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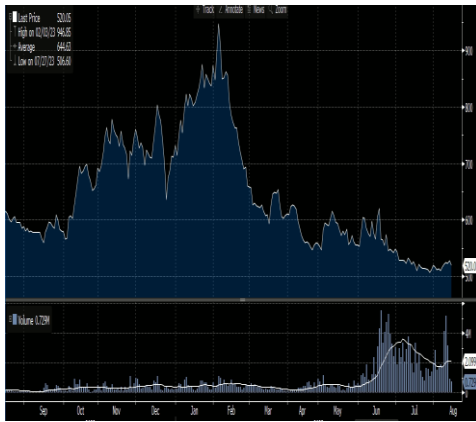
Rajesh Exports (RJEX_IN)

Earnings Update Report

Consumer Discretionary: Gold Jewelry Manufacturer

Target Price	Rs. 1100.00
Current Price	Rs. 520.00
Upside Potential	111%

Market Cap.	Rs.153 bn US\$ 1.91 bn
Shares Outstanding	295.3 mn
52 Week Range (Rs)	504 / 1030
Avg. Daily Value	Rs.187 mn US\$ 2.62 mn
SENSEX Index Level	65,400
Insider Holding %	54.05%


Risk: Above Average

Forecasting and Valuations

INR mn	FY03/2023	FY03/2024e
Revenue	3,396,895	3,566,740
Net Income	14,323	26,161
EPS (Rs)	48.51	88.60
EPS Growth	42%	83%
PE	11	6
EV/EBITDA	10	5
P/B	1.11	0.93

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- **Revenue Growth up +73% for the fiscal Q1 [ended June]**
- **Central Bank Buying Gold Props up Demand for the Quarter**
- **Net Profit Growth of 14% Year on Year; Expect Sharp Recovery in Net Profit Margin from Current Levels**
- **Expected EPS Growth of 83% to Rs.88.60 for FY 03/2024**
- **Price Target Rs.1,100 suggests 111% Upside Potential**

Sales Soar +73% for the Quarter; Expect Net Profit Margin to Recover Sharply in 2023-24

Rajesh Exports reported stellar results, ahead of our expectations, both in terms of revenues as well as profits, for the fiscal first quarter [ended June]. The performance continues to beat expectations as growth in the previous quarter was also solid on a year-on-year basis. Revenue increased significantly by 73% YoY to Rs.857 bn as compared to Q1 FY 03/2023.

According to the World Gold Council, the calendar year second quarter central bank demand for gold was down YoY to 103 tons, primarily driven by net sales in Turkey due to country-specific political and economic circumstances. However, central banks bought a first half record amount of 387 tons, and quarterly demand is in line with the longer-term positive trend – indicating that official sector buying should remain strong throughout the year. Jewelry consumption remained resilient in the face of high prices, showing a 3% YoY increase in Q2 and an H1 total of 951 tons. A rebound in Chinese demand and remarkably strong consumer buying in Turkey bolstered second quarter consumption.

Net profit for the fiscal first quarter [ended June] came in at Rs.3,094 mn, up 14% on a YoY basis. The net profit and the revenue declined by 16% and 26% respectively on a sequential QoQ basis due to inherent

seasonality/cyclicality during the first quarter of FY2023-24. We believe that the revenue growth will continue, albeit at a slower pace, while the net profit margin is expected to improve sharply in FY03/2024.

Our conversations with the senior management and CEO Rajesh Mehta suggest that the business will post flat to positive growth YoY in revenues while the net profit margin will improve sharply. The net profit margin is expected to improve sharply due to a rise in contribution from the high margin jewelry business of the company. Also, the company expects to improve their operational efficiency in FY2023-24 which will further aid in net profit margin improvement.

While the results are ahead of our expectations, we are maintaining our full year estimates. Our FY03/2024 earnings forecast of Rs.88.60 per share implies a growth of 83% over the FY03/2023 earnings. The USA end market continues to be holding up with still resilient consumer spending expected on healthy employment levels, although inflation and an economic slowdown are areas of concern.

Maintain Price Target to Rs. 1,100; 111% Upside

We maintain our price target of Rs.1,100 on account of sharp improvement in net profit implying a P/E multiple of 12.4x on our FY03/2024 EPS estimate of Rs.88.60, and a P/E of 9.4x on our forward FY03/2025 estimate of Rs.117. We continue to remain positive on the margin growth story based on the company's strong execution history. As the company operates at a low absolute level of operating margins, a relatively small increase in margins will lead to a significant accretion to EPS.

Our price target represents an upside of approximately 111% 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 hopes to eventually expand its retail stores in India as well, with 82 stores presently. The company is a prime beneficiary of secular growth in Indian and Asian gold and jewelry demand.

Currently, the stock is trading at a P/E of 4.4x on our forward FY03/2025 EPS 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 22x and a forward 19x estimated P/E levels.

Also, the stock is trading at a Price/Sales ratio of just 0.05x on FY03/2023 revenue and a P/S of 0.05x on our forward FY03/2024 estimate, which is at a significant discount to the trailing P/S ratio of 2.0x for the NIFTY Index.

Increased Gold Demand from Global Central Banks

The World Gold Council's latest Gold Demand Trends report reveals that gold benefited from record central bank buying in the first half of the calendar year and was supported by healthy investment markets and resilient jewelry demand. Gold demand (excluding OTC) dropped by 2% YoY to 921 tons during Q2 (Q1FY24), although total demand (inclusive of OTC) was up 7% YoY, pointing to a solid gold market globally.

As mentioned before, second quarter central bank demand was down YoY to 103 tons, primarily driven by net sales in Turkey due to country-specific political and economic circumstances. However, central banks bought a first half record amount of 387 tons, and quarterly demand is in line with the longer-term positive trend – indicating that official sector buying should remain strong throughout the year. Also, Jewelry consumption remained resilient in the face of high prices, showing a 3% YoY increase in Q2 and an H1 total of 951 tons. A rebound in Chinese demand and remarkably strong consumer buying in Turkey bolstered second quarter consumption.

Turning to gold investment, bar and coin demand increased by 6% YoY to 277 tons in Q2, and a total of 582 tons in H1 (for calendar year 2023), thanks to growth in key markets including the US and Turkey. Gold ETFs outflows of 21 tons in Q2 were notably smaller than the 47 tons in the same quarter of 2022, bringing net outflows to 50 tons in the first half of the calendar year.

During a period of rising inflation and higher interest rates, currencies such as the US Dollar depreciate in purchasing-power value, leading to surging demand for gold as a stable and more tangible "store of value". The Fed will need to continue to raise interest rates in order to get them to a level high enough to bring inflation back down to the central bank's target rate according to Fed Governor Michelle Bowman.

Q4 Operational Details

Rajesh Exports remains a zero-debt company. The company's gross profit margin was at 0.49% in Q1 FY2024 as compared to 0.78% in Q1 FY2023 due to lower margins from the gold refining business. The operating profit margin was slightly down at 0.4% in Q1 FY2024 as compared to 0.6% in Q1 FY2023 indicating marginal impact on operational performance. We believe gross and operating margins have already bottomed out and will only recover going forward as revenue from sale of high margin products is expected to show renewed growth. There has been recovery with higher revenue growth in the previous financial year, but the margins were down in the first quarter in FY2023-24. So, we believe both gross and operating margins, should gradually recover from today's level in FY03/2024 and beyond.

Order Book of Rs.803 bn at the end of Q1FY24

The order book position of the company stood at Rs.803 bn at the end of Q1FY2024, with a marginal decline on a sequential QoQ basis. The order book had grown by a decent 4% in the previous quarter on a sequential basis. Due to seasonality/cyclicality the order book growth maybe slightly subdued but will continue to accelerate in the upcoming quarters of FY2023-24 as the global economic situation gradually returns to normalcy along with a slight increase in the price of gold. The company had introduced new designs in the international markets which constitute a new range of jewelry.

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. 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 stability in order book also indicates that the company will continue to show recovery in profitability in FY03/2024 and beyond.

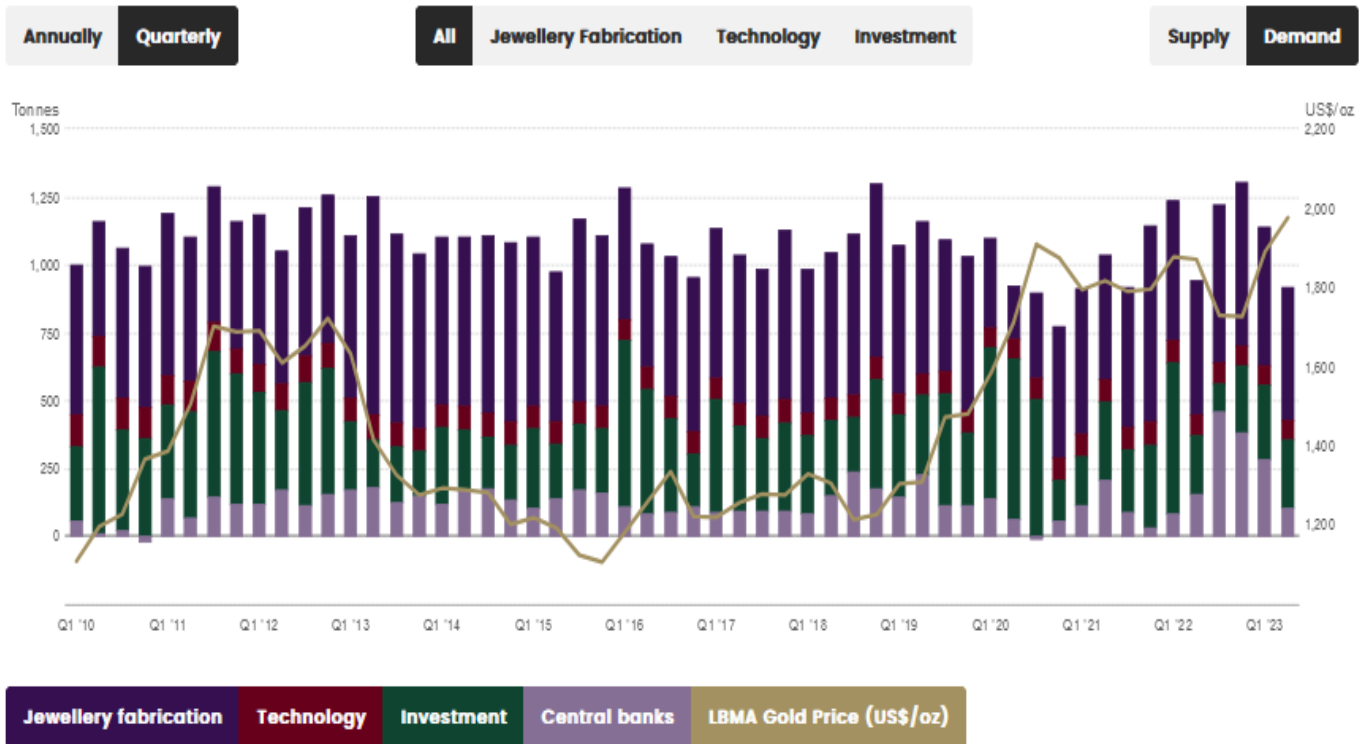
5-year Price Chart



Gold 5 Year Price Chart



Demand and Supply: Gold Statistics



Data as of 30 June, 2023

Sources: ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council; [Disclaimer](#)

Income Statement (INR million)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Revenue	494,971	802,701	944,743	1,154,480	856,886
<i>y/y</i>	-2.8%	94.6%	44.9%	34.5%	73.1%
<i>q/q</i>	-42.3%	62.2%	17.7%	22.2%	-25.8%
Cost of Revenue	-491,124	-797,679	-939,278	-1,149,724	-852,722
Gross Profit	3,847.1	5,021.7	5,465.1	4,756.8	4,163.9
<i>Gross margin (%)</i>	0.78%	0.63%	0.58%	0.41%	0.49%
Other Operating Revenue	11	11	10	211	121
<i>as a % of sales</i>	0.00%	0.00%	0.00%	0.02%	0.01%
Selling, General & Admin Expense	-1,022.9	-1,084.3	-1,243.3	-1,197.9	-1,133.7
<i>as a % of sales</i>	0.21%	0.14%	0.13%	0.10%	0.13%
Other Operating expenses	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%
Operating Income	2,834.8	3,948.3	4,231.4	3,769.9	3,151.0
<i>y/y</i>	1.3%	32.6%	39.0%	140.8%	11.2%
<i>q/q</i>	81.1%	39.3%	7.2%	-10.9%	-16.4%
<i>Operating margin (%)</i>	0.6%	0.5%	0.4%	0.3%	0.4%
Interest Expense	0.0	0.0	0.0	0.0	0.0
Interest income	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
Other recurring (expenses)/income	0.0	0.0	0.0	0.0	0.0
Amortization of intangibles	0.0	0.0	0.0	0.0	0.0
Goodwill impairment	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
Pretax Income (reported)	2,835	3,948	4,231	3,770	3,151
<i>y/y</i>	1.3%	32.6%	39.0%	140.8%	11.2%
Pretax Income (adjusted)	2,835	3,948	4,231	3,770	3,151
<i>y/y</i>	1.3%	32.6%	39.0%	140.8%	11.2%
- Income Tax Expense	-117.4	-218.8	-15.8	-109.7	-57.4
<i>effective tax rate (%)</i>	4.1%	5.5%	0.4%	2.9%	1.8%
- Minority Interests	0	0	0	0	0
Income Before XO Items	2,717	3,730	4,216	3,660	3,094
<i>y/y</i>	-2.4%	28.0%	40.4%	164.2%	13.8%
- Extraordinary Loss Net of Tax	0.0	0.0	0.0	0.0	0.0
Net Income (reported)	2,717	3,730	4,216	3,660	3,094
<i>y/y</i>	-2.4%	28.0%	40.4%	163.9%	13.8%
Exceptional (L)G	0.00	0.00	0.00	0.00	0.00
Net Income (adjusted)	2,717.4	3,729.5	4,215.6	3,660.2	3,093.6
<i>y/y</i>	-2.4%	28.0%	40.4%	164.2%	13.8%
<i>q/q</i>	96.2%	37.2%	13.0%	-13.2%	-15.5%
Basic EPS (reported)	9.20	12.63	14.28	12.40	10.48
Basic EPS (adjusted)	9.20	12.63	14.28	12.40	10.48
Basic Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25
Diluted EPS (reported)	9.20	12.63	14.28	12.40	10.48
<i>y/y</i>	-2.4%	28.0%	40.4%	163.9%	13.8%
Diluted EPS (adjusted)	9.20	12.63	14.28	12.40	10.48
<i>y/y</i>	-2.4%	28.0%	40.4%	164.2%	13.8%
<i>q/q</i>	96.2%	37.2%	13.0%	-13.2%	-15.5%
Diluted Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25

Income Statement (INR million)	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024E	FY03/2025E	FY03/2026E	CAGR (2023-26)
Revenue	1,876,855	1,757,631	1,956,002	2,583,131.3	2,431,279	3,396,895	3,566,740	3,923,414	4,276,521	5.9%
y/y	-22.5%	-6.4%	11.3%	32.1%	-5.9%	39.7%	5.0%	10.0%	9.0%	
q/q										
Cost of Revenue	-1,854,173	-1,735,225	-1,938,215	-2,569,952	-2,416,058	-3,377,804	-3,532,856	-3,880,256	-4,227,341	
Gross Profit	22,681.2	22,406	17,786.4	13,179.0	15,221.3	19,090.7	33,884.0	43,157.6	49,180.0	
Gross margin (%)	1.21%	1.27%	0.91%	0.51%	0.63%	0.56%	0.95%	1.10%	1.15%	
Other Operating Revenue	620	675	71	26	403	242	254	280	305	
as a % of sales	0.03%	0.04%	0.00%	0.00%	0.02%	0.01%	0.01%	0.01%	0.01%	
Selling, General & Admin Expense	-4,518.0	-5206.84	-5,244.4	-4,264.6	-5,239.3	-4,548.4	-7,133.5	-7,846.8	-8,553.0	
as a % of sales	0.2%	0.3%	0.3%	0.17%	0.22%	0.1%	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	
as a % of sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Operating Income	18,783.2	17,874.5	12,612.7	8,940.0	10,384.6	14,784.4	27,004.8	35,590.4	40,931.8	29.0%
y/y	8.4%	-4.8%	-29.4%	-29.1%	16.2%	42.4%	82.7%	31.8%	15.0%	
q/q										
Operating margin (%)	1.00%	1.0%	0.6%	0.3%	0.4%	0.4%	0.8%	0.9%	1.0%	
Interest Expense	-5,366.8	-4,416.7	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	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	
Pretax Income (reported)	13,416	13,458	12,613	8,940	10,385	14,784	27,005	35,590	40,932	29.0%
y/y	3.0%	0.3%	-6.3%	-29.1%	16.2%	42.4%	82.7%	31.8%	15.0%	
Pretax Income (adjusted)	13,416	13,458	12,613	8,940	10,385	14,784	27,005	35,590	40,932	29.0%
y/y	3.0%	0.3%	-6.3%	-29.1%	16.2%	42.4%	82.7%	31.8%	15.0%	
- Income Tax Expense	-758.6	-533.9	-556.0	-484.6	-299.0	-461.8	-843.4	-1,111.6	-1,278.4	
effective tax rate (%)	5.7%	4.0%	4.4%	5.4%	2.9%	3.1%	3.1%	3.1%	3.1%	
- Minority Interests	0	0	0	0	0	0	0	0	0	
Income Before XO Items	12,658	12,924	12,057	8,455	10,086	14,323	26,161	34,479	39,653	29.0%
y/y	1.6%	2.1%	-6.7%	-29.9%	19.3%	42.0%	82.7%	31.8%	15.0%	
- Extraordinary Loss Net of Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net Income (reported)	12,658	12,924	12,057	8,455	10,086	14,323	26,161	34,479	39,653	29.0%
y/y	1.6%	2.1%	-6.7%	-29.9%	19.3%	42.0%	82.7%	31.8%	15.0%	
Exceptional (L)G	0.00	0.00	0.00	3.48	0.00	0.00	0.00	0.00	0.00	
Net Income (adjusted)	12,657.9	12,924.0	12,056.7	8,458.9	10,085.6	14,322.7	26,161.4	34,478.9	39,653.5	29.0%
y/y	1.6%	2.1%	-6.7%	-29.8%	19.2%	42.0%	82.7%	31.8%	15.0%	
q/q										
Basic EPS (reported)	42.87	43.77	40.84	28.64	34.16	48.51	88.61	116.78	134.30	
Basic EPS (adjusted)	42.87	43.77	40.84	28.65	34.16	48.51	88.61	116.78	134.30	
Basic Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	
Diluted EPS (reported)	42.87	43.77	40.84	28.64	34.16	48.51	88.61	116.78	134.30	29.0%
y/y	1.6%	2.1%	-6.7%	-29.9%	19.3%	42.0%	82.7%	31.8%	15.0%	
Diluted EPS (adjusted)	42.87	43.77	40.84	28.65	34.16	48.51	88.61	116.78	134.30	29.0%
y/y	1.6%	2.1%	-6.7%	-29.8%	19.2%	42.0%	82.7%	31.8%	15.0%	
q/q										
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)	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024E	FY03/2025E	FY03/2026E
Assets									
+ Cash & Near Cash Items	144,696	150,634	127,876	20,529	18,087	20,964	160,719	192,072	228,081
+ Short-Term Investments	-	-	-	-	-	-	-	-	-
+ Accounts & Notes Receivable	39,926	61,480	93,197	103,490	107,556	103,564	85,635	94,199	102,677
+ Inventories	17,220	39,371	47,744	74,074	76,690	60,487	27,482	30,185	32,885
+ Other Current Assets	9,870	10,916	11,214	11,067	10,567	9,963	9,963	9,963	9,963
Total Current Assets	211,710	262,401	280,031	209,160	212,901	194,977	283,799	326,418	373,605
+ Long-Term Investments	10,198	10,876	11,415	10,411	11,127	12,409	12,409	12,409	12,409
+ Gross Fixed Assets	9,886	10,597	11,388	12,432	13,415	14,789	16,231	17,818	19,547
- Accumulated Depreciation	-3,094	-3,838	-4,910	-6,036	-7,218	-7,218	-7,218	-7,218	-7,218
+ Net Fixed Assets	6,557	7,929	8,030	7,299	6,802	12,305	9,013	10,599	12,329
+ Other Long-Term Assets	498	596	609	572	576	595	595	595	595
+ Goodwill & other Intangible Assets	6,387	6,613	7,282	7,286	7,750	8,460	8,460	8,460	8,460
Total Long-Term Assets	23,640.8	26,013.7	27,336.2	25,567.7	26,255.1	33,769.4	30,477.3	32,063.8	33,793.1
Total Assets	235,351	288,414.6	307,367.0	234,727.9	239,155.9	228,746.7	314,276.5	358,482.3	407,398.0
Liabilities & Shareholders' Equity									
+ Accounts Payable	71,699	134,665	186,868	110,176	104,210	71,573	131,237	141,259	150,816
+ Short-Term Borrowings	87,172	61,984	12,781	10,210	8,134	7,240	7,240	7,240	7,240
+ Other Short-Term Liabilities	1,419	1,164	1,220	1,213	1,553	1,579	1,579	1,579	1,579
Total Current Liabilities	160,289.5	197,813.3	200,869.4	121,598.0	113,896.3	80,392.0	140,055.6	150,077.8	159,635.3
+ Long-Term Borrowings	2,441.7	1,319.2	64.7	66.3	63.2	63.2	63.2	63.2	63.2
+ Other Long-Term Liabilities	3,934.6	881.6	1,003.3	849.9	745.2	1,055.2	1,055.2	1,055.2	1,055.2
Total Liabilities	166,665.9	200,014.1	201,937.4	122,514.1	114,704.6	81,510.4	141,174.0	151,196.2	160,753.7
+ 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	68,390	88,105	105,044	111,919	124,156	146,941	172,807	206,991	246,349
Total Shareholders' Equity	68,685.4	88,400.5	105,338.9	112,213.8	124,451.3	147,236.3	173,102.5	207,286.1	246,644.3
+ Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities & Equity	235,351.3	288,414.6	307,367.0	234,727.9	239,155.9	228,746.7	314,276.4	358,482.3	407,398.0

Cash Flow (INR million)	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024E	FY03/2025E	FY03/2026E
+ Net Income	12,657.9	12,924.0	12,056.7	8,458.9	10,085.6	15,754.0	23,966.5	29,591.6	34,014.2
+ Depreciation & Amortization	679.9	743.5	1,072.2	1,125.8	1,182.1	0.0	0.0	0.0	0.0
+ Other Non-Cash Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Changes in Working Capital	-45,642.1	17,960.0	11,870.9	-113,175.9	-11,808.5	106,124.2	-551.7	-1,015.6	-1,381.1
Cash From Operating Activities	-32,304.3	31,627.5	24,999.8	-103,591.2	-540.7	121,878.3	23,414.8	28,576.0	32,633.1
+ Disposal of Fixed Assets	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0	4.0
+ Capital Expenditures	-758.9	-710.7	-790.9	-1,044.5	-983.1	-1,091.3	-1,222.2	-1,344.4	-1,465.4
+ Increase in Investments	-1,081.2	-776.4	-552.2	1,041.3	-719.7	0.0	0.0	0.0	0.0
+ Decrease in Investments	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0	4.0
+ Other Investing Activities	-231.2	-225.4	-668.8	-4.3	-464.1	0.0	0.0	0.0	0.0
Cash From Investing Activities	-2,071.4	-1,712.5	-2,011.9	-7.6	-2,166.9	-1,089.3	-1,218.2	-1,338.4	-1,457.4
+ Dividends Paid	-295.3	-295.3	-295.3	-295.3	-295.3	-295.3	-295.3	-295.3	-295.3
+ Change in Short-Term Borrowings	31,649.6	-25,187.7	-49,202.8	-2,571.9	-2,076.0	0.0	0.0	0.0	0.0
+ Increase in Long-Term Borrowing	-1,056.1	-1,122.6	-1,254.5	1.6	-3.1	0.0	0.0	0.0	0.0
+ Decrease in Long-term Borrowing	0.0	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	136.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash from Financing Activities	30,435.1	-26,605.5	-50,752.5	-2,865.5	-2,374.3	-295.3	-295.3	-295.3	-295.3
Net Changes in Cash	-3,940.6	3,309.5	-27,764.6	-106,464.2	-5,082.0	120,493.8	21,901.3	26,942.3	30,880.4
Opening cash	148,402.0	144,461.4	147,770.9	120,006.3	13,542.1	8,460.1	128,953.9	150,855.2	177,797.5
Closing cash	144,461.4	147,770.9	120,006.3	13,542.1	8,460.1	128,953.9	150,855.2	177,797.5	208,677.9

Ratio Analysis (Annual)	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024E	FY03/2025E	FY03/2026E
Growth Ratios % (YoY)									
Revenue	-22.5%	-6.4%	11.3%	32.1%	-5.9%	39.7%	5.0%	10.0%	9.0%
Operating Income	8.4%	-4.8%	-29.4%	-29.1%	16.2%	42.4%	82.7%	31.8%	15.0%
Net income adjusted	1.6%	2.1%	-6.7%	-29.8%	19.2%	42.0%	82.7%	31.8%	15.0%
Diluted EPS adjusted	2%	2%	-7%	-30%	19%	42%	83%	32%	15%
Ratio Analysis (Annual)									
Per Share Data (INR)									
Basic EPS (adjusted)	42.9	43.8	40.8	28.6	34.2	48.5	88.6	116.8	134.3
Diluted EPS (adjusted)	42.9	43.8	40.8	28.6	34.2	48.5	88.6	116.8	134.3
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)	211.0	277.0	332.1	355.4	395.3	470.0	557.6	673.4	806.7
Margins (%)									
Gross Margin	1.21%	1.27%	0.91%	0.51%	0.63%	0.56%	0.95%	1.10%	1.15%
Operating Margin	1.00%	1.02%	0.64%	0.35%	0.43%	0.44%	0.76%	0.91%	0.96%
EBITDA Margin	1.04%	1.06%	0.70%	0.39%	0.48%	0.44%	0.76%	0.91%	0.96%
Pre-Tax Margin (adjusted)	0.71%	0.77%	0.64%	0.35%	0.43%	0.44%	0.76%	0.91%	0.96%
Net Income Margin (adjusted)	0.67%	0.74%	0.62%	0.33%	0.41%	0.42%	0.73%	0.88%	0.93%
Return Ratios									
Dupont ROE (%)	18.4%	14.6%	11.4%	7.5%	8.1%	9.7%	15.1%	16.6%	16.1%
Margin (%)	0.7%	0.7%	0.6%	0.3%	0.4%	0.4%	0.7%	0.9%	0.9%
Turnover (x)	8.0	6.1	6.4	11.0	10.2	14.9	11.3	10.9	10.5
Leverage (x)	3.4	3.3	2.9	2.1	1.9	1.6	1.8	1.7	1.7
Return on Assets	5.4%	4.5%	3.9%	3.6%	4.2%	6.3%	8.3%	9.6%	9.7%
Return on Capital Employed	25.0%	19.7%	11.8%	7.9%	8.3%	10.0%	15.5%	17.1%	16.5%
Return on Invested Capital	8.0%	8.5%	10.2%	6.9%	7.6%	9.3%	14.5%	16.1%	15.6%
FCF Calculation									
Op. cash	-32,304.3	31,627.5	24,999.8	-103,591.2	-540.7	21,809.5	136,754.5	33,229.1	38,025.1
capex	-758.9	-710.7	-790.9	-1,044.5	-983.1	-1,373.6	-1,442.3	-1,586.5	-1,729.3
FCF (INR million)	-33,063.2	30,916.8	24,208.9	-104,635.7	-1,523.8	20,435.9	135,312.2	31,642.6	36,295.9
FCF margin (%)	-1.8%	1.8%	1.2%	-4.1%	-0.1%	0.6%	3.8%	0.8%	0.8%
FCF per share	-111.98	104.71	81.99	-354.40	-5.16	69.22	458.30	107.17	122.93
Price/FCF per share	-4.64	4.97	6.34	-1.47	-100.75	7.51	1.13	4.85	4.23
FCF Yield	-21.5%	20.1%	15.8%	-68.2%	-1.0%	13.3%	88.1%	20.6%	23.6%
Net Cash calculation									
Cash + short term investments	144,695.5	150,634.4	127,876.3	20,529.5	18,087.3	20,963.5	160,718.8	192,072.2	228,080.8
Less: long term debt + ST debt	-89,613.7	-63,303.4	-12,846.2	-10,275.9	-8,196.8	-7,303.3	-7,303.3	-7,303.3	-7,303.3
Net Cash	55,081.8	87,331.0	115,030.1	10,253.6	9,890.5	13,660.2	153,415.5	184,768.9	220,777.5
Net cash per share	186.6	295.8	389.6	34.7	33.5	46.3	519.6	625.8	747.8

Valuation ratio's	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024E	FY03/2025E	FY03/2026E
P/B	3.51	1.88	1.57	1.46	1.32	1.11	0.93	0.77	0.64
P/E	17.26	11.88	12.73	18.15	15.22	10.72	5.87	4.45	3.87
P/S	0.12	0.09	0.08	0.06	0.06	0.05	0.04	0.04	0.04
EV/sales	0.09	0.08	0.07	0.06	0.06	0.04	0.04	0.04	0.03
EV/EBITDA	8.40	7.70	10.47	14.23	12.39	9.69	5.31	4.03	3.50
EV/EBIT	8.70	8.02	11.36	16.03	13.80	9.69	5.31	4.03	3.50
EV/FCF	-4.94	4.63	5.92	-1.37	-94.02	7.01	1.06	4.53	3.95
Dividend Yield (%)	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
Div payout on FCF	-0.9%	1.0%	1.2%	-0.3%	-19.4%	1.4%	0.2%	0.9%	0.8%

Working Capital Ratios	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024E	FY03/2025E	FY03/2026E
Receivable days (DSO)	9	9	9	9	9	9	9	9	9
Inventory days (DIO)	3	3	3	3	3	3	3	3	3
Payables days (DPO)	19	15	15	14	14	14	14	13	13
Current ratio	1.3	1.3	1.4	1.7	1.9	2.4	2.0	2.2	2.3
Quick ratio	1.2	1.1	1.2	1.1	1.2	1.7	1.8	2.0	2.1
Working capital	-6103	-24063	-35934	77242	89051	100862	-9735	-8491	-6871
Cash conversion cycle	-7	-3	-3	-3	-3	-2	-2	-2	-1

Leverage Ratios	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024E	FY03/2025E	FY03/2026E
Debt / equity	130%	72%	12%	9%	7%	5%	4%	4%	3%
Net cash (debt) / equity	80%	99%	109%	9%	8%	9%	89%	89%	90%
Net cash (debt) / mkt cap	36%	57%	75%	7%	6%	9%	100%	120%	144%
Net cash (debt) / capital	35%	58%	97%	8%	7%	9%	85%	86%	87%

Earnings Quality Ratios

Net operating assets/liab [NOA]	13604	1070	-9601	101960	114561	133576	19687	22517	25867
Average NOA	-9702	7337	-4266	46180	108261	124068	76632	21102	24192
B/S accrual ratio	-4.80	-1.71	2.50	2.42	0.12	0.15	-1.49	0.13	0.14
CF accrual ratio	-4.85	-2.32	2.56	2.43	0.12	-0.03	-1.42	0.13	0.14

Enterprise Value Calculation	FY 03/2018	current
Market Cap.	218,485	153,530
+ Minority Interest	0	0
+Total Debt (ST & LT Debt)	89,614	10,276
- Cash & Equivalents	144,696	20,529
Enterprise Value	163,403	143,276

DCF model	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	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	10,385	16,221	24,681	26,433	27,623	28,742
% growth	0%	75%	25%	-1%	61%	40%	3%	8%	-5%	-29%	-29%	16%	56%	52%	7%	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%	2.9%	2.9%	2.9%	3.5%	4.1%	5.0%
EBIAT	3,196	5,775	7,002	6,628	10,864	16,243	16,573	17,721	17,165	12,057	8,455	10,086	15,754	23,970	25,520	26,478	27,312
% growth	0%	81%	21%	-5%	64%	50%	2%	7%	-3%	-30%	-30%	19%	56%	52%	6%	4%	3%
+ D&A	20	21	21	164	622	788	650	680	743	1,072	1,126	1,182	0	0	1,543	1,613	1,678
- Capital expenditures	-27	-18	-7	-1,155	-1,575	-11,637	-242	-759	-711	-791	-1,045	-983	-1,091	-1,222	-1,587	-1,658	-1,725
- Change in net WC	2,437	-10,942	21,428	-32,236	33,190	-1,511	4,365	-45,642	17,960	11,871	-113,176	-11,808	106,124	-552	11,337	9,761	8,339
Free Cash Flow to Firm	5,626	-5,164	28,443	-26,598	43,100	3,884	21,346	-28,000	35,158	24,209	-104,639	-1,524	120,787	22,197	36,813	36,193	35,603
FCY y/y growth		-192%	-651%	-194%	-262%	-91%	450%	-231%	-226%	-31%	-532%	-99%	-8027%	-82%	66%	-2%	-2%

Value per Share

Terminal Growth	Cost of capital				
	9.5%	10.5%	11.5%	12.5%	13.5%
2.5%	1,464	1,291	1,158	1,052	966
2.8%	1,501	1,318	1,177	1,066	977
3.0%	1,528	1,336	1,191	1,077	985
3.3%	1,572	1,367	1,213	1,093	997
3.5%	1,603	1,388	1,228	1,104	1,006

WACC		11.5%
PV of Free Cash Flow		101,933
PV of Terminal Value		162,328
Add: Net Cash		87,331
Total Equity Value		351,592
Shares outstanding		295.25
DCF value		1,191

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