

# Rajesh Exports (RJEX\_IN)

Earnings Update Report

Consumer Discretionary: Gold Jewelry Manufacturer

Target Price	Rs. 900.00
Current Price	Rs. 565.00
Upside Potential	59%

Market Cap.	Rs.167 bn US\$ 2.38 bn
Shares Outstanding	295.3 mn
52 Week Range (Rs)	441 / 638
Avg. Daily Value	Rs.187 mn US\$ 2.62 mn
SENSEX Index Level	52,319
Insider Holding %	56.71%


**Risk: Above Average**
**Forecasting and Valuations**

(INR mn except ratio)	FY2021	FY2022E
Revenue	2,583,131	2,970,601
Net Income	8,470	21,275
EPS (Rs)	28.65	72.17
EPS Growth	-30%	152%
PE	19.7	7.8
EV/EBITDA	8.2	3.5
P/B	1.7	1.4

**Analyst :**

Ketan Chaphalkar

ketan@evaluateresearch.com

Sandy Mehta, CFA

sandy@evaluateresearch.com

## Q4FY2021 [ended March] Earnings Update

### **Robust Growth in Revenue and Net Profit; Sustained Recovery Since Third Quarter**

Rajesh Exports reported robust growth in revenue and net profit, much ahead of our expectations, on a sequential QoQ and YoY basis, despite a global economic slowdown and a higher gold price, indicating business performance is surely recovering. Net profit for the fiscal fourth quarter [ended March] came in at Rs.2,931 mn, up 29% and 8% on a sequential QoQ and YoY basis respectively. High double-digit growth in revenues to the tune of 42% on a sequential QoQ basis, along with stable gross margins were the primary reasons for an increase in the net profit in the fourth quarter due to sustenance in the Switzerland-based gold refining business. The stability in the price of gold in the international market continues to make the gold refining business more lucrative, thus leading to the strong increase in net profit. The company continues to focus on the strategy of sale of high margin products to accelerate revenue and profitability growth in the longer term. The growth in order book also indicates that the company will continue to show gradual recovery in profitability in the FY03/2022 and beyond [more details below]. For the fourth quarter, revenue increased by 36% to Rs.645 bn vs. Rs.475 bn in Q4 FY2020. As international air freight and shipping services continued operations recovering back to normal levels, Rajesh Exports' export business from India is also beginning to rebound. The growth is expected to be strong both on a sequential quarter on quarter and year on year basis, considering the low base of the previous quarters given that demand is expected to be strong going forward.

**Our conversations with the senior management and CEO Rajesh Mehta suggest that the business will post sustained growth YoY in revenue with a minimal impact on EPS as the global situation normalizes coupled with higher contribution from the gold refining business. The CEO also mentioned that the company's net income witnessed a robust growth in the fourth quarter of FY03/2021 as prices of gold have continued to remain strong making refining even more lucrative for its Switzerland-based subsidiary Valcambi, which is the largest refiner of gold in the world.**

The fourth quarter of FY03/2021 was expected to be subdued in terms of revenue and profitability on account of the lockdown in most of the countries due to the global pandemic. However, Rajesh Exports has

delivered a double-digit growth in revenues as well as net profit for the fourth quarter on a sequential QoQ and YoY basis showing absolute resilience amidst a severe crisis situation. Since the bulk of the business of the company comes from refining of gold, we expect revenue and profitability to show significant growth due to the base effect going forward, as supply seems to be back on track running at full scale as the situation continues to stabilize globally. The demand for luxury goods, such as cars [both mass market as well as high-end], apartments and real estate, and gold/jewelry will however remain muted in the current financial year. The jewelry business of the company, which has higher margins but relatively lower volumes in comparison to the gold refining business, has shown a significant recovery in the fourth quarter.

Our FY03/2022 earnings forecast of Rs. 72.17 per share implies a growth of 152% over the FY03/2021 earnings. The USA end market continues to remain robust with strong consumer spending expected as employment has started to recover sharply.

### **Maintain Estimates and Price Target Rs. 900: 59% Upside**

We maintain our FY03/2022 earnings estimates at Rs.72.17 per share on account of an expected rise in profitability once the global pandemic situation returns to normalcy in FY03/2022. We maintain our price target at Rs.900 on the stock and expect business conditions to come back to pre-pandemic levels at the end of FY2022 to achieve a robust growth in FY2023. Our price target represents an upside of approximately 59% from the current levels. Our 12-month price target on the stock is based on DCF methodology and backed by traditional P/E multiples as well. Please see detailed earnings and valuation model attached.

Rajesh Exports is the world's largest refiner of gold and largest exporter of gold jewelry with a 40% market share in India. With over 30 years of operating history, the company is a low-cost manufacturer due to economies of scale, and it derives 90% of its revenues from exports. The company is rapidly expanding its retail stores in India as well, with 83 stores presently. The company is a prime beneficiary of secular growth in Indian and Asian gold and jewelry demand. Over the last five years, the company has recorded a CAGR of 29% in EPS and 44% in revenues.

Our Rs.900 price target implies a P/E multiple of 12.3x on our FY03/2022 EPS estimate of Rs.72.17, and a P/E of 7.5x on our forward FY03/2023 estimate of Rs.119. We continue to remain positive on the margin growth story based on the company's strong execution history. While the company operates at a low-level absolute of operating margins, a relatively small increase in margins can be highly accretive to the EPS.

**Currently, the stock is trading at a P/E multiple of 19.7x on FY03/2021 EPS, and a P/E of 7.8x on our forward FY03/2022 estimate, which is at a discount to its 5-year average P/E of 20x, as well as the overall Indian stock market where the benchmark NIFTY Index is trading at approximately a trailing 41x and a forward 28x estimated P/E levels.**

Also, the stock is trading at a Price/Sales ratio of just 0.06x on FY03/2021 revenue and a P/S of 0.05x on our forward FY03/2023 estimate, which is at a significant discount to the trailing P/S ratio of 2.0x for the NIFTY Index.

### **Order Book Grows Significantly to Rs.453 bn**

At the end of the fourth quarter ended March, the order book was reported at Rs.453 bn. A growth of 40% in the order book to the tune of Rs.128 bn (Rs.325 bn at the end of previous quarter) indicates growth in revenues will sustain in the coming quarters as the global pandemic situation gradually returns to normalcy. The company had introduced new designs in the international markets which constitute a new range of jewelry. The company has already bagged a first major prestigious order after the first coronavirus wave in India, worth Rs.7.45 bn of designer range of gold jewelry from Germany expected to be completed in July 2021.

The company will be executing orders from its own manufacturing facility, which is the world's largest jewelry manufacturing facility. This facility has a processing capacity of 250 tons of jewelry and gold products per annum. The company is confident of executing its orders well within the time frame on the back of its expertise, skilled craftsmen, artisans & its exceptionally strong backward integrated infrastructure but only after the global pandemic situation comes back to normal.

### **Q4 Operational Details**

Rajesh Exports remains a zero debt company. The finance costs were reported as zero on account of an adjustment of the interest cost in the COGS. The company's gross profit margin was marginally lower at 0.63% in Q4 FY2021 as compared to 0.77% in Q3 FY2021 due to lower margins from the gold refining business. The operating profit margin was flat at 0.5% in Q4 FY2021 as compared to Q3 FY2021. We believe gross and operating margins will continue to recover going forward as revenue from sale of high margin products is expected to show sustained growth. The recovery has already started in the third quarter, but gross margin was slightly lower and operating margin was flat in the fourth quarter. So, we believe both gross and operating margins, which have already bottomed out, should gradually continue to increase from today's level in FY03/2022 and beyond.

### **Gold Demand Recovery Seen**

The financial year 2020-21 witnessed an overall decline of 28.46% to US\$ 25.31 bn in the overall exports of gem and jewelry compared with US\$ 35.37 bn in the fiscal year 2019-20, as per the data of the apex body The Gem and Jewellery Export Promotion Council (GJEPC). However, there is a significant increase in the exports witnessed in the last quarter of the financial year ended March 31<sup>st</sup>, 2021, with an increase of over 12.73% as compared to same period last year.

The Government of India had enforced a lockdown in India for several months starting in the month of March 2020 which led to a drastic fall in the demand for the gems and jewelry sector resulting in a sharp fall in gold imports in the financial year 2020-21. Gold imports, which have a bearing on the country's current account deficit (CAD), rose by 22.58 % to USD 34.6 bn (about Rs 2.54 trillion) during 2020-21 due to increased domestic demand.

India is the largest importer of gold, which mainly caters to the demand of jewelry industry. In volume terms, the country imports 800-900 tons of gold annually. The country's gold imports have a bearing on CAD, which is the difference between inflow and outflow of foreign exchange. The global COVID-19 pandemic had fueled safe-haven investment demand for gold, with gold-backed ETFs attracting huge inflows to push global holdings in these products to a record high of 3,185 tons.

## 5-year Price Chart



## Gold 5 Year Price Chart



# Demand and Supply: Gold Statistics



Data as of 31 March, 2021

Sources: ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council; Disclaimer

Income Statement (INR million)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
<b>Revenue</b>	<b>406,190</b>	<b>668,274</b>	<b>406,011</b>	<b>475,527</b>	<b>460,543</b>	<b>1,021,498</b>	<b>455,864</b>	<b>645,226</b>
<i>y/y</i>	-7.5%	25.2%	-7.8%	38.1%	13.4%	52.9%	12.3%	35.7%
<i>q/q</i>	17.9%	64.5%	-39.2%	17.1%	-3.2%	121.8%	-55.4%	41.5%
Cost of Revenue	-401,828	-663,570	-401,367	-471,449	-457,866	-1,018,582	-452,373	-641,131
<b>Gross Profit</b>	<b>4,362.0</b>	<b>4,703.2</b>	<b>4,644.2</b>	<b>4,077.1</b>	<b>2,676.3</b>	<b>2,916.0</b>	<b>3,491.3</b>	<b>4,095.4</b>
<i>Gross margin (%)</i>	1.07%	0.70%	1.14%	0.86%	0.58%	0.29%	0.77%	0.63%
Other Operating Revenue	35	8	8	20	3	6	9	7
<i>as a % of sales</i>	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Selling, General & Admin Expense	-1,238.0	-1,279.4	-1,322.8	-1,404.2	-1,003.3	-1,043.4	-1,160.4	-1,057.6
<i>as a % of sales</i>	0.30%	0.19%	0.33%	0.30%	0.22%	0.10%	0.25%	0.16%
<i>as a % of sales</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Operating Income</b>	<b>3,158.9</b>	<b>3,432.2</b>	<b>3,328.9</b>	<b>2,692.7</b>	<b>1,675.8</b>	<b>1,878.8</b>	<b>2,340.5</b>	<b>3,044.9</b>
<i>y/y</i>	-43.5%	-24.1%	-24.4%	-19.6%	-46.9%	-45.3%	-29.7%	13.1%
<i>q/q</i>	-5.7%	8.6%	-3.0%	-19.1%	-37.8%	12.1%	24.6%	30.1%
<i>Operating margin (%)</i>	0.8%	0.5%	0.8%	0.6%	0.4%	0.2%	0.5%	0.5%
Interest Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity in (losses)/income of affiliates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other recurring (expenses)/income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization of intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non recurring (expenses) income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Pretax Income (reported)</b>	<b>3,159</b>	<b>3,432</b>	<b>3,329</b>	<b>2,693</b>	<b>1,676</b>	<b>1,879</b>	<b>2,340</b>	<b>3,045</b>
<i>y/y</i>	-23.4%	-0.9%	1.6%	3.8%	-46.9%	-45.3%	-29.7%	13.1%
<b>Pretax Income (adjusted)</b>	<b>3,159</b>	<b>3,432</b>	<b>3,329</b>	<b>2,693</b>	<b>1,676</b>	<b>1,879</b>	<b>2,340</b>	<b>3,045</b>
<i>y/y</i>	-23.4%	-0.9%	1.6%	3.8%	-46.9%	-45.3%	-29.7%	13.1%
- Income Tax Expense	-139.7	-275.8	-164.3	23.9	-154.5	-148.7	-64.0	-117.3
<i>effective tax rate (%)</i>	4.4%	8.0%	4.9%	-0.9%	9.2%	7.9%	2.7%	3.9%
<b>Income Before XO Items</b>	<b>3,019</b>	<b>3,156</b>	<b>3,165</b>	<b>2,717</b>	<b>1,521</b>	<b>1,730</b>	<b>2,276</b>	<b>2,928</b>
<i>y/y</i>	-24.4%	0.2%	0.2%	3.5%	-49.6%	-45.2%	-28.1%	7.8%
- Extraordinary Loss Net of Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Income (reported)</b>	<b>3,019</b>	<b>3,156</b>	<b>3,165</b>	<b>2,717</b>	<b>1,521</b>	<b>1,730</b>	<b>2,276</b>	<b>2,928</b>
<i>y/y</i>	-24.4%	0.2%	0.2%	3.5%	-49.6%	-45.2%	-28.1%	7.8%
Exceptional (L)G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.48
<b>Net Income (adjusted)</b>	<b>3,019.2</b>	<b>3,156.3</b>	<b>3,164.6</b>	<b>2,716.6</b>	<b>1,521.3</b>	<b>1,730.1</b>	<b>2,276.4</b>	<b>2,931.1</b>
<i>y/y</i>	-24.4%	0.2%	0.2%	3.5%	-49.6%	-45.2%	-28.1%	7.9%
<i>q/q</i>	15.1%	4.5%	0.3%	-14.2%	-44.0%	13.7%	31.6%	28.8%
Basic EPS (reported)	10.23	10.69	10.72	9.20	5.15	5.86	7.71	9.92
Basic EPS (adjusted)	10.23	10.69	10.72	9.20	5.15	5.86	7.71	9.93
Basic Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25
<b>Diluted EPS (reported)</b>	<b>10.23</b>	<b>10.69</b>	<b>10.72</b>	<b>9.20</b>	<b>5.15</b>	<b>5.86</b>	<b>7.71</b>	<b>9.92</b>
<i>y/y</i>	-24.4%	0.2%	0.2%	3.5%	-49.6%	-45.2%	-28.1%	7.8%
<b>Diluted EPS (adjusted)</b>	<b>10.23</b>	<b>10.69</b>	<b>10.72</b>	<b>9.20</b>	<b>5.15</b>	<b>5.86</b>	<b>7.71</b>	<b>9.93</b>
<i>y/y</i>	-24.4%	0.2%	0.2%	3.5%	-49.6%	-45.2%	-28.1%	7.9%
<i>q/q</i>	15.1%	4.5%	0.3%	-14.2%	-44.0%	13.7%	31.6%	28.8%
Diluted Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25

Income Statement (INR million)	FY03/2016	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022E	FY03/2023E	FY03/2024E	CAGR (2020-24)
<b>Revenue</b>	<b>1,652,114</b>	<b>2,421,320</b>	<b>1,876,855</b>	<b>1,757,631</b>	<b>1,956,002</b>	<b>2,583,131.3</b>	<b>2,970,601</b>	<b>3,416,191</b>	<b>3,851,755</b>	18.5%
<i>y/y</i>	227.4%	46.6%	-22.5%	-6.4%	11.3%	32.1%	15.0%	15.0%	12.8%	
<i>q/q</i>										
Cost of Revenue	-1,631,510	-2,400,793	-1,854,173	-1,735,225	-1,938,215	-2,569,952	-2,943,197	-3,373,489	-3,803,609	
<b>Gross Profit</b>	<b>20,604.1</b>	<b>20,526.9</b>	<b>22,681.2</b>	<b>22,406</b>	<b>17,786.4</b>	<b>13,179.0</b>	<b>27,403.8</b>	<b>42,702.4</b>	<b>48,146.9</b>	
<i>Gross margin (%)</i>	1.2%	0.85%	1.21%	1.27%	0.91%	0.51%	0.92%	1.25%	1.25%	
Other Operating Revenue	90	471	620	<b>675</b>	71	26	29	34	38	
<i>as a % of sales</i>	0.01%	0.02%	0.03%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	
Selling, General & Admin Expense	-3,796.0	-3,665.3	-4,518.0	<b>-5206.84</b>	-5,244.4	-4,264.6	-4,904.3	-5,640.0	-6,359.1	
<i>as a % of sales</i>	0.2%	0.2%	0.2%	0.3%	0.3%	0.17%	0.2%	0.2%	0.2%	
Other Operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<i>as a % of sales</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Operating Income</b>	<b>16,898.2</b>	<b>17,333.0</b>	<b>18,783.2</b>	<b>17,874.5</b>	<b>12,612.7</b>	<b>8,940.0</b>	<b>22,528.9</b>	<b>37,096.3</b>	<b>41,826.1</b>	34.9%
<i>y/y</i>	40.3%	2.6%	8.4%	-4.8%	-29.4%	-29.1%	152.0%	64.7%	12.8%	
<i>Operating margin (%)</i>	1.0%	0.72%	1.00%	1.0%	0.6%	0.3%	0.8%	1.1%	1.1%	
Interest Expense	-5,776.7	-4,302.7	-5,366.8	-4,416.7	0.0	0.0	0.0	0.0	0.0	
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Equity in (losses)income of affiliates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other recurring (expenses)income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Amortization of intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other non recurring (expenses) income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Pretax Income (reported)</b>	<b>11,122</b>	<b>13,030</b>	<b>13,416</b>	<b>13,458</b>	<b>12,613</b>	<b>8,940</b>	<b>22,529</b>	<b>37,096</b>	<b>41,826</b>	34.9%
<i>y/y</i>	53.2%	17.2%	3.0%	0.3%	-6.3%	-29.1%	152.0%	64.7%	12.8%	
<b>Pretax Income (adjusted)</b>	<b>11,122</b>	<b>13,030</b>	<b>13,416</b>	<b>13,458</b>	<b>12,613</b>	<b>8,940</b>	<b>22,529</b>	<b>37,096</b>	<b>41,826</b>	34.9%
<i>y/y</i>	53.2%	17.2%	3.0%	0.3%	-6.3%	-29.1%	152.0%	64.7%	12.8%	
- Income Tax Expense	-431.2	-571.4	-758.6	-533.9	-556.0	-484.6	-1,221.2	-2,010.8	-2,267.2	
<i>effective tax rate (%)</i>	3.9%	4.4%	5.7%	4.0%	4.4%	5.4%	5.4%	5.4%	5.4%	
<b>Income Before XO Items</b>	<b>10,690</b>	<b>12,459</b>	<b>12,658</b>	<b>12,924</b>	<b>12,057</b>	<b>8,455</b>	<b>21,308</b>	<b>35,086</b>	<b>39,559</b>	34.6%
<i>y/y</i>	63.2%	16.5%	1.6%	2.1%	-6.7%	-29.9%	152.0%	64.7%	12.8%	
<b>Net Income (reported)</b>	<b>10,690</b>	<b>12,459</b>	<b>12,658</b>	<b>12,924</b>	<b>12,057</b>	<b>8,455</b>	<b>21,308</b>	<b>35,086</b>	<b>39,559</b>	34.6%
<i>y/y</i>	63.2%	16.5%	1.6%	2.1%	-6.7%	-29.9%	152.0%	64.7%	12.8%	
Exceptional (L)G	0.00	0.00	0.00	0.00	0.00	3.48	2.00	3.00	4.00	
<b>Net Income (adjusted)</b>	<b>10,690.3</b>	<b>12,459.0</b>	<b>12,657.9</b>	<b>12,924.0</b>	<b>12,056.7</b>	<b>8,458.9</b>	<b>21,305.8</b>	<b>35,082.5</b>	<b>39,554.9</b>	34.6%
<i>y/y</i>	63.2%	16.5%	1.6%	2.1%	-6.7%	-29.8%	151.9%	64.7%	12.7%	
<i>q/q</i>										
Basic EPS (reported)	36.21	42.20	42.87	43.77	40.84	28.64	72.17	118.83	133.98	
Basic EPS (adjusted)	36.21	42.20	42.87	43.77	40.84	28.65	72.16	118.82	133.97	
Basic Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	
<b>Diluted EPS (reported)</b>	<b>36.21</b>	<b>42.20</b>	<b>42.87</b>	<b>43.77</b>	<b>40.84</b>	<b>28.64</b>	<b>72.17</b>	<b>118.83</b>	<b>133.98</b>	34.6%
<i>y/y</i>	63.2%	16.5%	1.6%	2.1%	-6.7%	-29.9%	152.0%	64.7%	12.8%	
<b>Diluted EPS (adjusted)</b>	<b>36.21</b>	<b>42.20</b>	<b>42.87</b>	<b>43.77</b>	<b>40.84</b>	<b>28.65</b>	<b>72.16</b>	<b>118.82</b>	<b>133.97</b>	34.6%
<i>y/y</i>	63.2%	16.5%	1.6%	2.1%	-6.7%	-29.8%	151.9%	64.7%	12.7%	
Diluted Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	



Balance Sheet (INR million)	FY03/2016	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022E	FY03/2023E	FY03/2024E
<b>Assets</b>									
+ Cash & Near Cash Items	123,755	148,402	144,696	148,688	142,936	154,582	175,775	209,171	246,494
+ Short-Term Investments	-	-	-	-	-	-	-	-	-
+ Accounts & Notes Receivable	48,896	50,199	39,926	54,851	46,962	62,020	71,322	82,021	92,478
+ Inventories	9,926	11,628	17,220	46,000	15,077	19,992	22,895	26,242	29,588
+ Other Current Assets	4,336	8,606	9,762	10,916	10,916	10,916	10,916	10,916	10,916
<b>Total Current Assets</b>	<b>186,913</b>	<b>218,834</b>	<b>211,603</b>	<b>260,455</b>	<b>215,892</b>	<b>247,509</b>	<b>280,909</b>	<b>328,350</b>	<b>379,477</b>
+ Long-Term Investments	9,003	9,191	10,198	10,876	10,876	10,876	10,876	10,876	10,876
+ Gross Fixed Assets	8,774	9,127	9,886	10,597	11,388	12,432	13,633	15,015	16,572
- Accumulated Depreciation	-1,765	-2,415	-3,094	-3,838	-4,910	-6,036	-7,218	-7,218	-7,218
+ Net Fixed Assets	7,009	6,712	6,792	6,759	6,477	6,396	6,415	7,797	9,354
+ Other Long-Term Assets	8	424	605	605	605	605	605	605	605
+ Goodwill & other Intangible Assets	6,479	6,156	6,387	6,613	6,613	6,613	6,613	6,613	6,613
<b>Total Long-Term Assets</b>	<b>22,499.1</b>	<b>22,483.5</b>	<b>23,982.5</b>	<b>24,853.2</b>	<b>24,571.9</b>	<b>24,490.6</b>	<b>24,509.6</b>	<b>25,891.0</b>	<b>27,448.5</b>
<b>Total Assets</b>	<b>209,412.5</b>	<b>241,317.6</b>	<b>235,585</b>	<b>285,307.9</b>	<b>240,463.7</b>	<b>271,999.9</b>	<b>305,418.5</b>	<b>354,241.4</b>	<b>406,925.4</b>
<b>Liabilities &amp; Shareholders' Equity</b>									
+ Accounts Payable	108,533	121,519	71,699	134,665	78,060	101,432	113,840	127,874	141,294
+ Short-Term Borrowings	45,940	55,522	87,172	61,984	61,984	61,984	61,984	61,984	61,984
+ Other Short-Term Liabilities	2,005	657	1,419	968	968	968	968	968	968
<b>Total Current Liabilities</b>	<b>156,478.2</b>	<b>177,699.1</b>	<b>160,289.5</b>	<b>197,617.4</b>	<b>141,011.7</b>	<b>164,384.2</b>	<b>176,792.4</b>	<b>190,826.0</b>	<b>204,246.4</b>
+ Long-Term Borrowings	0.0	3,497.8	2,441.7	2,441.7	2,441.7	2,441.7	2,441.7	2,441.7	2,441.7
+ Other Long-Term Liabilities	5,102.5	3,745.7	3,934.6	3,934.6	3,934.6	3,934.6	3,934.6	3,934.6	3,934.6
<b>Total Liabilities</b>	<b>161,580.7</b>	<b>184,942.6</b>	<b>166,665.9</b>	<b>203,993.8</b>	<b>147,388.1</b>	<b>170,760.6</b>	<b>183,168.8</b>	<b>197,202.4</b>	<b>210,622.8</b>
+ Total Preferred Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Share Capital & APIC	295	295	295	295	295	295	295	295	295
+ Retained Earnings & Other Equity	47,537	56,080	68,390	81,019	92,780	100,944	121,954	156,742	196,001
<b>Total Shareholders' Equity</b>	<b>47,832.2</b>	<b>56,375.0</b>	<b>68,685.4</b>	<b>81,314.2</b>	<b>93,075.6</b>	<b>101,239.2</b>	<b>122,249.7</b>	<b>157,037.0</b>	<b>196,296.7</b>
+ Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities &amp; Equity</b>	<b>209,412.9</b>	<b>241,317.6</b>	<b>235,351.3</b>	<b>285,307.9</b>	<b>240,463.7</b>	<b>271,999.8</b>	<b>305,418.5</b>	<b>354,241.4</b>	<b>406,925.4</b>

Cash Flow (INR million)	FY03/2016	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022E	FY03/2023E	FY03/2024E
+ Net Income	11,080.5	12,459.0	12,657.9	12,924.0	12,056.7	8,458.9	21,305.8	35,082.5	39,554.9
+ Depreciation & Amortization	790.0	650.0	679.9	743.5	1,072.2	1,125.8	1,182.1	0.0	0.0
+ Other Non-Cash Adjustments	10,339.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Changes in Working Capital	-1,510.6	4,364.8	-45,534.4	17,656.6	-17,795.1	3,401.2	201.7	-12.0	-383.2
<b>Cash From Operating Activities</b>	<b>20,699.0</b>	<b>17,473.8</b>	<b>-32,196.6</b>	<b>31,324.0</b>	<b>-4,666.2</b>	<b>12,985.9</b>	<b>22,689.6</b>	<b>35,070.5</b>	<b>39,171.7</b>
+ Disposal of Fixed Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0
+ Capital Expenditures	-11,636.6	-242.1	-758.9	-710.7	-790.9	-1,044.5	-1,201.2	-1,381.4	-1,557.5
+ Increase in Investments	-7,802.9	-603.5	-1,188.8	-678.0	0.0	0.0	0.0	0.0	0.0
+ Decrease in Investments	0.9	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0
+ Other Investing Activities	0.0	322.3	-231.2	-225.4	0.0	0.0	0.0	0.0	0.0
<b>Cash From Investing Activities</b>	<b>-19,438.6</b>	<b>-523.3</b>	<b>-2,179.0</b>	<b>-1,614.1</b>	<b>-790.9</b>	<b>-1,044.5</b>	<b>-1,201.2</b>	<b>-1,379.4</b>	<b>-1,553.5</b>
+ Dividends Paid	-355.4	-295.3	-295.3	-295.3	-295.3	-295.3	-295.3	-295.3	-295.3
+ Change in Short-Term Borrowings	6,034.3	9,582.5	31,649.6	-25,187.7	0.0	0.0	0.0	0.0	0.0
+ Increase in Long-Term Borrowing	0.0	3,497.8	-1,056.1	0.0	0.0	0.0	0.0	0.0	0.0
+ Decrease in Long-term Borrowing	1,480.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Increase in Capital Stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Decrease in Capital Stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Other Financing Activities	-5,776.7	0.0	136.8	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash from Financing Activities</b>	<b>1,382.9</b>	<b>12,785.0</b>	<b>30,435.1</b>	<b>-25,483.0</b>	<b>-295.3</b>	<b>-295.3</b>	<b>-295.3</b>	<b>-295.3</b>	<b>-295.3</b>
<b>Net Changes in Cash</b>	<b>2,643.3</b>	<b>29,735.5</b>	<b>-3,940.6</b>	<b>4,227.0</b>	<b>-5,752.4</b>	<b>11,646.2</b>	<b>21,193.2</b>	<b>33,395.9</b>	<b>37,323.0</b>
Opening cash			148,402.0	144,461.4	148,688.4	142,936.0	154,582.1	175,775.3	209,171.2
Closing cash			144,461.4	148,688.4	142,936.0	154,582.1	175,775.3	209,171.2	246,494.1

Ratio Analysis (Annual)	FY03/2016	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022E	FY03/2023E	FY03/2024E
<b>Growth Ratios % (YoY)</b>									
Revenue	227.4%	46.6%	-22.5%	-6.4%	11.3%	32.1%	15.0%	15.0%	12.8%
Operating Income	40.3%	2.6%	8.4%	-4.8%	-29.4%	-29.1%	152.0%	64.7%	12.8%
Net income adjusted	63.2%	16.5%	1.6%	2.1%	-6.7%	-29.8%	151.9%	64.7%	12.7%
Diluted EPS adjusted	63%	17%	2%	2%	-7%	-30%	152%	65%	13%
Ratio Analysis (Annual)	FY03/2016	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022E	FY03/2023E	FY03/2024E
<b>Per Share Data (INR)</b>									
Basic EPS (adjusted)	36.2	42.2	42.9	43.8	40.8	28.6	72.2	118.8	134.0
Diluted EPS (adjusted)	36.2	42.2	42.9	43.8	40.8	28.6	72.2	118.8	134.0
Dividend per share (DPS)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Book Value per share (BVPS)	140.1	170.1	211.0	253.0	292.8	320.5	391.7	509.5	642.5
Margins (%)	FY03/2016	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022E	FY03/2023E	FY03/2024E
Gross Margin	1.25%	0.85%	1.21%	1.27%	0.91%	0.51%	0.92%	1.25%	1.25%
Operating Margin	1.02%	0.72%	1.00%	1.02%	0.64%	0.35%	0.76%	1.09%	1.09%
EBITDA Margin	1.07%	0.74%	1.04%	1.06%	0.70%	0.39%	0.80%	1.09%	1.09%
Pre-Tax Margin (adjusted)	0.67%	0.54%	0.71%	0.77%	0.64%	0.35%	0.76%	1.09%	1.09%
Net Income Margin (adjusted)	0.65%	0.51%	0.67%	0.74%	0.62%	0.33%	0.72%	1.03%	1.03%
<b>Return Ratios</b>									
<b>Dupont ROE (%)</b>	<b>22.3%</b>	<b>22.1%</b>	<b>18.4%</b>	<b>15.9%</b>	<b>13.0%</b>	<b>8.4%</b>	<b>17.4%</b>	<b>22.3%</b>	<b>20.2%</b>
Margin (%)	0.6%	0.5%	0.7%	0.7%	0.6%	0.3%	0.7%	1.0%	1.0%
Turnover (x)	7.9	10.0	8.0	6.2	8.1	9.5	9.7	9.6	9.5
Leverage (x)	4.4	4.3	3.4	3.5	2.6	2.7	2.5	2.3	2.1
Return on Assets	5.1%	5.2%	5.4%	4.5%	5.0%	3.1%	7.0%	9.9%	9.7%
Return on Capital Employed	31.9%	27.2%	24.9%	20.4%	12.7%	8.3%	17.5%	22.7%	20.6%
Return on Invested Capital	11.4%	10.8%	8.0%	8.9%	7.7%	5.1%	11.4%	15.8%	15.2%
<b>FCF Calculation</b>									
Op. cash	20,699.0	17,473.8	-32,196.6	31,324.0	-4,666.2	12,985.9	22,689.6	35,070.5	39,171.7
capex	-11,636.6	-242.1	-758.9	-710.7	-790.9	-1,044.5	-1,201.2	-1,381.4	-1,557.5
FCF (INR million)	9,062.4	17,231.7	-32,955.6	30,613.3	-5,457.2	11,941.4	21,488.4	33,689.1	37,614.2
FCF margin (%)	0.5%	0.7%	-1.8%	1.7%	-0.3%	0.5%	0.7%	1.0%	1.0%
FCF per share	30.69	58.36	-111.62	103.69	-18.48	40.45	72.78	114.10	127.40
Price/FCF per share	18.44	9.70	-5.07	5.46	-30.62	13.99	7.78	4.96	4.44
FCF Yield	5.4%	10.3%	-19.7%	18.3%	-3.3%	7.1%	12.9%	20.2%	22.5%
<b>Net Cash calculation</b>									
Cash + short term investments	123,754.9	148,402.0	144,695.5	148,688.4	142,936.0	154,582.1	175,775.3	209,171.2	246,494.1
Less: long term debt + ST debt	-45,939.9	-59,020.2	-89,613.7	-64,426.0	-64,426.0	-64,426.0	-64,426.0	-64,426.0	-64,426.0
<b>Net Cash</b>	<b>77,815.0</b>	<b>89,381.8</b>	<b>55,081.8</b>	<b>84,262.4</b>	<b>78,510.0</b>	<b>90,156.1</b>	<b>111,349.3</b>	<b>144,745.2</b>	<b>182,068.2</b>
Net cash per share	263.6	302.7	186.6	285.4	265.9	305.4	377.1	490.2	616.7

Valuation ratio's	FY03/2016	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022E	FY03/2023E	FY03/2024E
P/B	4.31	3.56	3.51	2.24	1.93	1.77	1.45	1.11	0.88
P/E	16.68	14.36	17.26	12.93	13.86	19.76	7.84	4.76	4.22
P/S	0.11	0.07	0.12	0.10	0.09	0.06	0.06	0.05	0.04
EV/sales	0.06	0.04	0.09	0.05	0.04	0.03	0.03	0.02	0.02
EV/EBITDA	5.68	4.98	8.40	4.45	6.05	8.23	3.49	2.23	1.98
EV/EBIT	5.95	5.17	8.70	4.64	6.57	9.27	3.68	2.23	1.98
EV/FCF	11.09	5.20	-4.96	2.71	-15.18	6.94	3.86	2.46	2.20
Dividend Yield (%)	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%
Div payout on FCF	3.3%	1.7%	-0.9%	1.0%	-5.4%	2.5%	1.4%	0.9%	0.8%
<b>Working Capital Ratios</b>									
Receivable days (DSO)	9	7	9	9	9	9	9	9	9
Inventory days (DIO)	2	2	3	3	3	3	3	3	3
Payables days (DPO)	22	17	19	15	15	14	14	14	14
Current ratio	1.2	1.2	1.3	1.3	1.5	1.5	1.6	1.7	1.9
Quick ratio	1.1	1.2	1.2	1.1	1.4	1.4	1.5	1.6	1.7
Working capital	-47380	-51745	-6210	-23867	-6072	-9473	-9675	-9663	-9279
Cash conversion cycle	-11	-8	-7	-3	-3	-3	-3	-2	-2
<b>Leverage Ratios</b>									
Debt / equity	96%	105%	130%	79%	69%	64%	53%	41%	33%
Net cash (debt) / equity	163%	159%	80%	104%	84%	89%	91%	92%	93%
Net cash (debt) / mkt cap	47%	53%	33%	50%	47%	54%	67%	87%	109%
Net cash (debt) / capital	83%	77%	35%	58%	50%	54%	60%	65%	70%
<b>Coverage Ratios</b>									
Interest coverage [EBIT]	2.9	4.0	3.5	4.0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Interest coverage [Opt. CF]	3.6	4.1	-6.0	7.1	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>Earnings Quality Ratios</b>									
Net operating assets/liab [NOA]	-29983	-33007	13838	-2948	14566	11083	10900	12294	14235
Average NOA	-37643	-31495	-9585	5445	5809	12824	10992	11597	13264
B/S accrual ratio	-0.41	0.10	-4.89	-3.08	3.02	-0.27	-0.02	0.12	0.15
CF accrual ratio	-0.25	0.14	-4.91	-3.08	3.02	-0.27	-0.02	0.12	0.15
<b>Enterprise Value Calculation</b>									
Market Cap.	178,331	178,922	218,485	167,112					
+ Minority Interest	0	0	0	0					
+Total Debt (ST & LT Debt)	45,940	59,020	89,614	64,426					
- Cash & Equivalents	123,755	148,402	144,696	148,688					
<b>Enterprise Value</b>	<b>100,516</b>	<b>89,540</b>	<b>163,403</b>	<b>82,849</b>					

DCF model	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E
(in INR million)																	
EBIT	3,464	6,047	7,575	7,486	12,043	16,898	17,333	18,783	17,875	12,613	8,940	22,529	37,096	41,826	27,392	28,625	29,784
% growth	0%	75%	25%	-1%	61%	40%	3%	8%	-5%	-29%	-29%	152%	65%	13%	-35%	4%	4%
Taxes @	7.7%	4.5%	7.6%	11.5%	9.8%	3.9%	4.4%	5.7%	4.0%	4.4%	5.4%	5.4%	5.4%	5.4%	6.5%	7.8%	9.4%
EBIAT	3,196	5,775	7,002	6,628	10,864	16,243	16,573	17,721	17,165	12,057	8,455	21,308	35,086	39,559	25,610	26,390	26,994
% growth	0%	81%	21%	-5%	64%	50%	2%	7%	-3%	-30%	-30%	152%	65%	13%	-35%	3%	2%
+ D&A	20	21	21	164	622	788	650	680	743	1,072	1,126	1,182	0	0	1,381	1,444	1,502
- Capital expenditures	-27	-18	-7	-1,155	-1,575	-11,637	-242	-759	-711	-791	-1,045	-1,201	-1,381	-1,558	-1,736	-1,814	-1,887
- Change in net WC	2,437	-10,942	21,428	-32,236	33,190	-1,511	4,365	-45,534	17,657	-17,795	3,401	202	-12	-383	-1,103	-949	-811
<b>Free Cash Flow to Firm</b>	5,626	-5,164	28,443	-26,598	43,100	3,884	21,346	-27,892	34,855	-5,457	11,938	21,490	33,692	37,618	24,153	25,071	25,798
FCY y/y growth		-192%	-651%	-194%	-262%	-91%	450%	-231%	-225%	-116%	-319%	80%	57%	12%	-36%	4%	3%

#### Value per Share

Terminal Growth	Cost of capital				
	11.0%	12.0%	13.0%	14.0%	15.0%
2.5%	1,017	927	854	794	744
2.8%	1,034	939	864	802	750
3.0%	1,045	948	870	807	754
3.3%	1,064	962	881	814	760
3.5%	1,077	971	888	820	764

WACC		13.0%
PV of Free Cash Flow		112,832
PV of Terminal Value		89,027
Add: Net Cash		55,082
Total Equity Value		256,941
Shares outstanding		295.25
<b>DCF value</b>		<b>870</b>

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## Evaluate Research Ltd.

30/F Singapore Land Tower  
50 Raffles Place  
SINGAPORE

Sai Capital Bldg – Suite 402  
Opp. JW Marriott Hotel  
SB RD, Pune 411 016  
INDIA

### Analyst:

Ketan Chaphalkar  
ketan@evaluateresearch.com

Sandy Mehta, CFA  
sandy@evaluateresearch.com

### Client Servicing:

Pooja Burgul  
pooja@evaluateresearch.com

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