RAJESH EXPORTS LIMITED

Mfrs & Exporters of Gold and Diamond Jewellery
4, BATAVIA CHAMBERS, KUMARAKRUPA ROAD
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CIN No. : L36911KA1995PLC017077
Website : www.rajeshindia.com

Date: February 09, 2017

To,
The Manager Listing
Bombay Stock Exchange of India Ltd,
Mumbai

To,
The Manager Listing
National Stock Exchange Ltd
Mumbai

Dear Sir,

Sub: Analyst Report

Pursuant to Regulation 30(2) of SEBI (Listing Obligations And Disclosures Requirements) Regulations 2015, Please find enclosed report of Analyst- Evaluate Research Report.

The Analyst Report is being uploaded on the Company's website www.rajeshindia.com in the Investor's tab.

This is for your Information and Record.

Thanking You

For **Rajesh Exports Ltd**

RAJESH EXPORTS LIMITED REL BANGALORE

Authorised Signatory
Stuti Agrawal
Company Secretary

EVALUATE RESEARCH

www.evaluateresearch.com

Wednesday, February 8, 2017

Rajesh Exports (RJEX_IN)

Earnings Update Report

Consumer Discretionary: Gold Jewelry Manufacturer

Target Price	Rs. 900.00
Current Price	Rs. 498.00
Upside Potential	80%

Market Cap.	Rs. 147,083 mn $ 1.90 bn
Shares Outstanding	295.3 mn
Free Float (FF %)	80.3 mn / 27.2%
52 Week Range (Rs)	421.05 / 745.50
Avg. Daily Value	Rs. 227.1mn $ 3.4 mn
SENSEX Index Level	28,290
Insider Holding %	57.8%

P/E 10.3x (FY03/2018E)



Risk: Above Average

Analyst:
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Client Servicing:
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Rajesh Exports reported results for the third quarter ended December which were in-line with our estimates reaffirming our confidence in the outlook of the company. 3Q sales came in at Rs. 644.9 billion vs. Rs. 498.2 billion in the corresponding quarter last year, an increase of 29% YoY. This YoY growth is completely organic as both the quarters included the full effect of the Valcambi integration. EBITDA came in at Rs. 4.8 billion vs. Rs. 3.8 billion in the corresponding quarter last year. EPS for the quarter was Rs 11.32 vs. Rs. 10.25 in 3Q 2016, an increase of 10% YoY. The solid performance was driven by growth in all the four businesses of refining, wholesale, retail and exports. 9MFY17 results include the full year effect of the Valcambi acquisition as compared to 9MFY16, as the acquisition was consolidated since August 2015.

The company continues to focus on growth across all its businesses with a stronger emphasis on the higher margin retail business. In November, the company opened its 81st retail showroom under the Shubh Jewelers brand. This is part of its second phase of retail expansion under which the company plans to launch retail showrooms across the four states of Southern India. The company is also planning to launch new initiatives such as sale of Valcambi-branded gold coins and gold bars through an e-commerce platform, vending machines and duty-free shops at airports. These initiatives, which are expected to come on-board in the next 6-9 months, will further drive the company's growth.

Brent crude oil price is up by 95% to $54.70 from its low of about $28 in January last year. Since November last year, Brent is up by 22%. Propelled by the rise in oil prices and recovering economic outlook for the oil producing countries in the Middle-East, the stock markets in these countries have also done quite well over the last 3 months. The Dubai Financial Market [DFMGI] is up 16.3% and the Abu Dhabi Securities Market [ADSMI] is up 8.6% since November 15 last year. We expect Rajesh Exports to benefit from these positive developments and believe that the company will receive higher orders from the Middle East in the coming year.

Our Call with the Management

Following the Q3 earnings release, we spoke with the company's management including the Chairman, Mr. Rajesh Mehta. **During our multiple calls, management mentioned that they expect to see strong double-digit growth in both revenue and EPS in the upcoming fiscal year especially during the latter half, driven mainly by the retail business**. Management also said that they do not expect any further negative impact from the demonetization drive in India as things are coming back to normal with most people continuing to buy gold as usual. With Valcambi fully assimilated, the company is now working towards shifting a larger portion of its business from gold bullion and gold coins to retail as the margins earned in the retail business are much higher than those earned in the gold bullion business. The EBITDA margin in the retail business is between 12%-14% as compared to just 0.2%-0.3% earned in the bullion business.

Raising Estimates, Maintaining Rs. 900 PT

We maintain our one-year price target of Rs. 900, based on the continued strong numbers reported by the company. Our price target represents 80% upside from the current levels. Our 12-month price target on the stock is based on P/E and backed by DCF methodology. Our DCF based price is Rs. 923 which assumes 15.6% WACC and 2% terminal growth rate. We apply a multiple of 18.5x on our FY03/2018 EPS estimate of Rs. 48.68 which comes to Rs. 900.

We revise our FY2018 revenue forecast upwards by 15% to Rs. 2,738 billion and EPS forecast by 6.5% to Rs. 48.68 on the back of the strong retail and export sales expected by the company as well as the new initiatives announced recently. For FY2017, we forecast sales of Rs. 2,445 billion and EPS of Rs. 41.58. Please see below our detailed earnings model.

Currently the stock is trading at a price of Rs. 498, down by about 33% from its 2016 high of Rs. 744 achieved in February due to a Indian nationwide jewelry strike and currency demonitization. This translates into a P/E of 10.3x based on our FY2018 EPS estimate of Rs. 48.68. The company is continuing expanding its retail footprint and is also starting various new initiatives to further boost its growth. As such, with strong fundamentals and low valuation, the stock offers an attractive risk/reward opportunity to investors.

Gold Price

International gold price fell from a high of about $1,365 per ounce in July 2016 to a low of about $1,130 in December 2016. Since then the price of gold has recovered to $1,235 due to increasing political and economic uncertainty in the global markets. YTD gold price is up by about 7%.

5-year Price Chart



Income Statement (INR million)	FY03/2011	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E	CAGR (2016-20)
Revenue	200,452	250,621	304,251	285,141	504,628	**1,652,114**	**2,445,129**	**2,738,544**	**2,985,013**	**3,223,814**	45%
y/y		*25.0%*	*21.4%*	*-6.3%*	*77.0%*	*225.0%*	*48.0%*	*12.0%*	*9.0%*	*8.0%*	
Cost of Revenue	-203,254	-246,823	-308,150	-280,732	-495,804	-1,638,897	-2,425,568	-2,716,636	-2,960,536	-3,197,379	
Gross Profit	**-2,802.6**	**3,798.0**	**-3,898.6**	**4,409.0**	**8,824.0**	**13,216.9**	**19,561.0**	**21,908.4**	**24,477.1**	**26,435.3**	
Gross margin (%)	*-1.4%*	*1.5%*	*-1.3%*	*1.5%*	*1.7%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	
Other Operating Revenue	4,886	5,918	7,719	6,645	6,645	8,261	8,558	9,585	10,448	11,283	
as a % of sales	*2.4%*	*2.4%*	*2.5%*	*2.3%*	*1.3%*	*0.5%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	
Selling, General & Admin Expense	-314.6	-424.3	-272.2	-2,436.1	-2,805.0	-6,554.9	-9,291.5	-10,132.6	-10,447.5	-11,283.3	
as a % of sales	*0.2%*	*0.2%*	*0.1%*	*0.9%*	*0.6%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	
Other Operating expenses	1,695.5	-3,243.8	4,026.6	-1,131.1	-622.2	*-660.8*	*-1,027.0*	*-1,177.6*	*-1,343.3*	*-1,450.7*	
as a % of sales	*-0.8%*	*1.3%*	*-1.3%*	*0.4%*	*0.1%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	
Operating Income	**3,464.2**	**6,047.4**	**7,574.5**	**7,486.4**	**12,041.4**	**14,261.7**	**17,800.5**	**20,183.1**	**23,133.9**	**24,984.6**	16%
y/y		*74.6%*	*25.3%*	*-1.2%*	*60.8%*	*18.4%*	*24.8%*	*13.4%*	*14.6%*	*8.0%*	
Operating margin (%)	*1.7%*	*2.4%*	*2.5%*	*2.6%*	*2.4%*	*0.9%*	*0.7%*	*0.7%*	*0.8%*	*0.8%*	
Interest Expense	-1,666.8	-3,693.5	-2,995.1	-3,634.7	-4,782.7	-2,408.8	-3,849.8	-3,849.8	-3,849.8	-3,849.8	
Interest income	684.6	1,948.7	289.8	186.8	0.0	0.0	0.0	0.0	0.0	0.0	
Equity in (losses)income of affiliates	0.0	0.0	0.0	5.3	0.0	0.0	0.0	0.0	0.0	0.0	
Other recurring (expenses)/income	25.1	15.9	26.8	-6.3	1.1	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	0.0	
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other non recurring (expenses) income	181.2	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	
Pretax Income (reported)	**2,688**	**4,319**	**4,896**	**4,038**	**7,260**	**11,853**	**13,951**	**16,333**	**19,284**	**21,135**	24%
y/y		*60.6%*	*13.4%*	*-17.5%*	*79.8%*	*63.3%*	*17.7%*	*17.1%*	*18.1%*	*9.6%*	
Pretax Income (adjusted)	***2,507***	***4,319***	***4,896***	***4,037***	***7,260***	***11,853***	***13,951***	***16,333***	***19,284***	***21,135***	24%
y/y		*72.2%*	*13.4%*	*-17.5%*	*79.8%*	*63.3%*	*17.7%*	*17.1%*	*18.1%*	*9.6%*	
- Income Tax Expense	-208.1	-194.5	-370.1	-462.8	-711.3	-1,185.3	-1,674.1	-1,960.0	-2,892.6	-3,170.2	
effective tax rate (%)	*7.7%*	*4.5%*	*7.6%*	*11.5%*	*9.8%*	*10.0%*	*12.0%*	*12.0%*	*15.0%*	*15.0%*	
- Minority Interests	0	0	0	0	0	0	0	0	0	0	
Income Before XO Items	**2,480**	**4,124**	**4,526**	**3,575**	**6,548**	**10,668**	**12,277**	**14,373**	**16,391**	**17,965**	22%
y/y		*66.3%*	*9.7%*	*-21.0%*	*83.2%*	*62.9%*	*15.1%*	*17.1%*	*14.0%*	*9.6%*	
- Extraordinary Loss Net of Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net Income (reported)	**2,480**	**4,124**	**4,526**	**3,575**	**6,548**	**10,668**	**12,277**	**14,373**	**16,391**	**17,965**	22%
y/y		*66.3%*	*9.7%*	*-21.0%*	*83.2%*	*62.9%*	*15.1%*	*17.1%*	*14.0%*	*9.6%*	
Exceptional (L)G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Net Income (adjusted)	**2,299.1**	**4,124.0**	**4,525.9**	**3,574.7**	**6,548.4**	**10,667.6**	**12,276.6**	**14,373.2**	**16,391.4**	**17,964.5**	22%
y/y		*79.4%*	*9.7%*	*-21.0%*	*83.2%*	*62.9%*	*15.1%*	*17.1%*	*14.0%*	*9.6%*	
Basic EPS (reported)	8.4	14.0	15.3	12.1	22.2	36.1	41.6	48.7	55.5	60.8	
Basic EPS (adjusted)	7.8	14.0	15.3	12.1	22.2	36.1	41.6	48.7	55.5	60.8	
Basic Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	
Diluted EPS (reported)	**8.40**	**13.97**	**15.33**	**12.11**	**22.18**	**36.13**	**41.58**	**48.68**	**55.52**	**60.85**	22%
y/y		*66.3%*	*9.7%*	*-21.0%*	*83.2%*	*62.9%*	*15.1%*	*17.1%*	*14.0%*	*9.6%*	
Diluted EPS (adjusted)	**7.79**	**13.97**	**15.33**	**12.11**	**22.18**	**36.13**	**41.58**	**48.68**	**55.52**	**60.85**	22%
y/y		*79.4%*	*9.7%*	*-21.0%*	*83.2%*	*62.9%*	*15.1%*	*17.1%*	*14.0%*	*9.6%*	
Diluted Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	

Reference Items	FY03/2011	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
EBITDA	3,484	6,068	7,595	7,651	12,663	15,050	18,649	21,097	24,124	26,057
Dividends per Share	0.60	0.60	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Dividend payout ratio	7.7%	4.3%	6.5%	8.3%	4.5%	2.8%	2.4%	2.1%	1.8%	1.6%
Dep & Amor.	20	21	21	164	622	788	848	914	990	1,072
as a % of sales	*0.0%*	*0.0%*	*0.0%*	*0.1%*	*0.1%*	*0.05%*	*0.03%*	*0.03%*	*0.03%*	*0.03%*

Balance Sheet (INR million)	FY03/2011	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
Assets										
+ Cash & Near Cash Items	78,150	78,548	98,458	72,142	109,318	126,437	148,537	166,742	184,189	201,886
+ Short-Term Investments	-	-	-	-	12,555	12,555	12,555	12,555	12,555	12,555
+ Accounts & Notes Receivable	15,888	26,018	23,291	24,152	21,949	99,579	159,168	181,833	202,162	222,702
+ Inventories	3,773	6,344	7,753	5,713	6,752	26,941	39,872	44,657	48,666	52,560
+ Other Current Assets	6,863	8,058	8,161	8,129	7,009	7,009	7,009	7,009	7,009	7,009
Total Current Assets	**104,674**	**118,969**	**137,662**	**110,135**	**157,582**	**272,521**	**367,141**	**412,796**	**454,581**	**496,711**
+ Long-Term Investments	374	374	374	503	369	8,369	8,369	8,369	8,369	8,369
+ Gross Fixed Assets	524	542	549	1,673	2,248	6,213	6,458	6,704	6,854	6,983
- Accumulated Depreciation	-150	-170	-191	-354	-976	-1,765	-2,613	-3,527	-4,517	-5,590
+ Net Fixed Assets	374	372	358	1,319	1,272	4,449	3,845	3,177	2,336	1,393
+ Other Long-Term Assets	14	14	7	423	298	298	298	298	298	298
+ Goodwill & other Intangible Assets	-	-	-	-	-	5,267	5,267	5,267	5,267	5,267
Total Long-Term Assets	**762.3**	**759.6**	**738.8**	**2,245.8**	**1,939.1**	**18,383.0**	**17,779.0**	**17,111.4**	**16,270.3**	**15,327.0**
Total Assets	**105,435.9**	**119,728.3**	**138,401.2**	**112,381.2**	**159,521.2**	**290,904.2**	**384,920.2**	**429,907.3**	**470,851.4**	**512,038.1**
Liabilities & Shareholders' Equity										
+ Accounts Payable	59,062	62,522	80,499	52,155	88,045	202,056	284,090	315,000	339,847	363,365
+ Short-Term Borrowings	25,342	32,567	27,286	31,176	36,776	36,776	36,776	36,776	36,776	36,776
+ Other Short-Term Liabilities	5,008	4,662	6,384	1,539	501	1,501	1,501	1,501	1,501	1,501
Total Current Liabilities	**89,412.1**	**99,751.0**	**114,168.9**	**84,870.6**	**125,322.4**	**240,333.1**	**322,367.7**	**353,276.8**	**378,124.7**	**401,642.1**
+ Long-Term Borrowings	0.0	0.0	0.0	0.0	0.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
+ Other Long-Term Liabilities	56.1	91.2	86.7	85.7	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities	**89,468.2**	**99,842.1**	**114,255.6**	**84,956.3**	**125,322.4**	**246,333.1**	**328,367.7**	**359,276.8**	**384,124.7**	**407,642.1**
+ Total Preferred Equity	0.0	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	295
+ Retained Earnings & Other Equity	15,672	19,591	23,850	27,130	33,904	44,276	56,257	70,335	86,431	104,101
Total Shareholders' Equity	**15,967.7**	**19,886.1**	**24,145.7**	**27,424.9**	**34,198.8**	**44,571.2**	**56,552.5**	**70,630.5**	**86,726.7**	**104,396.0**
+ Minority Interest	0.0	0.0	0.0	0.0	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Liabilities & Equity	**105,435.9**	**119,728.3**	**138,401.2**	**112,381.2**	**159,521.2**	**290,904.2**	**384,920.2**	**429,907.3**	**470,851.4**	**512,038.1**

Cash Flow (INR million)	FY03/2011	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
+ Net Income	2,688.0	4,318.8	4,896.2	4,037.3	6,548.4	10,667.6	12,276.6	14,373.2	16,391.4	17,964.5
+ Depreciation & Amortization	19.6	20.7	20.6	164.1	622.0	788.1	848.5	914.0	990.4	1,072.2
+ Other Non-Cash Adjustments	1,661.3	3,691.4	2,141.4	3,011.5	0.0	0.0	0.0	0.0	0.0	0.0
+ Changes in Working Capital	2,437.2	-10,941.7	21,427.6	-32,235.9	37,136.0	17,191.2	9,514.7	3,458.9	509.6	-915.6
Cash From Operating Activities	**6,806.0**	**-2,910.8**	**28,485.7**	**-25,022.9**	**44,306.4**	**28,647.0**	**22,639.8**	**18,746.2**	**17,891.5**	**18,121.2**
+ Disposal of Fixed Assets	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
+ Capital Expenditures	-26.7	-18.4	-7.1	-1,154.8	-1,009.3	-3,965.1	-244.5	-246.5	-149.3	-129.0
+ Increase in Investments	0.0	0.0	0.0	-100.0	259.5	-8,000.0	0.0	0.0	0.0	0.0
+ Decrease in Investments	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Other Investing Activities	0.6	2.2	1.6	1.0	0.0	-5,267.0	0.0	0.0	0.0	0.0
Cash From Investing Activities	**-11.1**	**-16.0**	**-5.5**	**-1,253.6**	**-749.7**	**-17,232.1**	**-244.5**	**-246.5**	**-149.3**	**-129.0**
+ Dividends Paid	-226.5	-205.9	-295.3	-295.3	-295.3	-295.3	-295.3	-295.3	-295.3	-295.3
+ Change in Short-Term Borrowings	4,441.0	7,224.6	-5,280.4	3,890.0	5,599.8	0.0	0.0	0.0	0.0	0.0
+ Increase in Long-Term Borrowing	0.0	0.0	0.0	0.0	0.0	6,000.0	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	0.0
+ Increase in Capital Stocks	2,272.3	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	0.0
+ Other Financing Activities	-1,666.9	-3,693.5	-2,995.1	-3,634.8	0.0	0.0	0.0	0.0	0.0	0.0
Cash from Financing Activities	**4,819.9**	**3,325.2**	**-8,570.8**	**-40.0**	**5,304.6**	**5,704.8**	**-295.3**	**-295.3**	**-295.3**	**-295.3**
Net Changes in Cash	**11,614.8**	**398.3**	**19,909.4**	**-26,316.5**	**48,861.2**	**17,119.7**	**22,100.1**	**18,204.4**	**17,447.0**	**17,697.0**

Ratio Analysis	FY03/2011	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
Growth Ratios %										
Revenue		25.0%	21.4%	-6.3%	77.0%	225.0%	48.0%	12.0%	9.0%	8.0%
EBITDA		74.2%	25.2%	0.7%	65.5%	18.8%	23.9%	13.1%	14.3%	8.0%
Operating Income		74.6%	25.3%	-1.2%	60.8%	18.4%	24.8%	13.4%	14.6%	8.0%
Net income reported		66.3%	9.7%	-21.0%	83.2%	62.9%	15.1%	17.1%	14.0%	9.6%
Net income adjusted		79.4%	9.7%	-21.0%	83.2%	62.9%	15.1%	17.1%	14.0%	9.6%
Diluted EPS reported		66.3%	9.7%	-21.0%	83.2%	62.9%	15.1%	17.1%	14.0%	9.6%
Diluted EPS adjusted		79%	10%	-21%	83%	63%	15%	17%	14%	10%
Dividend per share		0.00%	66.67%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accounts Receivables		63.8%	-10.5%	3.7%	-9.1%	353.7%	59.8%	14.2%	11.2%	10.2%
Inventory		68.1%	22.2%	-26.3%	18.2%	299.0%	48.0%	12.0%	9.0%	8.0%
Fixed Assets		-0.3%	-2.7%	204.0%	-13.7%	848.0%	-3.3%	-3.8%	-4.9%	-5.8%
Total Assets		13.6%	15.6%	-18.8%	41.9%	82.4%	32.3%	11.7%	9.5%	8.7%
Working Capital		-28.7%	78.1%	-67.1%	236.5%	32.5%	13.6%	4.3%	0.6%	-1.1%
Accounts Payable		5.9%	28.8%	-35.2%	68.8%	129.5%	40.6%	10.9%	7.9%	6.9%
Short Term Debt		28.5%	-16.2%	14.3%	18.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Long Term Debt										
Total Equity		24.5%	21.4%	13.6%	24.7%	30.3%	26.9%	24.9%	22.8%	20.4%
Cash From Operations		-142.8%	-1078.6%	-187.8%	-277.1%	-35.3%	-21.0%	-17.2%	-4.6%	1.3%
Capital Expenditure		31.1%	61.4%	-16142.5%	12.6%	-292.9%	93.8%	-0.8%	39.4%	13.6%
Free Cash Flow		-143.2%	-1072.2%	-191.9%	-265.4%	-43.0%	-9.3%	-17.4%	-4.1%	1.4%

Per Share Data (INR)	FY03/2011	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
Basic EPS (adjusted)	7.8	14.0	15.3	12.1	22.2	36.1	41.6	48.7	55.5	60.8
Diluted EPS (adjusted)	7.8	14.0	15.3	12.1	22.2	36.1	41.6	48.7	55.5	60.8
Dividend per share (DPS)	0.6	0.6	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Book Value per share (BVPS)	54.1	67.4	81.8	92.9	115.8	133.1	173.7	221.4	275.9	335.7
Margins (%)										
Gross Margin	-1.4%	1.5%	-1.3%	1.5%	1.7%	0.8%	0.8%	0.8%	0.8%	0.8%
Operating Margin	1.7%	2.4%	2.5%	2.6%	2.4%	0.9%	0.7%	0.7%	0.8%	0.8%
EBITDA Margin	1.7%	2.4%	2.5%	2.7%	2.5%	0.9%	0.8%	0.8%	0.8%	0.8%
Pre-Tax Margin (adjusted)	1.3%	1.7%	1.6%	1.4%	1.4%	0.7%	0.6%	0.6%	0.6%	0.7%
Net Income Margin (adjusted)	1.1%	1.6%	1.5%	1.3%	1.3%	0.6%	0.5%	0.5%	0.5%	0.6%
Return Ratios										
Dupont ROE (%)	**14.4%**	**20.7%**	**18.7%**	**13.0%**	**19.1%**	**23.9%**	**21.7%**	**20.3%**	**18.9%**	**17.2%**
Margin (%)	1.1%	1.6%	1.5%	1.3%	1.3%	0.6%	0.5%	0.5%	0.5%	0.6%
Turnover (x)	1.9	2.1	2.2	2.5	3.2	5.7	6.4	6.4	6.3	6.3
Leverage (x)	6.6	6.0	5.7	4.1	4.7	6.5	6.8	6.1	5.4	4.9
Return on Assets	2.2%	3.4%	3.3%	3.2%	4.1%	3.7%	3.2%	3.3%	3.5%	3.5%
Return on Capital Employed	21.6%	30.3%	31.3%	27.2%	35.2%	28.2%	28.5%	26.3%	24.9%	22.6%
Return on Invested Capital	5.6%	7.9%	8.8%	6.1%	9.2%	12.2%	12.4%	12.7%	12.7%	12.2%
FCF Calculation										
Op. cash	6,806.0	-2,910.8	28,485.7	-25,022.9	44,306.4	28,647.0	22,639.8	18,746.2	17,891.5	18,121.2
capex	-26.7	-18.4	-7.1	-1,154.8	-1,009.3	-3,965.1	-244.5	-246.5	-149.3	-129.0
FCF (INR million)	6,779.3	-2,929.3	28,478.6	-26,177.8	43,297.1	24,681.9	22,395.3	18,499.7	17,742.2	17,992.2
FCF margin (%)	3.4%	-1.2%	9.4%	-9.2%	8.6%	1.5%	0.9%	0.7%	0.6%	0.6%
FCF per share	22.96	-9.92	96.46	-88.66	146.65	83.60	75.85	62.66	60.09	60.94
Price/FCF per share	21.69	-50.20	5.16	-5.62	3.40	5.96	6.57	7.95	8.29	8.17
FCF Yield	4.6%	-2.0%	19.4%	-17.8%	29.4%	16.8%	15.2%	12.6%	12.1%	12.2%
Net Cash calculation										
Cash + short term investments	78,150.0	78,548.3	98,457.6	72,141.6	121,872.4	138,992.1	161,092.1	179,296.6	196,743.5	214,440.5
Less: long term debt + ST debt	-25,342.1	-32,566.7	-27,286.1	-31,176.1	-36,775.9	-42,775.9	-42,775.9	-42,775.9	-42,775.9	-42,775.9
Net Cash	**52,807.9**	**45,981.7**	**71,171.5**	**40,965.5**	**85,096.5**	**96,216.1**	**118,316.2**	**136,520.6**	**153,967.6**	**171,664.6**
Net cash per share	178.9	155.7	241.1	138.7	288.2	325.9	400.7	462.4	521.5	581.4
Valuation ratio's										
P/B	1.96	1.91	1.47	0.94	1.69	3.74	2.87	2.25	1.80	1.48
P/E	13.60	9.21	7.84	7.24	8.82	13.78	11.98	10.23	8.97	8.18
P/S	0.16	0.15	0.12	0.09	0.11	0.09	0.06	0.05	0.05	0.05
EV/sales	-0.11	-0.03	-0.12	-0.05	-0.05	0.05	0.03	0.03	0.03	0.03
EV/EBITDA	-6.18	-1.32	-4.70	-1.97	-2.16	5.46	4.40	3.89	3.40	3.15
EV/EBIT	-6.22	-1.32	-4.71	-2.01	-2.27	5.76	4.61	4.07	3.55	3.29
EV/FCF	-3.18	2.73	-1.25	0.58	-0.63	3.33	3.67	4.44	4.63	4.56
Dividend Yield (%)	0.12%	0.12%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Div payout on FCF	2.6%	-6.0%	1.0%	-1.1%	0.7%	1.2%	1.3%	1.6%	1.7%	1.6%

Working Capital Ratios	FY03/2011	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
Receivable days (DSO)	14	31	30	30	17	22	24	24	25	25
Inventory days (DIO)	3	7	8	9	5	6	6	6	6	6
Payables days (DPO)	53	90	85	86	52	45	43	42	42	41
Current ratio	1.2	1.2	1.2	1.3	1.3	1.1	1.1	1.2	1.2	1.2
Quick ratio	1.1	1.1	1.1	1.2	1.2	1.0	1.0	1.0	1.1	1.1
Working capital	-37546	-26764	-47678	-15701	-52837	-70028	-79543	-83002	-83511	-82596
Cash conversion cycle	-35	-52	-47	-47	-30	-17	-13	-12	-11	-10
Leverage Ratios										
Debt / equity	159%	164%	113%	114%	108%	96%	76%	61%	49%	41%
Net cash (debt) / equity	331%	231%	295%	149%	249%	216%	209%	193%	178%	164%
Net cash (debt) / mkt cap	169%	121%	201%	158%	147%	65%	80%	93%	105%	117%
Net cash (debt) / capital	128%	88%	138%	70%	120%	110%	119%	120%	119%	117%
Coverage Ratios										
Interest coverage [EBIT]	3.5	3.5	2.8	2.2	2.5	5.9	4.6	5.2	6.0	6.5
Interest coverage [Opt. CF]	6.9	-1.7	10.5	-7.3	9.3	11.9	5.9	4.9	4.6	4.7
Earnings Quality Ratios										
Net operating assets/liab [NOA]	-36840	-26096	-47026	-13541	-50898	-51645	-61764	-65890	-67241	-67269
Average NOA		-31468	-36561	-30283	-32219	-51271	-56704	-63827	-66566	-67255
B/S accrual ratio		-0.34	0.57	-1.11	1.16	0.01	0.18	0.06	0.02	0.00
CF accurual ratio		-0.22	0.66	-0.99	1.15	0.01	0.18	0.06	0.02	0.00

Enterprise Value Calculation	FY 03/2011	FY 03/2012	FY 03/2013	FY 03/2014	FY 03/2015	FY 03/2016	Current
Market Cap.	31,261	37,981	35,471	25,893	57,766	178,331	147,035
+ Minority Interest	0	0	0	0	0	0	0
+Total Debt (ST & LT Debt)	25,342	32,567	27,286	31,176	36,776	42,776	42,776
- Cash & Equivalents	78,150	78,548	98,458	72,142	121,872	138,992	138,992
Enterprise Value	**-21,547**	**-8,001**	**-35,700**	**-15,072**	**-27,331**	**82,115**	**50,818**

DCF model	2011	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
(in INR million)															
EBIT	3,464	6,047	7,575	7,486	12,041	14,262	17,801	20,183	23,134	24,985	26,733	28,904	31,251	33,470	35,846
% growth	*0%*	*75%*	*25%*	*-1%*	*61%*	*18%*	*25%*	*13%*	*15%*	*8%*	*7%*	*8%*	*8%*	*7%*	*7%*
Taxes @	*7.7%*	*4.5%*	*7.6%*	*11.5%*	*9.8%*	*10.0%*	*12.0%*	*12.0%*	*15.0%*	*15.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*	*20.0%*
EBIAT	3,196	5,775	7,002	6,628	10,862	12,836	15,664	17,761	19,664	21,237	21,387	23,123	25,001	26,776	28,677
% growth	*0%*	*81%*	*21%*	*-5%*	*64%*	*18%*	*22%*	*13%*	*11%*	*8%*	*1%*	*8%*	*8%*	*7%*	*7%*
+ D&A	20	21	21	164	622	788	848	914	990	1,072	1,147	1,216	1,289	1,354	1,421
- Capital expenditures	-27	-18	-7	-1,155	-1,009	-3,965	-245	-246	-149	-129	-1,725	-1,828	-1,938	-2,035	-2,137
- Change in net WC	2,437	-10,942	21,428	-32,236	37,136	17,191	9,515	3,459	510	-916	5,782	5,303	5,621	4,965	5,213
Free Cash Flow to Firm	5,626	-5,164	28,443	-26,598	47,610	26,850	25,783	21,888	21,015	21,265	26,591	27,814	29,973	31,060	33,175
FCY y/y growth		*-192%*	*-651%*	*-194%*	*-279%*	*-44%*	*-4%*	*-15%*	*-4%*	*1%*	*25%*	*5%*	*8%*	*4%*	*7%*

Value per Share

	Cost of capital				
Terminal Growth	**13.6%**	**14.6%**	**15.6%**	**16.6%**	**17.6%**
1.5%	1,049	990	915	897	859
1.8%	1,056	996	920	901	862
2.0%	1,061	1,000	**923**	903	864
2.3%	1,069	1,006	928	907	868
2.5%	1,075	1,011	932	910	870

WACC	***15.6%***
PV of Free Cash Flow	118,228
PV of Terminal Value	58,163
Add: Net Cash	96,216
Total Equity Value	272,607
Shares outstanding	295.25
DCF value	**923**

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