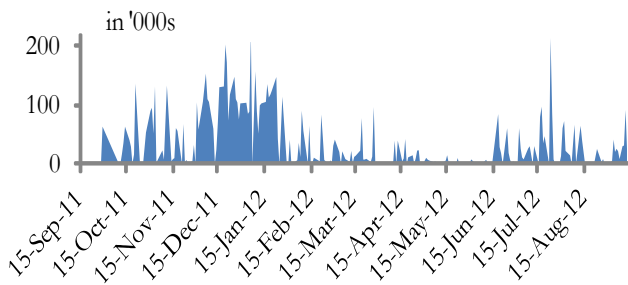


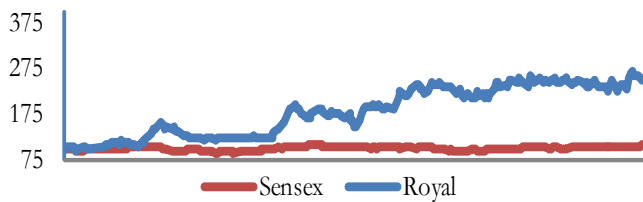
**Equity Statistics**

Current Market Price	Rs.	78.1
52 Week High / Low	Rs.	97.9/58.5
Market Capitalisation	Rs. crores	180.3
Free Float	Rs. crores	122.0
Dividend Yield	%	-
One Year Regression Beta	Times	0.1

**BSE Volumes Trend - Average = 34.8 Thousand**

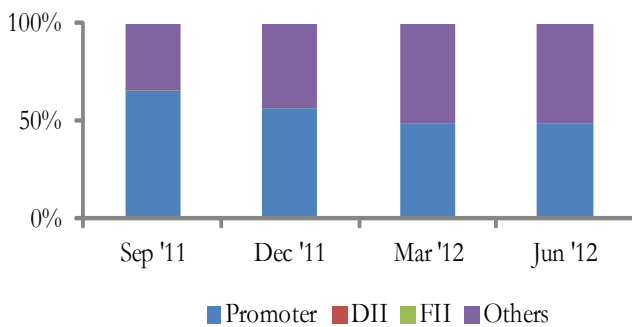


**Relative Returns**



Returns (%)	1M	3M	6M	1Yr
Absolute	6%	8%	55%	154%
Relative to Sensex	5%	0%	55%	138%

**Shareholding Pattern**



**Business Summary**

Royal India Corporation Ltd. (RICL) (formerly known as Natraj Financial & Services Limited) a Mumbai-based company engaged in bullion trading business in India was incorporated in 1984 in the name Natraj Commercial Enterprises Ltd (which was converted to public limited company in October 2006). The name was changed to the current one i.e. RICL, in the year 2011. The company also invests and trades in financial products, such as shares, stocks, and debentures. The company also engages in the real estate development, as well as in the field of infrastructure development projects. RICL evolved from being a financial services company to a highly proactive multi-dimensional conglomerate with business interests that include Infrastructure development, real estate and trading & broking of shares & securities. The company's product range includes gold bullion, plain gold jewellery, gold coins, medallions etc. Bullion trading is the key segment contributing more than 91% of the revenue, historically. RICL presently caters to the domestic market however it has a vision to expand its business in overseas market in future. The company's presence in diversified business and excellent market network are its core strengths. In FY12, RICL reported total revenue of Rs.117.45 crore and net profit of Rs.1.1 crore.

RICL is currently trading at 4.9 times the adjusted book value.

**Board of Directors**

Person	Role	Qualification
Manish N Shah	MD	B.E.
Ravikant Chaturvedi	NED, Independent	M.B.B.S.
Manisha Anand	NED, Independent	B.Com.
Damodar Hari Pai	NED, Independent	NA
Kumarpal Punamiya	WTD	NA
Hitesh M Jain	WTD	B.Com.

Source: AR and CARE Research

Note: MD: Managing Director, NED: Non Executive Director, WTD: Whole time Director

Source: BSE, Capitaline and CARE Research

## Background

RICL (formerly known as Natraj Financial & Services Limited) was incorporated in 1984 in the name of Natraj Commercial Enterprises Ltd. In October 2006, the company changed its name to Natraj Financial & Services Limited. The current name RICL came into effect in the year 2011. The company is engaged in the wholesale trading of gold bullion, plain gold jewellery, gold coins, and medallions. It is also engaged in infrastructure development, real estate, trading & broking of shares & securities. The company is based in Mumbai. The company is also in process of purchasing properties at Wadala & Juhu in Mumbai. Furthermore, during FY12, the company has applied for the mines and is also under the process of setting up of jewellery manufacturing unit in Mumbai.

## Business overview

RICL operates majorly in two segments, bullions and investment activities. The bullion segment includes the wholesale trading of gold bullion, plain gold jewellery, gold coins, medallions etc and it contributed more than 91% of revenues in FY12. It offers sales of 24k 999.9 purity Swiss-made gold coins with assay certificate. It also sells 23k 995 & 999 purity Indian-made gold coins in denominations of 1, 2, 8, 5, 10, 20, & 50 grams in round & rectangular shapes. The second segment that the company earns its revenue is securities business i.e. financial products like shares, stocks, debentures, etc.

## Strengths and growth drivers

- Involvement in diverse activities across several industries enables the company to reduce concentration risk.
- Presence of excellent marketing network spread across the country

## Risk and concerns

- Volatility in gold and silver prices may have an adverse impact on the company
- Jewellery being a luxury item, the prospects of the company depends largely on the prevailing economic conditions.

## Future strategy and expansion plans

- The company plans to enter into mining & refining of Gold Dore Bar. During FY12, the company has applied for mines and it is under process.
- The company also plans to enter into the manufacturing and exporting of gold jewellery by setting up manufacturing unit in Mumbai.

## Industry outlook

The gems and jewellery (G&J) industry has an important role in the Indian economy. The two major segments of the gems and jewellery business in India are gold and diamond jewellery. India is the largest market for gold jewellery in the world. Gold dominates the Indian jewellery market and formulates almost 80% of the market share. India is the world's largest G&J processing centre and contributed approximately 17.5% to the country's total export earnings during FY2011, while employing about 1.8 million low-cost but highly-skilled workers. The Indian G&J sector is expected to grow at around 13% during 2012–2013 on the back of increasing government efforts and incentives coupled with private sector initiatives. The G&J industry in India is highly fragmented and largely un-organized, with large number of public and private sector players vying the market. India has been gaining large prominence globally in terms of the demand for designer jewelry at lower cost.

The Indian Government has been liberal with the G&J industry with 100% FDI allowed in the same. There have also been SEZs created by the Government to support the growth of the G&J sector. India is emerging as a huge consumer market for jewellery and other luxury products and thereby appears as a very attractive opportunity for major brands to establish their presence in the Indian market. Perpetual traditional demand, importance of savings, increasing affordability, industry standards, certification, and hallmarking, Government support and availability of labor at competitive wages will continue to remain the key growth drivers for the industry.

Peer comparison		Year ended March 31, 2012	
Income statement (Rs. crore)	RICL	Neogem	
Total income	117.5	85.4	
Net sales	107.4	85.4	
EBITDA	(8.6)	2.6	
Ordinary PAT	1.1	1.0	
Adjusted PAT	1.1	1.0	
Per share data (Rs.)			
Adjusted BVPS	15.9	16.4	
Diluted EPS	0.5	1.1	
Growth (Y-o-Y) (%)			
Growth in total income	80.6	2.2	
Growth in net sales	66.0	4.1	
Growth in EBITDA	NM	189.4	
Growth in adjusted PAT	75.0	(31.2)	
Growth in EPS*	76.9	(29.6)	
Profitability ratio (%)			
EBITDA margin	NM	3.0	
Adjusted PAT margin	0.9	1.2	
Valuation ratios (Times)			
Price/EPS (P/E)	169.8	23.7	
Price/Book value (P/BV)	4.9	1.5	
Enterprise value (EV)/EBITDA	NM	12.0	

Source: BSE, Capitaline and CARE Research

Note: Neogem: Neogem India Ltd.

NM: Non-Meaningful

Quarterly financials		Quarter ended June 30, 2012				
Income statement (Rs. crore)	Q1FY13	Q4FY12	Q3FY12	Q2FY12	Q1FY12	
Total income	13.8	55.3	12.1	30.0	18.7	
Net sales	13.8	55.3	12.1	29.9	8.7	
EBITDA	13.9	50.3	25.7	9.7	29.0	
Ordinary PAT	0.2	(8.5)	(0.3)	(0.1)	10.0	
Adjusted PAT	0.2	(8.5)	(0.3)	(0.1)	0.0	
Growth (Q-o-Q) (%)						
Growth in net sales	(75.0)	356.5	(59.5)	242.7		
Profitability ratio (%)						
EBITDA margin	100.7	90.9	211.8	32.4	332.0	
Adjusted PAT margin	1.1	NM	NM	NM	0.1	

Source: BSE, Capitaline and CARE Research

## Financial analysis

- In FY12, RICL reported net sales of Rs.117.4 crore – up 83.0% y-o-y. Total income witnessed a growth of 80.6% during the same period. The growth in revenue was backed by an overall growth in the jewellery market.
- Raw materials (gold bar) form the largest portion of cost for RICL. In FY12, raw materials cost as a percentage of net sales was at around 98%.
- The company reported EBITDA margins and adjusted PAT margins of 1.2% and 0.9%, respectively in FY12.
- RICL has total debt of Rs.0.2 crore as on March 31, 2012, representing negligible leverage.
- RICL has not declared any dividend in any of the last five years (*i.e. period under review*).

Annual financial statistics	FY08	FY09	FY10	FY11	FY12
<b>Income statement (Rs. crore)</b>					
Total income	(0.4)	0.7	13.5	65.0	117.5
Net sales	(0.1)	0.4	12.8	64.7	107.4
EBITDA	(0.5)	(0.1)	(0.2)	0.4	(8.6)
Depreciation and amortisation	0.1	0.1	0.0	0.0	0.0
EBIT	(0.5)	(0.1)	(0.2)	0.4	(8.6)
Interest	0.0	0.0	0.0	0.0	-
PBT	(0.6)	0.1	0.5	0.7	(8.6)
Ordinary PAT	(0.6)	0.1	0.3	0.6	1.1
Adjusted PAT	(0.6)	0.1	0.3	0.6	1.1
<b>Balance sheet (Rs. crore)</b>					
Adjusted networth	8.3	8.5	35.0	35.6	36.6
Total debt	0.1	-	0.2	0.2	0.2
Cash and bank	-	-	0.1	0.2	0.0
Investments	0.1	0.1	0.6	0.5	-
Net fixed assets (incl. CWIP)	0.4	0.3	0.3	0.2	0.2
Net current assets (excl. cash, cash equivalents)	7.9	8.1	34.1	8.4	23.2
<b>Per share data (Rs.)</b>					
Adjusted BVPS	19.0	19.0	29.6	15.4	15.9
Diluted EPS*	-	0.2	0.1	0.3	0.5
DPS	-	-	-	-	-
<b>Growth (Y-o-Y) (%)</b>					
Growth in total income		(273.8)	1,754.8	380.4	80.6
Growth in net sales		(511.1)	3,345.9	407.3	66.0
Growth in EBITDA		NM	NM	NM	NM
Growth in adjusted PAT		(114.1)	244.4	93.5	75.0
Growth in EPS*		(110.9)	(18.8)	100.0	76.9
<b>Key financial ratio</b>					
EBITDA margin (%)	NM	NM	NM	0.6	NM
Adjusted PAT margin (%)	NM	12.3	2.3	0.9	0.9
RoCE (%)		NM	NM	0.8	NM
RoE (%)		1.1	1.4	1.7	2.9
Gross debt - equity (times)	0.0	-	0.0	0.0	0.0
Net debt - equity (times)	0.0	-	0.0	NM	0.0
Interest coverage (times)	NM	NM	NM	38.0	-
Current ratio (times)	53.7	54.9	3.9	8.3	2.0
Inventory days		-	-	1.2	14.0
Receivable days		157.8	176.5	59.8	78.4

Source: BSE, Capitaline and CARE Research

Financial Year (FY) refers to period from April, 1 to March 31.

NM: Non- Meaningful

## DISCLOSURES

- Each member of the team involved in the preparation of this grading report, hereby affirms that there exists no conflict of interest that can bias the grading recommendation of the company.
- This report has been sponsored by the BSE Investors' Protection Fund.

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**Head Office:** 4th Floor Godrej Coliseum, Off Eastern Express Highway, Somaiya Hospital Road, Sion East, Mumbai – 400 022. | Tel: +91-22-67543456 | Fax: +91-22-67543457 | [www.careratings.com](http://www.careratings.com) |

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