.7 | 37.3 | 15.5 | 3.3 | 4.4 |
| FY16 | 1532.4 | -10.4 | 3.1 | 6.7 | 35.0 | 14.5 | 3.5 | 4.4 |
| FY17 P | 1467.8 | -4.2 | 3.6 | 14.6 | 30.5 | 43.6 | 3.8 | -0.3 |
| FY18E | 1748.9 | 19.2 | 5.4 | 50.5 | 20.3 | 14.5 | 5.9 | 3.4 |
| FY19E | 1886.4 | 7.9 | 7.9 | 45.0 | 14.0 | 9.6 | 8.1 | 5.7 |

Source: Company, ICICIdirect.com Research

Recommendation history vs. consensus estimate



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

| Date | Event |
|--------|--|
| Feb-10 | Fire breaks out in pipe unit factory yard of the company |
| Mar-10 | Converts bonds into shares. Sets bond conversion price at ₹ 55.3 |
| Dec-10 | European Union renews tariffs on graphite electrodes from India (tariff at 9.4%) |
| Mar-11 | GIL declares lockout at Titlagarh unit post labour unrest at its plant site |
| Jun-11 | Titlagarh unit resumes production post settlement with labour unions including increase in wages & other benefits |
| Mar-12 | GIL sells its entire stake in its subsidiary Carbon International (engaged in trading activities only) for €4.6 million (₹ 30 crore) |
| Jul-12 | Karnataka State Pollution Control Board orders the company to shut operations in its Bangalore plant till further orders, citing environmental pollution |
| Aug-12 | GIL resumes operations at its Bangalore plant after obtaining stay on the pollution control board order for closure of its plant at Bangalore |
| Sep-12 | The company's international peer Graftech expected to hike electrode prices for 2013 contracts |
| Nov-13 | Global players announce production cuts to support graphite electrode prices |
| Feb-15 | GOI imposed antidumping duty on graphite electrodes (all diameters) originating in or exported from China. The amount of anti-dumping duty ranges from USD 278.19 per MT to USD 922.03 per MT, depending upon the Chinese producer / exporter. |
| Mar-16 | Board declares interim dividend of ₹2.0/share |

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

| Rank | Name | Latest Filing Date | % O/S | Position | Change |
|------|--|--------------------|-------|----------|--------|
| 1 | Emerald Co., Ltd. | 31-Mar-2017 | 61.2 | 119.6M | 0 |
| 2 | Fidelity Management & Research Company | 31-Jan-2017 | 5.8 | 11.2M | 0 |
| 3 | SBI Funds Management Pvt. Ltd. | 31-Dec-2016 | 3.8 | 7.5M | 0 |
| 4 | Edgbaston Investment Partners LLP | 31-Mar-2017 | 3.0 | 5.8M | 0 |
| 5 | GKN PLC | 31-Mar-2017 | 2.0 | 4.0M | 0 |
| 6 | Life Insurance Corporation of India | 31-Mar-2017 | 1.9 | 3.7M | 0 |
| 7 | L&T Investment Management Limited | 28-Feb-2017 | 1.6 | 3.1M | 1.2M |
| 8 | Government of India | 31-Mar-2017 | 1.6 | 3.1M | 3.1M |
| 9 | The New India Assurance Co. Ltd. | 31-Dec-2016 | 1.6 | 3.1M | 0 |
| 10 | CD Equifinance Pvt. Ltd. | 31-Mar-2017 | 1.4 | 2.7M | -0.4M |

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

| (in %) | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 |
|----------|--------|--------|--------|--------|--------|
| Promoter | 65.2 | 65.2 | 65.2 | 65.2 | 65.2 |
| FII | 12.4 | 12.6 | 12.7 | 12.5 | 12.6 |
| DII | 3.9 | 3.9 | 7.3 | 7.4 | 8.4 |
| Others | 18.5 | 18.3 | 14.9 | 14.9 | 13.8 |

Recent Activity

| Buys | | | Sells | | |
|-----------------------------------|-------|--------|--|-------|--------|
| Investor name | Value | Shares | Investor name | Value | Shares |
| Government of India | 5.3M | 3.1M | CD Equifinance Pvt. Ltd. | -0.7M | -0.4M |
| L&T Investment Management Limited | 1.8M | 1.2M | State Street Global Advisors Ltd. (Canada) | -0.1M | -0.1M |
| | | | Dimensional Fund Advisors, L.P. | -0.0M | -0.0M |

Source: Reuters, ICICIdirect.com Research

Financial summary

| Profit and loss statement (₹ crore) | | | | |
|-------------------------------------|---------|---------|---------|---------|
| (Year-end March) | FY16 | FY17 P | FY18E | FY19E |
| Total Operating Income | 1,532.4 | 1,467.8 | 1,748.9 | 1,886.4 |
| Growth (%) | -10.4 | -4.2 | 19.2 | 7.9 |
| Raw Material Expenses | 646.1 | 585.1 | 711.5 | 739.2 |
| Employee Expenses | 201.8 | 222.5 | 251.9 | 266.8 |
| Other expenses | 545.7 | 620.6 | 671.4 | 719.7 |
| Total Operating Expenditure | 1,393.6 | 1,428.2 | 1,634.8 | 1,725.7 |
| EBITDA | 138.8 | 39.6 | 114.1 | 160.7 |
| Growth (%) | 1.5 | -71.5 | 188.6 | 40.8 |
| Depreciation | 49.2 | 46.4 | 45.4 | 46.1 |
| Interest | 9.0 | 7.9 | 6.2 | 4.4 |
| Other Income | 28.9 | 86.5 | 95.8 | 119.5 |
| PBT | 109.5 | 71.8 | 158.3 | 229.6 |
| Exceptional Item | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Tax | 48.0 | 1.3 | 52.2 | 75.8 |
| PAT | 61.5 | 70.5 | 106.1 | 153.8 |
| Growth (%) | 6.7 | 14.6 | 50.5 | 45.0 |
| EPS (₹) | 3.1 | 3.6 | 5.4 | 7.9 |

Source: Company, ICICIdirect.com Research

| Cash flow statement (₹ crore) | | | | |
|-------------------------------|--------|--------|--------|--------|
| (Year-end March) | FY16 | FY17 P | FY18E | FY19E |
| Profit after Tax | 61.5 | 70.5 | 106.1 | 153.8 |
| Add: Depreciation | 49.2 | 46.4 | 45.4 | 46.1 |
| (Inc)/dec in Current Asset | 182.2 | 204.1 | -84.0 | -57.7 |
| Inc/(dec) in CL & Provision | -69.3 | 11.6 | 164.9 | 45.2 |
| Others | -9.3 | 9.3 | 2.9 | 0.0 |
| CF from operating activities | 214.3 | 341.8 | 235.3 | 187.5 |
| (Inc)/dec in Investments | -46.6 | -215.1 | 0.0 | 0.0 |
| (Inc)/dec in Fixed Assets | -56.5 | -89.2 | 2.6 | -29.7 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 |
| CF from investing activities | -103.1 | -304.2 | 2.6 | -29.7 |
| Issue/(Buy back) of Equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Inc/(dec) in loan funds | -64.8 | -43.1 | -69.0 | -85.0 |
| Dividend paid & div. tax | -47.0 | -47.0 | -47.0 | -47.0 |
| Inc/(dec) in Share Cap | -9.9 | 83.0 | -113.4 | -5.0 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 |
| CF from financing activities | -121.6 | -7.1 | -229.3 | -136.9 |
| Net Cash flow | -10.5 | 30.5 | 8.6 | 20.9 |
| Opening Cash | 31.5 | 21.1 | 51.5 | 60.2 |
| Closing Cash | 21.1 | 51.5 | 60.2 | 81.1 |

Source: Company, ICICIdirect.com Research

| Balance sheet (₹ crore) | | | | |
|----------------------------|---------|---------|---------|---------|
| (Year-end March) | FY16 | FY17 P | FY18E | FY19E |
| Liabilities | | | | |
| Equity Capital | 39.1 | 39.1 | 39.1 | 39.1 |
| Reserve and Surplus | 1,712.0 | 1,818.5 | 1,764.2 | 1,866.2 |
| Total Shareholders funds | 1,751.1 | 1,857.6 | 1,803.3 | 1,905.2 |
| Total Debt | 302.3 | 259.2 | 190.2 | 105.2 |
| Deferred Tax Liability | 72.8 | 85.0 | 85.0 | 85.0 |
| Minority Interest / Others | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Liabilities | 2,126.2 | 2,201.8 | 2,078.6 | 2,095.5 |
| Assets | | | | |
| Gross Block | 1,444.2 | 1,503.9 | 1,525.6 | 1,550.6 |
| Less: Acc Depreciation | 790.1 | 836.5 | 877.2 | 918.7 |
| Net Block | 654.1 | 667.4 | 648.3 | 631.9 |
| Capital WIP | 2.5 | 32.1 | 3.1 | 3.1 |
| Total Fixed Assets | 656.7 | 699.5 | 651.4 | 635.0 |
| Investments | 416.0 | 631.0 | 631.0 | 631.0 |
| Inventory | 748.5 | 602.1 | 613.7 | 672.7 |
| Debtors | 484.8 | 441.5 | 454.6 | 498.3 |
| Loans and Advances | 112.3 | 11.6 | 95.8 | 75.8 |
| Other Current Assets | 17.1 | 103.4 | 78.4 | 53.4 |
| Cash | 21.1 | 51.5 | 60.2 | 81.1 |
| Total Current Assets | 1,383.7 | 1,210.1 | 1,302.8 | 1,381.4 |
| Current Liabilities | 270.0 | 316.0 | 409.1 | 448.5 |
| Provisions | 60.2 | 25.7 | 97.5 | 103.4 |
| Current Liabilities & Prov | 330.1 | 341.7 | 506.6 | 551.9 |
| Net Current Assets | 1,053.6 | 868.4 | 796.1 | 829.5 |
| Others Assets | 0.0 | 2.9 | 0.0 | 0.0 |
| Application of Funds | 2,126.2 | 2,201.8 | 2,078.6 | 2,095.5 |

Source: Company, ICICIdirect.com Research

| Key ratios | | | | |
|------------------------------|-------|--------|-------|-------|
| (Year-end March) | FY16 | FY17 P | FY18E | FY19E |
| Per share data (₹) | | | | |
| EPS | 3.1 | 3.6 | 5.4 | 7.9 |
| Cash EPS | 5.7 | 6.0 | 7.8 | 10.2 |
| BV | 89.6 | 95.1 | 92.3 | 97.5 |
| DPS | 2.0 | 2.0 | 2.0 | 2.0 |
| Cash Per Share | 1.1 | 2.6 | 3.1 | 4.1 |
| Operating Ratios (%) | | | | |
| EBITDA Margin | 9.1 | 2.7 | 6.5 | 8.5 |
| PBT / Total Operating income | 7.1 | 4.9 | 9.1 | 12.2 |
| PAT Margin | 4.0 | 4.8 | 6.1 | 8.2 |
| Inventory days | 178.3 | 149.7 | 135.0 | 135.0 |
| Debtor days | 115.5 | 109.8 | 100.0 | 100.0 |
| Creditor days | 64.3 | 78.6 | 90.0 | 90.0 |
| Return Ratios (%) | | | | |
| RoE | 3.5 | 3.8 | 5.9 | 8.1 |
| RoCE | 4.4 | -0.3 | 3.4 | 5.7 |
| RoIC | 4.4 | -0.3 | 3.6 | 5.9 |
| Valuation Ratios (x) | | | | |
| P/E | 35.0 | 30.5 | 20.3 | 14.0 |
| EV / EBITDA | 14.5 | 43.6 | 14.5 | 9.6 |
| EV / Net Sales | 1.3 | 1.2 | 0.9 | 0.8 |
| Market Cap / Sales | 1.4 | 1.5 | 1.2 | 1.1 |
| Price to Book Value | 1.2 | 1.2 | 1.2 | 1.1 |
| Solvency Ratios | | | | |
| Debt/EBITDA | 2.2 | 6.6 | 1.7 | 0.7 |
| Debt / Equity | 0.2 | 0.1 | 0.1 | 0.1 |
| Current Ratio | 4.2 | 3.5 | 2.6 | 2.5 |
| Quick Ratio | 1.9 | 1.8 | 1.4 | 1.3 |

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (Graphite Electrodes)

| Sector/Company | CMP | | Rating | M Cap | | EPS (₹) | | | P/E (x) | | | EV/EBITDA (x) | | | ROCE(%) | | | ROE(%) | | |
|----------------|-----|--------|--------|--------|-------|---------|-------|-------|---------|-------|-------|---------------|-------|-------|---------|-------|-------|--------|-------|--|
| | (₹) | TP (₹) | | (₹ Cr) | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | FY17E | FY18E | FY19E | |
| Graphite India | 110 | 105 | Hold | 2149 | 3.1 | 3.6 | 5.4 | 35.0 | 30.5 | 20.3 | 14.5 | 43.6 | 14.5 | 4.4 | -0.3 | 3.4 | 3.5 | 3.8 | 5.9 | |
| HEG | 275 | 180 | Hold | 1100 | -3.8 | -8.0 | 6.1 | NA | NA | 30.3 | 11.0 | 14.1 | 9.2 | 2.9 | 1.3 | 3.9 | 2.9 | 1.3 | 3.9 | |

Source: Company, ICICIdirect.com Research

RATING RATIONALE

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