

# Rajesh Exports (RJEX\_IN)

Earnings Update Report

Consumer Discretionary: Gold Jewelry Manufacturer

Target Price	Rs. 700.00
Current Price	Rs. 378.00
Upside Potential	85%

Market Cap.	Rs.112 bn US\$ 1.34 bn
Shares Outstanding	295.3 mn
52 Week Range (Rs)	378 / 1030
Avg. Daily Value	Rs.187 mn US\$ 2.62 mn
SENSEX Index Level	65,700
Insider Holding %	54.05%


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

INR mn	FY03/2024e	FY03/2025e
Revenue	2,038,137	2,649,578
Net Income	8,039	20,718
EPS (Rs)	27.23	70.17
EPS Growth	-44%	158%
PE	14	5
EV/EBITDA	12	5
P/B	0.76	0.67

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- **Revenue Down -53% for the fiscal Q2 [ended September]**
- **Correction in the Gold price has affected revenue and net profit numbers**
- **Expected recovery in EPS to Rs.70 for FY 03/2025**
- **Price Target Rs.700 suggests 85% Upside Potential**

## Sales Decline -53% for the Quarter; Expect Net Profit Margin to Recover Sharply in last quarter of FY2023-24

Rajesh Exports reported weak results, much below our expectations, both in terms of revenues as well as profits, for the fiscal second quarter [ended September]. The performance was surprisingly below expectations as growth in the previous quarter was solid on a year-on-year basis. Revenue decreased significantly by 53% YoY to Rs.381 bn as compared to Q2 FY 03/2023.

Net profit for the fiscal second quarter [ended September] came in at Rs.453 mn, down 88% on a YoY basis. The net profit and the revenue declined by 83% and 56% respectively on a sequential QoQ basis due to inherent seasonality/cyclicality during the second quarter of FY2023-24. We believe that revenue and net profit growth will recover in the last quarter of FY2023-24, as the festival season has started in the third quarter of FY03/2024.

Gold buying by central banks around the world has been at a historic pace, lifting the gold demand (excluding OTC) in the July-September quarter to 1,147 tons, 8% higher than its five-year average. According to the World Gold Council's Q3 Gold Demand Trends report, central banks have bought a net 800 tons of gold year-to-date (YTD), the highest on record for the nine-month period. But, during the second quarter of FY2023-24 gold price witnessed a correction of 9% with an increase in volatility. The price of gold corrected from the level of US\$1,978 per ounce in July 2023 to US\$1,810 per ounce in September 2023. We believe

the price correction was one of the main reasons for the revenues to decline for the company in the second quarter of FY2023-24.

**Our conversations with the senior management and CEO Rajesh Mehta suggest that the revenue and net profit growth would recover in the last quarter of FY2023-24 and beyond.**

As the results are below our expectations, we are reducing our full year estimates. Our FY03/2025 earnings forecast of Rs.70 per share implies a growth of 158% over the FY03/2024 earnings.

**Reduce Price Target to Rs. 700; 85% Upside**

We have reduced our one-year price target to Rs.700 on account of the sharp decline in net profit in the current financial year. The price target implies a P/E multiple of 10x on the FY2024-25 estimate. We expect a recovery in the EPS in FY2024-25 which implies a current P/E multiple of only 5x on our FY03/2025 EPS estimate of Rs.70, and a P/E of only 4x on our forward FY03/2026 estimate of Rs.91. We see the current results as an aberration to the trend of revenue and net profit that we have observed for the last 10 years, and the results should witness a sharp recovery in the upcoming quarters. On a normalized basis we expect the stock price to reach levels of Rs.900 from a 2-year perspective considering the average P/E multiple of 13x based on the FY2024-25 estimate of Rs.70. Gold price has also recovered from the low levels seen in September 2023 and the outlook remains strong based on the expectations that the central banks continue to add it to their assets as a safe haven.

We also 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 85% from the current levels. Our 12-month price target on the stock is based on traditional P/E multiples-based approach. 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 only 5x on our forward FY03/2025 EPS estimate, which is at a discount to its 5-year average P/E of 15x, 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 0.04x on FY03/2025 estimated revenue and a P/S of 0.03x on our forward FY03/2026 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 Q3 Gold Demand Trends report reveals that support for the asset continues as central bank buying maintains a historic pace, bringing quarterly gold demand (excluding OTC) to 1,147 tons, 8% ahead of its five-year average.

According to the World Gold Council's data series, central banks saw the third strongest quarter of net buying, reaching 337 tons. Although shy of breaking the Q3 2022 record, year-to-date demand has reached 800 tons. This strong buying streak from central banks is expected to stay on course for the remainder of the year, indicating a robust annual total again in 2023.

Investment demand over the quarter stood at 157 tons, a 56% increase year-on-year but weak compared to the five-year average. Falling demand in Europe weighed down Q3 bar and coin investment, although at 296 tons, demand is up on the previous quarter and notably above the five-year average. Gold ETFs saw continued outflows in Q3, largely driven by investor sentiment that interest rates will continue to stay high. However, continued strength in OTC investment resulted in 120 tons in the third quarter, driven in part by High Net Worth demand in Turkey and some stock building in other markets.

Jewelry demand remained resilient in the face of elevated gold prices, but there was a slight softening of jewelry consumption, down 2% y/y to 516 tons, due to cost of living pressures on consumers in many markets around the world.

Total gold supply rose 6% y/y in Q3, with mine production reaching a year-to-date record of 2,744 tons. A consistently high gold price helped prop up recycling to 289 tons, 8% higher y/y.

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 0.26% in Q2 FY2024 as compared to 0.63% in Q2 FY2023 due to lower revenues from the gold refining business. The operating profit margin was down to 0.1% in Q2 FY2024 as compared to 0.5% in Q2 FY2023 indicating big impact on operational performance. We believe gross and operating margins are beginning to bottom out and will only recover going forward as revenue growth starts to recover from the last quarter of FY2023-24. We expect a recovery with higher revenue and net profit growth in FY2024-25 as compared to the sharp decline seen in FY2023-24. We believe both gross and operating margins should sharply recover from today's level in FY03/2025 and beyond.

#### **Order Book of Rs.462 bn at the end of Q2FY24**

The order book position of the company stood at Rs.462 bn at the end of Q2FY2024, with a decline on a sequential QoQ basis. The order book showed a marginal decline in the previous quarter on a sequential basis. Due to seasonality/cyclicality the order book growth maybe slightly subdued but should continue to accelerate in FY2024-25 as the global economic situation gradually returns to normalcy along with an increase in the price of gold.

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 the order book also indicates that the company will continue to show recovery in profitability in FY03/2025 and beyond.

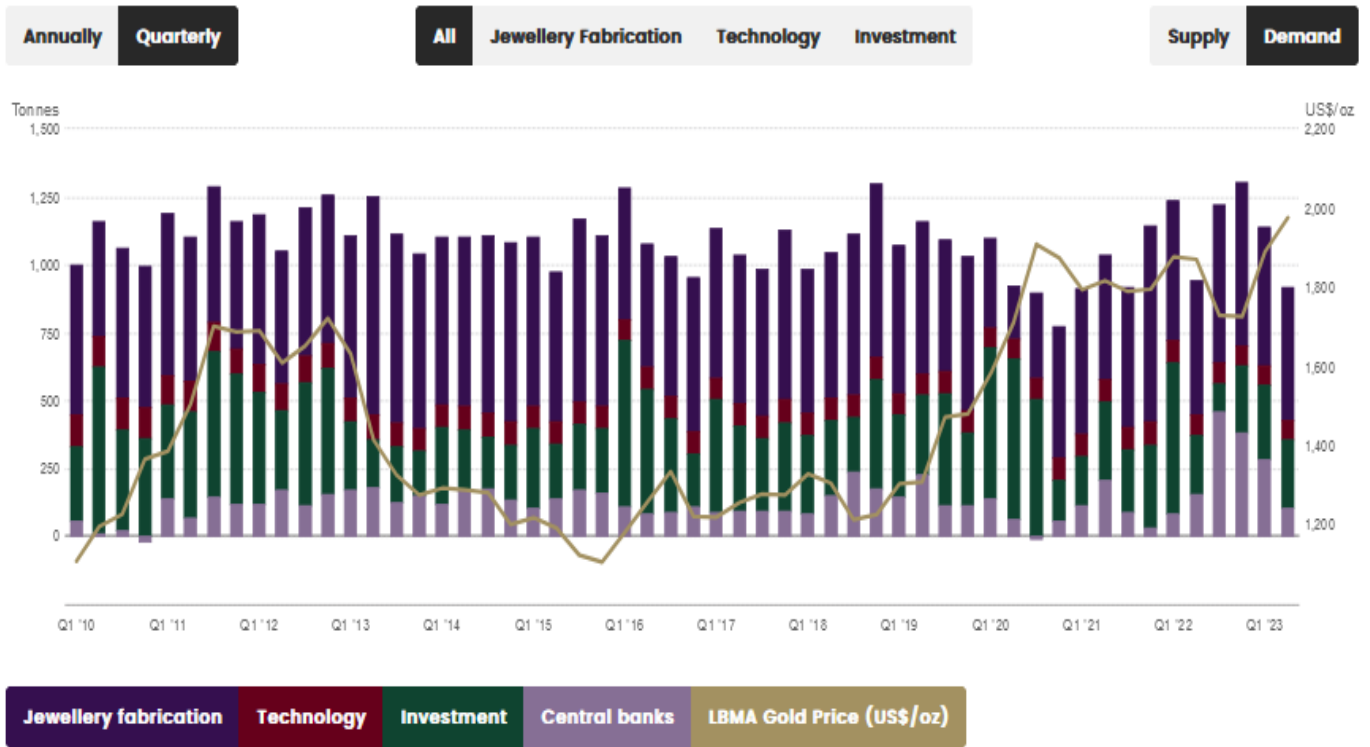
## 5-year Price Chart



## 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	Q2FY24
<b>Revenue</b>	<b>494,971</b>	<b>802,701</b>	<b>944,743</b>	<b>1,154,480</b>	<b>856,886</b>	<b>380,659</b>
<i>y/y</i>	-2.8%	94.6%	44.9%	34.5%	73.1%	-52.6%
<i>q/q</i>	-42.3%	62.2%	17.7%	22.2%	-25.8%	-55.6%
Cost of Revenue	-491,124	-797,679	-939,278	-1,149,724	-852,722	-379,680
<b>Gross Profit</b>	<b>3,847.1</b>	<b>5,021.7</b>	<b>5,465.1</b>	<b>4,756.8</b>	<b>4,163.9</b>	<b>979.2</b>
<i>Gross margin (%)</i>	0.78%	0.63%	0.58%	0.41%	0.49%	0.26%
Other Operating Revenue	11	11	10	211	121	135
<i>as a % of sales</i>	0.00%	0.00%	0.00%	0.02%	0.01%	0.04%
Selling, General & Admin Expense	-1,022.9	-1,084.3	-1,243.3	-1,197.9	-1,133.7	-584.7
<i>as a % of sales</i>	0.21%	0.14%	0.13%	0.10%	0.13%	0.15%
Other Operating expenses	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%
<b>Operating Income</b>	<b>2,834.8</b>	<b>3,948.3</b>	<b>4,231.4</b>	<b>3,769.9</b>	<b>3,151.0</b>	<b>529.7</b>
<i>y/y</i>	1.3%	32.6%	39.0%	140.8%	11.2%	-86.6%
<i>q/q</i>	81.1%	39.3%	7.2%	-10.9%	-16.4%	-96.4%
<i>Operating margin (%)</i>	0.6%	0.5%	0.4%	0.3%	0.4%	0.1%
Interest Expense	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
Equity in (losses)income of affiliates	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
Amortization of intangibles	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
Other non recurring (expenses) income	0.0	0.0	0.0	0.0	0.0	0.0
<b>Pretax Income (reported)</b>	<b>2,835</b>	<b>3,948</b>	<b>4,231</b>	<b>3,770</b>	<b>3,151</b>	<b>530</b>
<i>y/y</i>	1.3%	32.6%	39.0%	140.8%	11.2%	-86.6%
<b>Pretax Income (adjusted)</b>	<b>2,835</b>	<b>3,948</b>	<b>4,231</b>	<b>3,770</b>	<b>3,151</b>	<b>530</b>
<i>y/y</i>	1.3%	32.6%	39.0%	140.8%	11.2%	-86.6%
- Income Tax Expense	-117.4	-218.8	-15.8	-109.7	-57.4	-76.6
<i>effective tax rate (%)</i>	4.1%	5.5%	0.4%	2.9%	1.8%	14.5%
- Minority Interests	0	0	0	0	0	0
<b>Income Before XO Items</b>	<b>2,717</b>	<b>3,730</b>	<b>4,216</b>	<b>3,660</b>	<b>3,094</b>	<b>453</b>
<i>y/y</i>	-2.4%	28.0%	40.4%	164.2%	13.8%	-87.9%
- Extraordinary Loss Net of Tax	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Income (reported)</b>	<b>2,717</b>	<b>3,730</b>	<b>4,216</b>	<b>3,660</b>	<b>3,094</b>	<b>453</b>
<i>y/y</i>	-2.4%	28.0%	40.4%	163.9%	13.8%	-87.9%
Exceptional (L)G	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Income (adjusted)</b>	<b>2,717.4</b>	<b>3,729.5</b>	<b>4,215.6</b>	<b>3,660.2</b>	<b>3,093.6</b>	<b>453.1</b>
<i>y/y</i>	-2.4%	28.0%	40.4%	164.2%	13.8%	-87.9%
<i>q/q</i>	96.2%	37.2%	13.0%	-13.2%	-15.5%	-96.8%
Basic EPS (reported)	9.20	12.63	14.28	12.40	10.48	1.53
Basic EPS (adjusted)	9.20	12.63	14.28	12.40	10.48	1.53
Basic Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25
<b>Diluted EPS (reported)</b>	<b>9.20</b>	<b>12.63</b>	<b>14.28</b>	<b>12.40</b>	<b>10.48</b>	<b>1.53</b>
<i>y/y</i>	-2.4%	28.0%	40.4%	163.9%	13.8%	-87.9%
<b>Diluted EPS (adjusted)</b>	<b>9.20</b>	<b>12.63</b>	<b>14.28</b>	<b>12.40</b>	<b>10.48</b>	<b>1.53</b>
<i>y/y</i>	-2.4%	28.0%	40.4%	164.2%	13.8%	-87.9%
<i>q/q</i>	96.2%	37.2%	13.0%	-13.2%	-15.5%	-96.8%
Diluted Weighted Avg Shares	295.25	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)
<b>Revenue</b>	<b>1,876,855</b>	<b>1,757,631</b>	<b>1,956,002</b>	<b>2,583,131.3</b>	<b>2,431,279</b>	<b>3,396,895</b>	<b>2,038,137</b>	<b>2,649,578</b>	<b>3,444,452</b>	0.3%
y/y	-22.5%	-6.4%	11.3%	32.1%	-5.9%	39.7%	-40.0%	30.0%	30.0%	
q/q										
Cost of Revenue	-1,854,173	-1,735,225	-1,938,215	-2,569,952	-2,416,058	-3,377,804	-2,025,908	-2,623,082	-3,410,007	
<b>Gross Profit</b>	<b>22,681.2</b>	<b>22,406</b>	<b>17,786.5</b>	<b>13,179.0</b>	<b>15,221.3</b>	<b>19,090.7</b>	<b>12,228.8</b>	<b>26,495.8</b>	<b>34,444.5</b>	
Gross margin (%)	1.21%	1.27%	0.91%	0.51%	0.63%	0.56%	0.60%	1.00%	1.00%	
Other Operating Revenue	620	675	71	26	403	242	145	189	246	
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	-5,206.84	-5,244.4	-4,264.6	-5,239.3	-4,548.4	-4,076.3	-5,299.2	-6,888.9	
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%	
<b>Operating Income</b>	<b>18,783.2</b>	<b>17,874.5</b>	<b>12,612.7</b>	<b>8,940.0</b>	<b>10,384.6</b>	<b>14,784.4</b>	<b>8,297.9</b>	<b>21,385.5</b>	<b>27,801.2</b>	17.1%
y/y	8.4%	-4.8%	-29.4%	-29.1%	16.2%	42.4%	-43.9%	157.7%	30.0%	
q/q										
Operating margin (%)	1.00%	1.0%	0.6%	0.3%	0.4%	0.4%	0.4%	0.8%	0.8%	
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	
<b>Pretax Income (reported)</b>	<b>13,416</b>	<b>13,458</b>	<b>12,613</b>	<b>8,940</b>	<b>10,385</b>	<b>14,784</b>	<b>8,298</b>	<b>21,386</b>	<b>27,801</b>	17.1%
y/y	3.0%	0.3%	-6.3%	-29.1%	16.2%	42.4%	-43.9%	157.7%	30.0%	
<b>Pretax Income (adjusted)</b>	<b>13,416</b>	<b>13,458</b>	<b>12,613</b>	<b>8,940</b>	<b>10,385</b>	<b>14,784</b>	<b>8,298</b>	<b>21,386</b>	<b>27,801</b>	17.1%
y/y	3.0%	0.3%	-6.3%	-29.1%	16.2%	42.4%	-43.9%	157.7%	30.0%	
- Income Tax Expense	-758.6	-533.9	-556.0	-484.6	-299.0	-461.8	-259.2	-667.9	-868.3	
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	
<b>Income Before XO Items</b>	<b>12,658</b>	<b>12,924</b>	<b>12,057</b>	<b>8,455</b>	<b>10,086</b>	<b>14,323</b>	<b>8,039</b>	<b>20,718</b>	<b>26,933</b>	17.1%
y/y	1.6%	2.1%	-6.7%	-29.9%	19.3%	42.0%	-43.9%	157.7%	30.0%	
- Extraordinary Loss Net of Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Net Income (reported)</b>	<b>12,658</b>	<b>12,924</b>	<b>12,057</b>	<b>8,455</b>	<b>10,086</b>	<b>14,323</b>	<b>8,039</b>	<b>20,718</b>	<b>26,933</b>	17.1%
y/y	1.6%	2.1%	-6.7%	-29.9%	19.3%	42.0%	-43.9%	157.7%	30.0%	
Exceptional (L)G	0.00	0.00	0.00	3.48	0.00	0.00	0.00	0.00	0.00	
<b>Net Income (adjusted)</b>	<b>12,657.9</b>	<b>12,924.0</b>	<b>12,056.7</b>	<b>8,458.9</b>	<b>10,085.6</b>	<b>14,322.7</b>	<b>8,038.7</b>	<b>20,717.6</b>	<b>26,932.9</b>	17.1%
y/y	1.6%	2.1%	-6.7%	-29.8%	19.2%	42.0%	-43.9%	157.7%	30.0%	
q/q										
Basic EPS (reported)	42.87	43.77	40.84	28.64	34.16	48.51	27.23	70.17	91.22	
Basic EPS (adjusted)	42.87	43.77	40.84	28.65	34.16	48.51	27.23	70.17	91.22	
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>42.87</b>	<b>43.77</b>	<b>40.84</b>	<b>28.64</b>	<b>34.16</b>	<b>48.51</b>	<b>27.23</b>	<b>70.17</b>	<b>91.22</b>	17.1%
y/y	1.6%	2.1%	-6.7%	-29.9%	19.3%	42.0%	-43.9%	157.7%	30.0%	
<b>Diluted EPS (adjusted)</b>	<b>42.87</b>	<b>43.77</b>	<b>40.84</b>	<b>28.65</b>	<b>34.16</b>	<b>48.51</b>	<b>27.23</b>	<b>70.17</b>	<b>91.22</b>	17.1%
y/y	1.6%	2.1%	-6.7%	-29.8%	19.2%	42.0%	-43.9%	157.7%	30.0%	
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
<b>Assets</b>									
+ Cash & Near Cash Items	144,696	150,634	127,876	20,529	18,087	20,964	135,658	155,918	182,122
+ Short-Term Investments	-	-	-	-	-	-	-	-	-
+ Accounts & Notes Receivable	39,926	61,480	93,197	103,490	107,556	103,564	48,934	63,615	82,699
+ Inventories	17,220	39,371	47,744	74,074	76,690	60,487	15,760	20,405	26,527
+ Other Current Assets	9,870	10,916	11,214	11,067	10,567	9,963	9,963	9,963	9,963
<b>Total Current Assets</b>	<b>211,710</b>	<b>262,401</b>	<b>280,031</b>	<b>209,160</b>	<b>212,901</b>	<b>194,977</b>	<b>210,315</b>	<b>249,901</b>	<b>301,311</b>
+ 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	15,613	16,684	18,077
- 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	8,395	9,466	10,859
+ 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
<b>Total Long-Term Assets</b>	<b>23,640.8</b>	<b>26,013.7</b>	<b>27,336.2</b>	<b>25,567.7</b>	<b>26,255.1</b>	<b>33,769.4</b>	<b>29,859.2</b>	<b>30,930.6</b>	<b>32,323.4</b>
<b>Total Assets</b>	<b>235,351</b>	<b>288,414.6</b>	<b>307,367.0</b>	<b>234,727.9</b>	<b>239,155.9</b>	<b>228,746.7</b>	<b>240,174.5</b>	<b>280,831.5</b>	<b>333,634.0</b>
<b>Liabilities &amp; Shareholders' Equity</b>									
+ Accounts Payable	71,699	134,665	186,868	110,176	104,210	71,573	75,257	95,492	121,657
+ 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
<b>Total Current Liabilities</b>	<b>160,289.5</b>	<b>197,813.3</b>	<b>200,869.4</b>	<b>121,598.0</b>	<b>113,896.3</b>	<b>80,392.0</b>	<b>84,076.3</b>	<b>104,311.0</b>	<b>130,475.8</b>
+ 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
<b>Total Liabilities</b>	<b>166,665.9</b>	<b>200,014.1</b>	<b>201,937.4</b>	<b>122,514.1</b>	<b>114,704.6</b>	<b>81,510.4</b>	<b>85,194.7</b>	<b>105,429.4</b>	<b>131,594.2</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	68,390	88,105	105,044	111,919	124,156	146,941	154,684	175,107	201,744
<b>Total Shareholders' Equity</b>	<b>68,685.4</b>	<b>88,400.5</b>	<b>105,338.9</b>	<b>112,213.8</b>	<b>124,451.3</b>	<b>147,236.3</b>	<b>154,979.7</b>	<b>175,402.1</b>	<b>202,039.7</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>235,351.3</b>	<b>288,414.6</b>	<b>307,367.0</b>	<b>234,727.9</b>	<b>239,155.9</b>	<b>228,746.7</b>	<b>240,174.5</b>	<b>280,831.5</b>	<b>333,634.0</b>

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	14,322.7	8,038.7	20,717.6	26,932.9
+ 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	7,486.8	103,037.3	902.9	950.8
<b>Cash From Operating Activities</b>	<b>-32,304.3</b>	<b>31,627.5</b>	<b>24,999.8</b>	<b>-103,591.2</b>	<b>-540.7</b>	<b>21,809.5</b>	<b>111,076.0</b>	<b>21,620.5</b>	<b>27,883.7</b>
+ 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	-1,373.6	-824.1	-1,071.4	-1,392.8
+ Increase in Investments	-1,081.2	-776.4	-552.2	1,041.3	-719.7	-1,301.1	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	-710.2	0.0	0.0	0.0
<b>Cash From Investing Activities</b>	<b>-2,071.4</b>	<b>-1,712.5</b>	<b>-2,011.9</b>	<b>-7.6</b>	<b>-2,166.9</b>	<b>-3,382.9</b>	<b>-820.1</b>	<b>-1,065.4</b>	<b>-1,384.8</b>
+ 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	-893.5	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
<b>Cash from Financing Activities</b>	<b>30,435.1</b>	<b>-26,605.5</b>	<b>-50,752.5</b>	<b>-2,865.5</b>	<b>-2,374.3</b>	<b>-1,188.8</b>	<b>-295.3</b>	<b>-295.3</b>	<b>-295.3</b>
<b>Net Changes in Cash</b>	<b>-3,940.6</b>	<b>3,309.5</b>	<b>-27,764.6</b>	<b>-106,464.2</b>	<b>-5,082.0</b>	<b>17,237.8</b>	<b>109,960.6</b>	<b>20,259.9</b>	<b>26,203.7</b>
Opening cash	148,402.0	144,461.4	147,770.9	120,006.3	13,542.1	8,460.1	25,697.9	135,658.4	155,918.3
Closing cash	144,461.4	147,770.9	120,006.3	13,542.1	8,460.1	25,697.9	135,658.4	155,918.3	182,122.0

Ratio Analysis (Annual)	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024E	FY03/2025E	FY03/2026E
<b>Growth Ratios % (YoY)</b>									
Revenue	-22.5%	-6.4%	11.3%	32.1%	-5.9%	39.7%	-40.0%	30.0%	30.0%
Operating Income	8.4%	-4.8%	-29.4%	-29.1%	16.2%	42.4%	-43.9%	157.7%	30.0%
Net income adjusted	1.6%	2.1%	-6.7%	-29.8%	19.2%	42.0%	-43.9%	157.7%	30.0%
Diluted EPS adjusted	2%	2%	-7%	-30%	19%	42%	-44%	158%	30%
Ratio Analysis (Annual)	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024E	FY03/2025E	FY03/2026E
<b>Per Share Data (INR)</b>									
Basic EPS (adjusted)	42.9	43.8	40.8	28.6	34.2	48.5	27.2	70.2	91.2
Diluted EPS (adjusted)	42.9	43.8	40.8	28.6	34.2	48.5	27.2	70.2	91.2
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	496.3	565.4	655.6
Margins (%)	FY03/2018	FY03/2019	FY03/2020	FY03/2021	FY03/2022	FY03/2023	FY03/2024E	FY03/2025E	FY03/2026E
Gross Margin	1.21%	1.27%	0.91%	0.51%	0.63%	0.56%	0.60%	1.00%	1.00%
Operating Margin	1.00%	1.02%	0.64%	0.35%	0.43%	0.44%	0.41%	0.81%	0.81%
EBITDA Margin	1.04%	1.06%	0.70%	0.39%	0.48%	0.44%	0.41%	0.81%	0.81%
Pre-Tax Margin (adjusted)	0.71%	0.77%	0.64%	0.35%	0.43%	0.44%	0.41%	0.81%	0.81%
Net Income Margin (adjusted)	0.67%	0.74%	0.62%	0.33%	0.41%	0.42%	0.39%	0.78%	0.78%
<b>Return Ratios</b>									
<b>Dupont ROE (%)</b>	<b>18.4%</b>	<b>14.6%</b>	<b>11.4%</b>	<b>7.5%</b>	<b>8.1%</b>	<b>9.7%</b>	<b>5.2%</b>	<b>11.8%</b>	<b>13.3%</b>
Margin (%)	0.7%	0.7%	0.6%	0.3%	0.4%	0.4%	0.4%	0.8%	0.8%
Turnover (x)	8.0	6.1	6.4	11.0	10.2	14.9	8.5	9.4	10.3
Leverage (x)	3.4	3.3	2.9	2.1	1.9	1.6	1.5	1.6	1.7
Return on Assets	5.4%	4.5%	3.9%	3.6%	4.2%	6.3%	3.3%	7.4%	8.1%
Return on Capital Employed	25.0%	19.7%	11.8%	7.9%	8.3%	10.0%	5.3%	12.1%	13.7%
Return on Invested Capital	8.0%	8.5%	10.2%	6.9%	7.6%	9.3%	5.0%	11.3%	12.9%
<b>FCF Calculation</b>									
Op. cash	-32,304.3	31,627.5	24,999.8	-103,591.2	-540.7	21,809.5	111,076.0	21,620.5	27,883.7
capex	-758.9	-710.7	-790.9	-1,044.5	-983.1	-1,373.6	-824.1	-1,071.4	-1,392.8
FCF (INR million)	-33,063.2	30,916.8	24,208.9	-104,635.7	-1,523.8	20,435.9	110,251.8	20,549.1	26,490.9
FCF margin (%)	-1.8%	1.8%	1.2%	-4.1%	-0.3%	0.6%	5.4%	0.8%	0.8%
FCF per share	-111.98	104.71	81.99	-354.40	-5.16	69.22	373.42	69.60	89.72
Price/FCF per share	-3.38	3.61	4.61	-1.07	-73.24	5.46	1.01	5.43	4.21
FCF Yield	-29.6%	27.7%	21.7%	-93.8%	-1.4%	18.3%	98.8%	18.4%	23.7%
<b>Net Cash calculation</b>									
Cash + short term investments	144,695.5	150,634.4	127,876.3	20,529.5	18,087.3	20,963.5	135,658.4	155,918.3	182,122.0
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
<b>Net Cash</b>	<b>55,081.8</b>	<b>87,331.0</b>	<b>115,030.1</b>	<b>10,253.6</b>	<b>9,890.5</b>	<b>13,660.2</b>	<b>128,355.1</b>	<b>148,615.0</b>	<b>174,818.7</b>
Net cash per share	186.6	295.8	389.6	34.7	33.5	46.3	434.7	503.4	592.1

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	1.36	1.14	1.06	0.96	0.80	0.76	0.67	0.58
P/E	17.26	8.64	9.26	13.19	11.07	7.79	13.88	5.39	4.14
P/S	0.12	0.06	0.06	0.04	0.05	0.03	0.05	0.04	0.03
EV/sales	0.09	0.06	0.05	0.04	0.04	0.03	0.05	0.04	0.03
EV/EBITDA	8.40	5.44	7.41	10.07	8.76	6.86	12.21	4.74	3.65
EV/EBIT	8.70	5.67	8.04	11.34	9.76	6.86	12.21	4.74	3.65
EV/FCF	-4.94	3.28	4.19	-0.97	-66.51	4.96	0.92	4.93	3.83
Dividend Yield (%)	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
Div payout on FCF	-0.9%	1.0%	1.2%	-0.3%	-19.4%	1.4%	0.3%	1.4%	1.1%

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	2.5	2.4	2.3
Quick ratio	1.2	1.1	1.2	1.1	1.2	1.7	2.3	2.2	2.1
Working capital	-6103	-24063	-35934	77242	89051	100862	-2179	-3088	-4047
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%	5%	4%	4%
Net cash (debt) / equity	80%	99%	109%	9%	8%	9%	83%	85%	87%
Net cash (debt) / mkt cap	49%	78%	103%	9%	9%	12%	115%	133%	157%
Net cash (debt) / capital	35%	58%	97%	8%	7%	9%	79%	81%	84%

#### Earnings Quality Ratios

Net operating assets/liab [NOA]	13604	1070	-9601	101960	114561	133576	26625	26787	27221
Average NOA	-9702	7337	-4266	46180	108261	124068	80100	26706	27004
B/S accrual ratio	-4.80	-1.71	2.50	2.42	0.12	0.15	-1.34	0.01	0.02
CF accrual ratio	-4.85	-2.32	2.56	2.43	0.12	-0.03	-1.28	0.01	0.02

Enterprise Value Calculation	FY 03/2018	current
Market Cap.	218,485	111,605
+ Minority Interest	0	0
+Total Debt (ST & LT Debt)	89,614	10,276
- Cash & Equivalents	144,696	20,529
<b>Enterprise Value</b>	<b>163,403</b>	<b>101,351</b>

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