

Rating matrix	
Rating	: Hold
Target	: ₹ 90
Target Period	: 12 months
Potential Upside	: 3%

What's Changed?	
Target	Changed from ₹ 78 to ₹ 90
EPS FY15E	Changed from ₹ 8.1 to ₹ 7.7
EPS FY16E	Introduced at ₹ 8.5
Rating	Changed from BUY to HOLD

Quarterly Performance					
	Q4FY14	Q4FY13	YoY (%)	Q3FY14	QoQ (%)
Revenue	489.0	511.2	-4.3	434.5	12.5
EBITDA	68.1	61.8	10.3	68.5	-0.5
EBITDA (%)	13.9	12.1	185 bps	15.8	-183 bps
PAT	44.9	41.6	8.1	42.2	6.6

Key Financials				
(₹ Crore)	FY13	FY14P	FY15E	FY16E
Total Operating Income	1948.8	2009.3	1678.3	1838.7
EBITDA	270.9	250.1	263.8	288.6
Net Profit	134.4	129.9	150.0	166.7
EPS	6.9	6.6	7.7	8.5

Valuation summary				
	FY13	FY14P	FY15E	FY16E
PE (x)	12.6	13.1	11.3	10.2
Target PE (x)	13.1	13.6	11.8	10.6
EV/EBITDA (x)	7.9	7.0	6.2	5.7
P/BV (x)	1.0	1.0	0.9	0.9
RoNW (%)	7.9	7.4	8.2	8.7
RoCE (%)	8.6	8.8	9.4	10.1

Stock data	
Particular	Amount
Market Capitalisation	₹ 1700 Crore
Debt (FY14P)	₹ 424 Crore
Cash & Cash Equivalent (FY13P)	₹ 373 Crore
EV	₹ 1750 Crore
52 week H/L	95/57
Equity capital	₹ 39.08 Crore
Face value	₹ 2

Price performance (%)				
Return %	1M	3M	6M	12M
HEG	-4.6	5.8	23.8	20.7
Graphite India	-0.2	12.7	17.4	13.0

Analyst's name	
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## Graphite India (CAREVE)

₹ 87

### Operationally sound, debt reduction surprises

- In Q4FY14, standalone capacity utilisation was at 83% (standalone capacity 80,000 TPA). In full year FY14, utilisation level was at 71.5%
- The corresponding EBITDA for the quarter came in at ₹ 68.1 crore with EBITDA margins at 13.9%, down 183 bps QoQ
- The consequent PAT for the quarter came in at ₹ 44.9 crore. PAT was supported by higher other income amounting to ₹ 15.9 crore
- On a consolidated basis, the company reduced its net debt by ₹ 401 crore to ₹ 50 crore in FY14 (net debt as of FY13 at ₹ 451 crore)

### Better placed to cater to volatile steel demand

The electric arc furnace (EAF) route of steel manufacturing is a preferred option for producing steel in the current volatile demand scenario. Unlike the blast furnace-basic oxygen furnace (BF-BOF) process, the EAF process can be started and stopped at will (operationally flexible) and also generates less carbon emissions. Graphite India's product i.e. graphite electrodes caters to this segment (EAF) of steel making and, hence, is better placed in the subdued demand scenario. In CY12, steel produced through the electric arc furnace (EAF) process constituted 29.2% of total crude steel production. On an average, ~1.5-2 kg of graphite electrode is used per tonne of steel manufacturing through the EAF route.

### Demand pressure exists

Global apparent steel consumption growth has been subdued with mere 3.6% growth YoY (1481 MT in CY13 vis-à-vis 1429.5 MT in CY12). The World Steel Association estimates steel consumption growth will moderate to 3.1% and 3.3% in CY14 and CY15, respectively, on the back of a deceleration in steel consumption growth rate in China. With a subdued global demand scenario and Graphite India's reliance on exports (exports sales accounted for 63% of the total turnover of the company in FY13), the company is witnessing demand pressure with subdued utilisation in FY14 (65.7% on consolidated basis).

### Closure of capacities globally to provide support to prices

Recently, on the back of subdued profitability, globally some graphite electrode manufacturers have announced closure of their inefficient facilities (capacity ~110,000 tonne), which should support prices of electrodes, going forward. On the raw material front, needle coke prices are expected to mirror electrode prices, thereby having a limited impact on the company. The company is also a key beneficiary of currency depreciation and benefits from the same as its product realisations are all in foreign currency. The benefits are, however, negated, to some extent (~35%), as it imports its key raw material (needle coke).

### Debt reduction bodes well, room for some more gains!!

The company reported healthy capacity utilisation levels domestically with Q4FY14 capacity utilisation at 83% (capacity 80000 tonne). Consequently, we have revised upwards our capacity utilisation levels for FY15E to 70% (68% earlier) and introduced FY16E numbers at 75%, respectively, on a consolidated basis (capacity 98000 tonne). However, better working capital management (liquidation of needle coke inventory) has led to a substantial debt reduction in FY14 (FY14 net debt at ₹ 50 crore vis-à-vis FY13 net debt of ₹ 451 crore). We have valued the company at a discount of 30% to its global peer's CY15E and CY16E average EV/EBITDA of 8.5x (resultant FY16E EV/EBITDA at 6.0x) and arrived at a target price of ₹ 90 with a **HOLD** rating on the stock.

### Variance analysis

	Q4FY14	Q4FY14E	Q4FY13	YoY (%)	Q3FY14	QoQ (%)	Comments
Revenue	489.0	427.3	511.2	-4.3	434.5	12.5	Capacity utilisation in Q4FY14 came in at 83% (I-direct estimate: 70%)
Other Income	15.9	8.1	9.8	62.0	10.3	54.4	Other income in Q4FY14 was higher due to increase in investments
Employee Expense	37.3	35.0	31.8	17.0	35.0	6.6	Employee expense came in at its usual rate
Raw Material Expense	225.1	176.9	245.1	-8.2	188.8	19.2	Raw material costs were higher on account of usage of high cost needle coke inventory
Power & Fuel Expense	63.0	69.4	78.5	-19.7	59.2	6.4	
Other operating Expenses	95.5	81.7	94.0	1.6	83.0	15.0	Other expenses came in higher than estimates
EBITDA	68.1	64.3	61.8	10.3	68.5	-0.5	EBITDA margins came in subdued on account of increase in raw material costs & increase in other expenses
EBITDA Margin (%)	13.9	15.1	12.1	185 bps	15.8	-183 bps	
Depreciation	13.4	14.1	13.7	-1.8	13.5	-0.7	Depreciation came in at its usual rate
Interest	3.9	4.1	7.1	-44.5	3.8	2.1	
Exceptional Items							
PBT	66.7	54.3	50.9	31.1	61.4	8.6	
Tax Outgo	21.8	17.9	9.3	133.9	19.3	13.0	Tax rate for the quarter stood at 32.6%
PAT	44.9	36.4	41.6	8.1	42.2	6.6	PAT came in higher-than-expected on account of an increase in other income & marginally lower depreciation charge

### Key Metrics

Capacity Utilisation Level (%)							The figures are not comparable YoY. FY14 utilisation levels are on a base of expanded capacity of 80,000 tonne
; Domestic Operations	83	70	103		70		

Source: Company, ICICIdirect.com Research

### Change in estimates

(₹ Crore)	FY15E			FY16E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	2,041.9	1,678.3	-17.8	NA	1,838.7	NA	Downward pressure on graphite electrode prices
EBITDA	304.0	263.8	-13.2	NA	288.6	NA	Profitability to remain subdued, going forward, in absolute terms
EBITDA Margin (%)	14.9	15.7	83 bps	NA	15.7	NA	
PAT	158.4	150.0	-5.3	NA	166.7	NA	Decline in absolute operating profit flowing to net profit
EPS (₹)	8.1	7.7	-5.2	NA	8.5	NA	Decrease in net profit resulting in subdued EPS

Source: Company, ICICIdirect.com Research

### Assumptions

	FY13	FY14	Current		Earlier		Comments
			FY15E	FY16E	FY15E	FY16E	
Domestic capacity utilisation (%)	94.8	71.5	75.0	78.0	72.5	NA	Increased capacity utilisation rate for FY15E. Introduced FY16E numbers
Consolidated capacity utilisation	86.7	65.7	70	75	68	NA	Increased capacity utilisation rate for FY15E. Introduced FY16E numbers

Domestic Capacity expanded from 60000 tonne in FY13 to 80000 tonne in FY14; consolidated capacity was 78000 tonne in FY13 while it was 98000 tonne in FY14

Source: Company, ICICIdirect.com Research

## Company Analysis

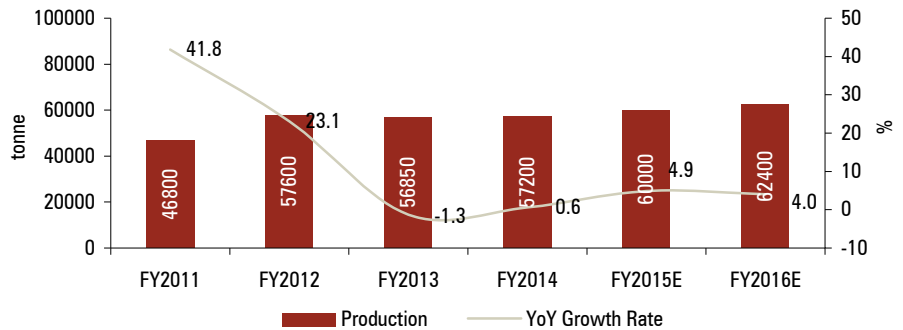
The company is a leading manufacturer of graphite electrode with an installed capacity of 98,000 tonne per annum (TPA). The installed capacity in India is 80,000 tonne of which 54,000 tonne is at Durgapur, 13000 tonne is at Nasik and 13000 tonne is at Bangalore. The company also owns a plant in Nurnberg (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.

In FY11-12, domestically Graphite India witnessed robust production growth amounting to 41.8% in FY11 and 23.1% in FY12. However, in FY13-14, the production remained majorly stagnant with a marginal decline witnessed in FY13 and a marginal improvement witnessed in FY14. However, going forward, we expect production to rebound at a CAGR of 4.4% in FY14-16E

Domestically, the capacity utilisation rates were modest till FY13 as the company was operating at a capacity of 60,000 tonne while it dropped post commissioning of the new facility in Q1FY14. Henceforth, utilisation rates from FY14 onwards are on the expanded capacity of 80,000 tonne

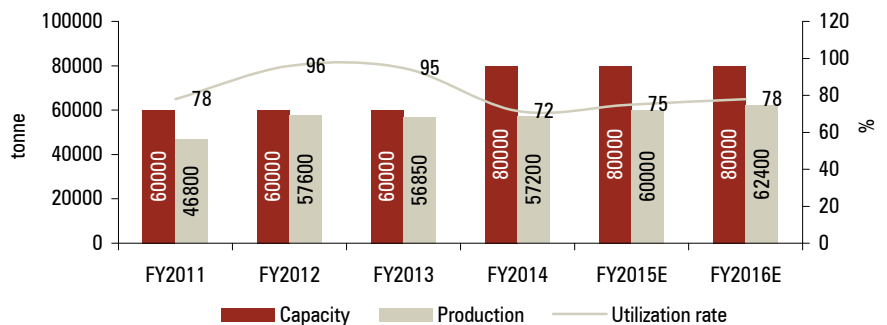
The company also operates captive power plants with capacity amounting to 33 MW. Out of the 33 MW, 19.5 MW capacity is of the hydel type, which operates only during the monsoon period (July-December). However, post FY11, the company has stopped reporting power as a separate segment

**Exhibit 1: Graphite electrode production & growth rate (standalone basis)**



Source: Company, ICICIdirect.com Research

**Exhibit 2: Capacity & utilisation rates (standalone basis)**

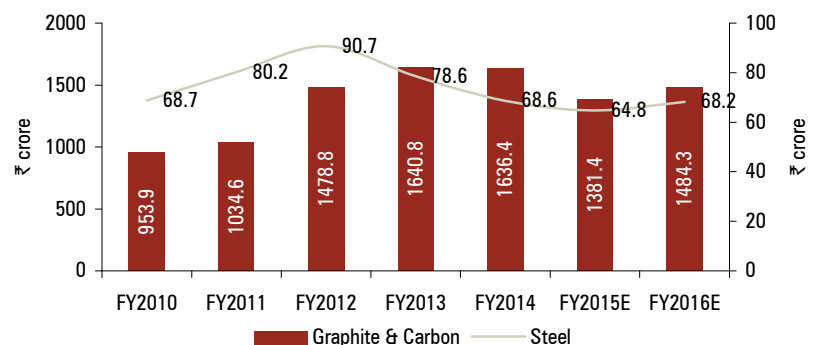


Source: Company, ICICIdirect.com Research

## 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. The company also possesses a high speed steel and alloy steel facility.

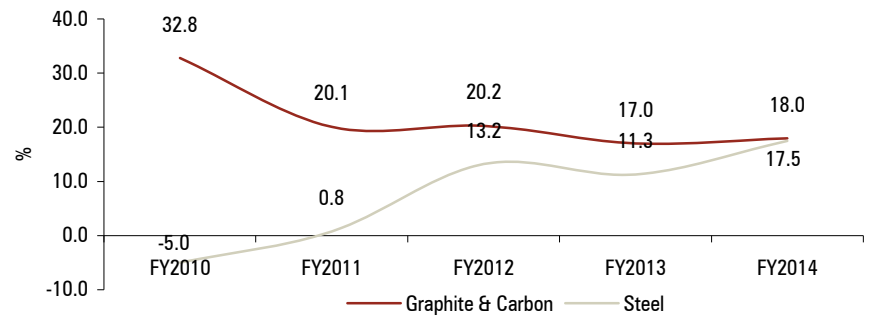
**Exhibit 3: Graphite electrode & steel segment revenue break-up (standalone basis)**



Source: Company, ICICIdirect.com Research

The company's profitability has been declining in its graphite electrode segment. However, with improving utilisation levels, going ahead, we expect EBIT margins to arrest the decline trend and improve hereafter. The steel division's performance, however, has rebounded with the company realising double digit EBIT margins in this segment. In FY14, the EBIT margins of the graphite electrode segment improved to 18.0% vis-à-vis 17.0% in FY13. The steel segment performance also improved YoY with FY14 EBIT margins coming in at 17.5% vis-à-vis 11.3% in FY13.

**Exhibit 4: Graphite electrode & steel segment EBIT performance (standalone basis)**

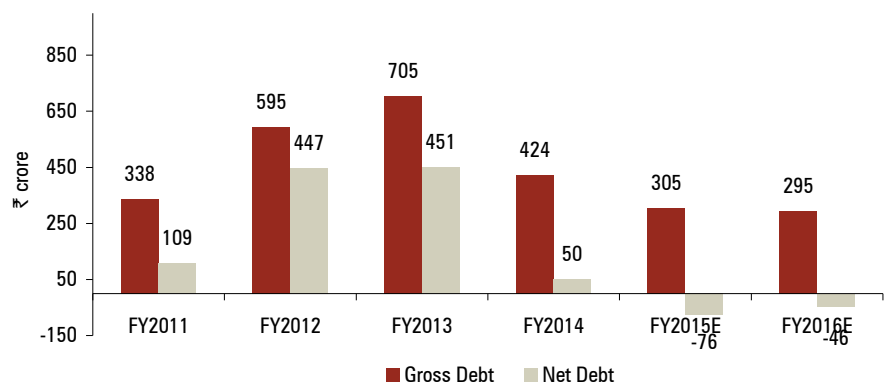


Source: Company, ICICIdirect.com Research

**Needle coke inventory liquidation, resulting in reduction of debt**

Over some previous years the company had build up substantial amount of needle coke inventory and is currently in the process of liquidating the same. The liquidation of needle coke inventory and better working capital management has led to the reduction in debt levels for the company. The company has repaid debt amounting to ₹ 281 crore in FY14 (gross debt as of FY14 stood at ₹ 424 crore vis-à-vis ₹ 705 crore in FY13). The net debt has also reduced sharply to ₹ 50 crore in FY14 (₹ 451 crore in FY13). Going forward, we expect the company to turn into a net cash company.

**Exhibit 5: Gross debt & net debt movement**



Source: Company, ICICIdirect.com Research

### Comparison with HEG; EBIT margins outperform

Graphite India (GIL) can be compared with its domestic peer HEG Ltd with the same domestic capacity of 80000 TPA. EBIT margins for GIL have always been at a premium to that realised by HEG. GIL has a captive CP coke facility, which is used as a raw material feed in manufacturing of regular and high power (RP & HP) grade electrodes (RP&HP electrodes, which comprise ~15% of electrode sales volumes of GIL).

**Exhibit 6: Graphite India standalone financials**

Fiscal Year	Graphite & Carbon topline (₹ crore)	EBIT (₹ crore)	Capital Employed (₹ crore)	EBIT %	ROCE %
FY10	953.9	312.6	1041.7	32.8	30.0
FY11	1034.6	207.6	1320.1	20.1	15.7
FY12	1478.8	299.3	1728.5	20.2	17.3
FY13	1640.9	278.7	1972.9	17.0	14.1
FY14	1636.4	294.0	1637.9	18.0	18.0

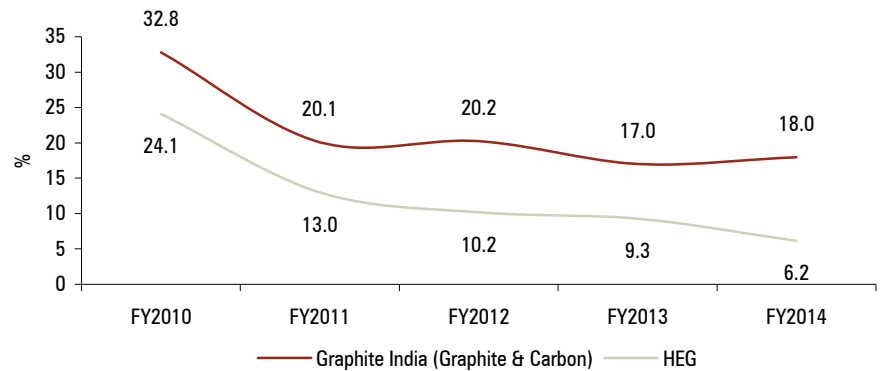
Source: Company, ICICIdirect.com Research

**Exhibit 7: HEG financials**

Fiscal Year	Graphite & Carbon topline (₹ crore)	EBIT (₹ crore)	Capital Employed (₹ crore)	EBIT %	ROCE %
FY10	1062.8	256.0	633.5	24.1	40.4
FY11	1079.4	140.1	779.8	13.0	18.0
FY12	1394.7	141.8	936.2	10.2	15.1
FY13	1587.2	147.1	1115.6	9.3	13.2
FY14	1434.3	88.4	980.0	6.2	9.0

Source: Company, ICICIdirect.com Research

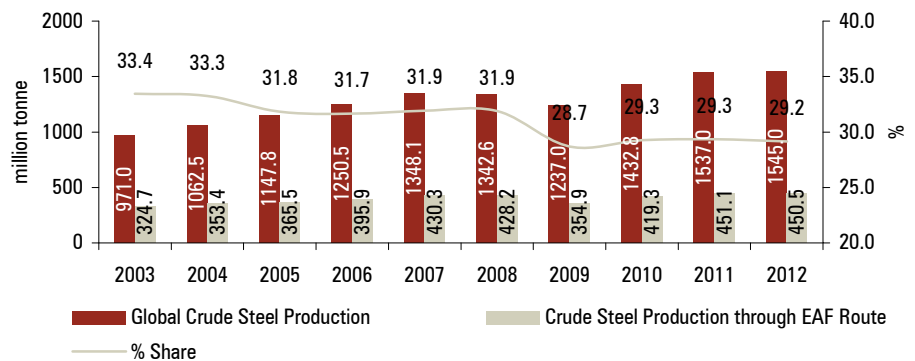
**Exhibit 8: Graphite electrode segment performance (Graphite India standalone vs. HEG)**



Source: Company, ICICIdirect.com Research

### EAF's share in global steel production stable at ~30%

**Exhibit 9: EAF's share in total crude steel production**



Source: World Steel Association, ICICIdirect.com Research

Globally steel is being manufactured using two methods; namely electric arc furnace (EAF) route and blast furnace-basic oxygen furnace (BF-BOF) route. The share of EAF's route of crude steel production has remained steady at ~30%. In CY12, the steel produced through electric arc furnace (EAF) process constituted 29.2% of total crude steel production (450 million tonne out of the total crude steel production of 1545 MT in CY12)

## Outlook and valuation

The company reported healthy capacity utilisation levels domestically with Q4FY14 capacity utilisation coming in at 83% (capacity 80000 tonne). Consequently, we have revised upwards our capacity utilisation levels for FY15E to 70% (68% earlier) and introduced our FY16E numbers at 75% levels, respectively, on a consolidated basis (capacity 98000 tonne). However, better working capital management (liquidation of needle coke inventory) has led to a substantial debt reduction in FY14 (FY14 net debt at ₹ 50 crore vis-à-vis FY13 net debt of ₹ 451 crore). We have valued the company at a discount of 30% to its global peer's CY15E and CY16E average EV/EBITDA of 8.5x (resultant FY16E EV/EBITDA at 6.0x) and arrived at a target price of ₹ 90 with a **HOLD** recommendation on the stock.

### Exhibit 10: Target price calculation

Particulars	Amount
FY16E EBITDA (₹ Crore)	288.6
Global Peers Avg EV/EBITDA (CY15E)	8.5
% Discount Given	30.0
Resultant EV/EBITDA Multiple	6.0
EV (₹ Crore)	1716.9
Net Debt (₹ crore)	-46.2
Graphite India, Implied Equity Value (₹ crore)	1763.1
No of Shares (crore)	19.5
Target Price (₹/share)	90

Source: Company, ICICIdirect.com Research

### Exhibit 11: Peer comparison

Company	P/E			EV/EBITDA		
	CY14E	CY15E	CY16E	CY14E	CY15E	CY16E
SGL	NA	95.2	42.2	25.8	13.7	10.6
Graftec	85.3	22.9	14.4	13.1	10.2	8.1
Tokai Carbon	26.3	19.1	17.1	7.1	6.1	5.6
Showa Denko	14.7	10.8	9.1	7.9	7.2	6.5
Global Average	42.1	37.0	20.7	13.5	9.3	7.7
CY15E & CY16E Global Average EV/EBITDA	—————▶				8.5	

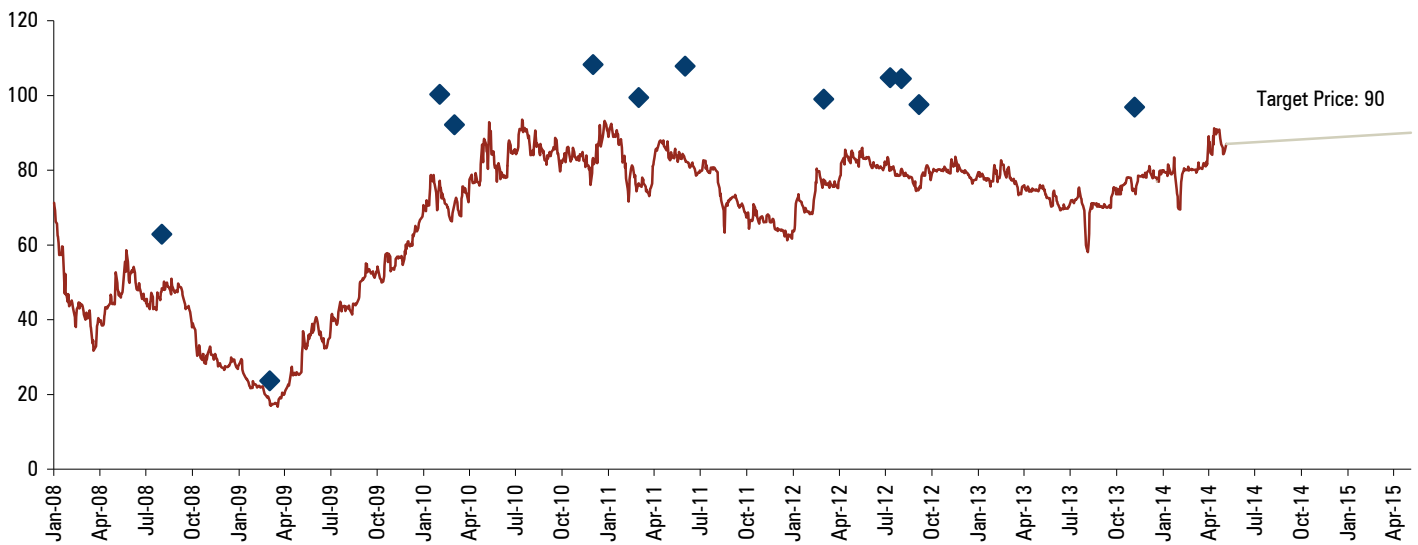
Source: Bloomberg, ICICIdirect.com Research

### Exhibit 12: Valuation matrix

	Revenue (₹ Cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW(%)	RoCE(%)
FY13	1948.8	1.9	6.9	-36.7	12.6	7.9	7.9	8.6
FY14P	2009.3	3.1	6.6	-3.4	13.1	7.0	7.4	8.8
FY15E	1678.3	-16.5	7.7	15.5	11.3	6.2	8.2	9.4
FY16E	1838.7	9.6	8.5	11.1	10.2	5.7	8.7	10.1

Source: Company, ICICIdirect.com Research

## Company snapshot



Source: Bloomberg, Company, ICICIdirect.com Research

## Key events

Date	Event
Aug-08	Global financial crisis adversely impacts construction sector and capital spending. Production cuts taken across the globe on subdued demand
Mar-09	The company acquires Powmex Steels (specialty steel business) unit from GKW
Feb-10	Fire breaks out in pipe unit factory yard of the company
Mar-10	Graphite India 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

Source: Company, ICICIdirect.com Research

## Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Likhami Leasing, Ltd.	31-Dec-13	28.60	55.9	0.0
2	Emerald Co., Ltd.	31-Dec-13	10.54	20.6	0.0
3	Bond Co., Ltd.	20-Jan-14	9.35	18.3	0.1
4	H L Investment Co., Ltd.	27-Mar-14	7.26	14.2	0.8
5	Fidelity Management & Research Company	31-Dec-13	5.60	10.9	0.0
6	Kiwi Investments, Ltd.	31-Dec-13	4.82	9.4	0.0
7	Royce & Associates, LLC	31-Mar-14	4.44	8.7	0.5
8	CD Equifinance Pvt. Ltd.	31-Dec-13	1.95	3.8	0.0
9	Life Insurance Corporation of India	31-Dec-13	1.87	3.7	-0.7
10	Edgbaston Investment Partners Limited	31-Dec-13	1.52	3.0	0.5

## Shareholding Pattern

(in %)	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Promoter	62.8	63.2	63.9	64.5	65.0
FII	15.9	15.4	15.2	15.5	15.7
DII	4.9	5.0	4.7	4.0	3.5
Others	16.4	16.3	16.2	16.0	15.8

Source: Reuters, ICICIdirect.com Research

## Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
H L Investment Co., Ltd.	1.20m	0.81m	Life Insurance Corporation of India	-0.93m	-0.72m
Royce & Associates, LLC	0.69m	0.47m	The Vanguard Group, Inc.	-0.20m	-0.17m
Edgbaston Investment Partners Limited	0.59m	0.45m	HDFC Asset Management Co., Ltd.	-0.05m	-0.03m
Guardian Leasing, Ltd.	0.14m	0.11m	Kotak Mahindra Asset Management Company Ltd.	-0.04m	-0.03m
Bond Co., Ltd.	0.07m	0.06m	BOI AXA Investment Managers Private Limited	-0.01m	-0.01m

Source: Reuters, ICICIdirect.com Research

## Financial summary

Profit and loss statement		(₹ crore)			
(Year-end March)	FY13	FY14P	FY15E	FY16E	
Total Operating Income	1,948.8	2,009.3	1,678.3	1,838.7	
Growth (%)	1.9	3.1	-16.5	9.6	
Raw Material Expenses	736.5	903.7	661.2	731.4	
Employee Expenses	186.1	202.8	208.7	228.7	
Other expenses	755.3	652.7	544.6	590.1	
Total Operating Expenditure	1,677.9	1,759.2	1,414.5	1,550.2	
EBITDA	270.9	250.1	263.8	288.6	
Growth (%)	-16.1	-7.7	5.5	9.4	
Depreciation	62.0	58.1	63.0	64.4	
Interest	30.7	23.9	15.7	12.9	
Other Income	39.0	44.7	42.1	41.3	
PBT	217.2	212.8	227.3	252.6	
Exceptional Item	0.0	0.0	0.0	0.0	
Total Tax	82.8	82.9	77.3	85.9	
PAT	134.4	129.9	150.0	166.7	
Growth (%)	-36.7	-3.4	15.5	11.1	
EPS (₹)	6.9	6.6	7.7	8.5	

Source: Company, ICICIdirect.com Research

Balance sheet		(₹ crore)			
(Year-end March)	FY13	FY14P	FY15E	FY16E	
<b>Liabilities</b>					
Equity Capital	39.1	39.1	39.1	39.1	
Reserve and Surplus	1,672.8	1,720.2	1,792.7	1,877.6	
Total Shareholders funds	1,711.9	1,759.3	1,831.7	1,916.7	
Total Debt	704.5	423.6	304.6	294.6	
Deferred Tax Liability	95.0	89.7	89.7	89.7	
Minority Interest / Others	0.0	0.0	0.0	0.0	
Total Liabilities	2,511.4	2,272.5	2,226.0	2,300.9	
<b>Assets</b>					
Gross Block	1,351.9	1,394.5	1,405.5	1,455.5	
Less: Acc Depreciation	639.3	697.4	760.4	824.7	
Net Block	712.7	697.2	645.2	630.8	
Capital WIP	2.5	2.5	22.5	12.5	
Total Fixed Assets	715.2	699.7	667.7	643.3	
Investments	264.8	384.7	399.7	369.7	
Inventory	1,220.7	1,035.4	919.6	1,007.5	
Debtors	515.6	472.3	413.8	453.4	
Loans and Advances	198.3	154.6	174.6	204.6	
Other Current Assets	20.3	19.2	24.2	29.2	
Cash	16.9	30.5	28.0	28.1	
Total Current Assets	1,971.8	1,712.1	1,560.3	1,722.9	
Current Liabilities	300.8	380.4	275.9	302.3	
Provisions	139.6	143.6	125.8	132.7	
Current Liabilities & Prov	440.4	524.0	401.7	435.0	
Net Current Assets	1,531.4	1,188.1	1,158.6	1,287.9	
Others Assets	0.0	0.0	0.0	0.0	
Application of Funds	2,511.4	2,272.5	2,226.0	2,300.9	

Source: Company, ICICIdirect.com Research

Cash flow statement		(₹ crore)			
(Year-end March)	FY13	FY14P	FY15E	FY16E	
Profit after Tax	134.4	129.9	150.0	166.7	
Add: Depreciation	62.0	58.1	63.0	64.4	
(Inc)/dec in Current Asset	-237.5	273.4	149.2	-162.4	
Inc/(dec) in CL & Provision	44.8	83.6	-122.2	33.2	
Others	25.5	-5.4	0.0	0.0	
CF from operating activities	29.2	539.6	240.0	101.9	
(Inc)/dec in Investments	-15.2	-119.9	-15.0	30.0	
(Inc)/dec in Fixed Assets	-47.5	-42.6	-31.0	-40.0	
Others	0.0	0.0	0.0	0.0	
CF from investing activities	-62.7	-162.5	-46.0	-10.0	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	109.7	-281.0	-119.0	-10.0	
Dividend paid & div. tax	-80.0	-80.0	-80.0	-80.0	
Inc/(dec) in Share Cap	1.7	-2.4	2.4	-1.7	
Others	0.0	0.0	0.0	0.0	
CF from financing activities	31.4	-363.4	-196.6	-91.7	
Net Cash flow	-2.0	13.6	-2.6	0.1	
Opening Cash	18.9	16.9	30.5	28.0	
Closing Cash	16.9	30.5	28.0	28.1	

Source: Company, ICICIdirect.com Research

Key ratios					
(Year-end March)	FY13	FY14P	FY15E	FY16E	
<b>Per share data (₹)</b>					
EPS	6.9	6.6	7.7	8.5	
Cash EPS	10.1	9.6	10.9	11.8	
BV	87.6	90.0	93.8	98.1	
DPS	3.5	3.5	3.5	3.5	
Cash Per Share	0.9	1.6	1.4	1.4	
<b>Operating Ratios (%)</b>					
EBITDA Margin	13.9	12.4	15.7	15.7	
PBT / Total Operating income	11.1	10.6	13.5	13.7	
PAT Margin	6.9	6.5	8.9	9.1	
Inventory days	228.6	188.1	200.0	200.0	
Debtor days	96.6	85.8	90.0	90.0	
Creditor days	56.3	69.1	60.0	60.0	
<b>Return Ratios (%)</b>					
RoE	7.9	7.4	8.2	8.7	
RoCE	8.6	8.8	9.4	10.1	
RoIC	8.7	8.9	9.5	10.3	
<b>Valuation Ratios (x)</b>					
P/E	12.6	13.1	11.3	10.2	
EV / EBITDA	7.9	7.0	6.2	5.7	
EV / Net Sales	1.1	0.9	1.0	0.9	
Market Cap / Sales	0.9	0.8	1.0	0.9	
Price to Book Value	1.0	1.0	0.9	0.9	
<b>Solvency Ratios</b>					
Debt/EBITDA	2.6	1.7	1.2	1.0	
Debt / Equity	0.4	0.2	0.2	0.2	
Current Ratio	4.5	3.3	3.9	4.0	
Quick Ratio	1.7	1.3	1.6	1.6	

Source: Company, ICICIdirect.com Research



### ICICIdirect.com coverage universe (Graphite Electrodes)

Sector/Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			ROCE(%)			ROE(%)		
	(₹)	TP (₹)	Rating		FY14P	FY15E	FY16E	FY14P	FY15E	FY16E	FY14P	FY15E	FY16E	FY14P	FY15E	FY16E	FY14P	FY15E	FY16E
Grahite India	87	90	Hold	1700.0	6.6	7.7	8.5	13.1	11.3	10.2	7.0	6.2	5.7	8.8	9.4	10.1	7.4	8.2	8.7
HEG	223	225	Hold	891.5	21.7	27.5	32.1	10.3	8.1	7.0	7.9	7.3	6.4	8.9	9.0	10.0	9.4	11.0	11.8

Source: Company, ICICIdirect.com Research

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**Buy:** > 10%/15% for large caps/midcaps, respectively;

**Hold:** Up to +/-10%;

**Sell:** -10% or more;



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