

Target Price	Rs. 900.00
Current Price	Rs. 603.85
Upside Potential	49%

Rajesh Exports (RJEX_IN)

Earnings Update Report

Consumer Discretionary: Gold Jewelry Manufacturer

Market Cap.	Rs. 178,292 mn \$ 2.64 bn
Shares Outstanding	295.3 mn
Free Float (FF %)	71.9 mn / 24.4%
52 Week Range (Rs)	583.15 / 874.00
Avg. Daily Value	Rs. 513.5 mn \$ 8.0 mn
SENSEX Index Level	35,322
Insider Holding %	75.6%

P/E 12.5x (FY03/2019E)



Risk: Above Average

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Q4FY2018 [ended March] Earnings Update

Strong Qtr; Earnings up 11.2%

Rajesh Exports reported strong results for the fourth quarter ended March 2018. Net income/EPS for the period came in at Rs.3.69 bn/Rs.12.51, up 11.2% YoY and 15.2% above our estimates. Revenue for the quarter was up 6.0% YoY to Rs.438.4 bn. The higher increase in EPS was mainly a result of an increase in profit margins as the company continues to shift its product mix towards higher margin value added products. During our conversation with senior management, they mentioned that the company is seeing good response for its value added products and expects the sales of these products to grow strongly in the coming years, further driving the profit margin expansion. At the end of the year, the company's order book stood at a healthy level of Rs.654.6 bn vs. Rs.408.2 bn at the end of the third quarter of the year. The company is currently in the final stages of setting up a gold refinery at its Bangalore manufacturing facility. The products developed at this facility will be used for the company's export business as well as for its India operations.

Full Year Results

For the full year FY2018, EPS increased slightly by 1.6% to Rs.42.87 vs. Rs.42.20 in FY2017. Revenue for the year came in at Rs.1,876.9 bn, down 22.5% YoY due to the impact of various factors during the period including the implementation of GST in India in 1Q [ended June] FY03/2018 and the implementation of 5% VAT in Saudi Arabia and UAE in January 2018. **The company's gross profit margin expanded by 42% during the year from 0.85% in FY2017 to 1.21% in FY2018 while operating profit margin increased from 0.72% in FY2017 to 1.00% in FY2018, mainly due to an increase in the sales of higher margin products.**

In view of the increasing margins, we revise our FY2019 earnings forecast upwards by 3.2% from Rs.46.61 per share previously to Rs.48.10 per share, a growth of 12.2% over the FY2018 earnings. With increasing crude oil prices and the discontinuation of VAT on gold and other precious metals for wholesale transactions by the UAE, we believe that demand from the Middle-East could grow at a higher rate and provide further boost to the company's earnings.

UAE Lifts VAT on Gold and Other Precious Metals

On January 1, 2018, the UAE government imposed 5% value-added tax [VAT] on gold, silver and platinum jewelry with less than 99% purity. However, in May the UAE cabinet announced that it would reverse this tax. The step comes as demand for gold dropped to a 20-year low in the U.A.E., according to World Gold Council. The Cabinet explained that this step aims to improve the ease of doing business in the UAE. The tax rollback will only apply at the wholesale level [B2B transaction] while retailers will continue to impose 5% tax on all jewelry transactions taking place at their shops.

Maintain PT; 50% Upside

In the last few months, the stock has come down 31% to Rs.603.8 from its high earlier this year of Rs.874.0, a result mainly of the increase in investor skepticism towards the Indian precious metals sector after the Nirav Modi fiasco. **We maintain our one-year price target of Rs.900 on the stock and believe that the fall in the stock price is a buying opportunity for investors. Our price target represents an upside of approximately 50% 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.1042.0 which assumes 12.5% WACC and 3% terminal growth rate. Our price target implies a P/E multiple of 18.7x on our FY03/2019 EPS estimate of Rs.48.10. We are quite positive on the margin growth story based on the company's strong execution seen over the last 1 year. The company operates at extremely thin operating margins and even a small increase in margins can be highly accretive to the EPS. Currently, the stock is trading at a P/E multiple of 12.5x on our FY03/2019 EPS estimate.

2-year LME Gold Price Chart



1-year Brent Crude Price Chart



5-year Price Chart



Income Statement (INR million)	FY03/2014	FY03/2015	FY03/2016	FY03/2017	FY03/2018	FY03/2019E	FY03/2020E	FY03/2021E	FY03/2022E	CAGR (2018-22)
Revenue	285,141	504,629	1,652,114	2,421,320	1,876,855	2,039,034	2,225,241	2,377,650	2,499,785	7.4%
y/y	-6.3%	77.0%	227.4%	46.6%	-22.5%	8.6%	9.1%	6.8%	5.1%	
Cost of Revenue	-280,732	-489,782	-1,631,510	-2,400,793	-1,854,173	-2,013,530	-2,196,852	-2,346,709	-2,466,605	
Gross Profit	4,409.0	14,847.3	20,604.1	20,526.9	22,681.2	25,503.5	28,389.2	30,940.2	33,180.2	
Gross margin (%)	1.5%	2.9%	1.2%	0.85%	1.21%	1.25%	1.28%	1.30%	1.33%	
Other Operating Revenue	6,645	1	90	471	620	674	735	785	826	
as a % of sales	2.3%	0.0%	0.01%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	
Selling, General & Admin Expense	-2,436.1	-2,805.0	-3,796.0	-3,665.3	-4,518.0	-5,153.8	-5,793.2	-6,251.9	-6,573.1	
as a % of sales	0.9%	0.6%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	
Other Operating expenses	-1,131.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
as a % of sales	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Operating Income	7,486.4	12,043.3	16,898.2	17,333.0	18,783.2	21,023.3	23,331.1	25,473.8	27,432.9	9.9%
y/y	-1.2%	60.9%	40.3%	2.6%	8.4%	11.9%	11.0%	9.2%	7.7%	
Operating margin (%)	2.6%	2.4%	1.0%	0.72%	1.00%	1.0%	1.0%	1.1%	1.1%	
Interest Expense	-3,634.7	-4,782.7	-5,776.7	-4,302.7	-5,366.8	-5,914.5	-5,914.5	-5,914.5	-5,914.5	
Interest income	186.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Equity in (losses)income of affiliates	5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other recurring (expenses)/income	-6.3	1.1	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	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Pretax Income (reported)	4,038	7,262	11,122	13,030	13,416	15,109	17,417	19,559	21,518	12.5%
y/y	-17.5%	79.9%	53.2%	17.2%	3.0%	12.6%	15.3%	12.3%	10.0%	
Pretax Income (adjusted)	4,037	7,262	11,122	13,030	13,416	15,109	17,417	19,559	21,518	12.5%
y/y	-17.5%	79.9%	53.2%	17.2%	3.0%	12.6%	15.3%	12.3%	10.0%	
- Income Tax Expense	-462.8	-711.3	-431.2	-571.4	-758.6	-906.5	-1,045.0	-1,173.6	-1,291.1	
effective tax rate (%)	11.5%	9.8%	3.9%	4.4%	5.7%	6.0%	6.0%	6.0%	6.0%	
- Minority Interests	0	0	0	0	0	0	0	0	0	
Income Before XO Items	3,575	6,550	10,690	12,459	12,658	14,202	16,372	18,386	20,227	12.4%
y/y	-21.0%	83.2%	63.2%	16.5%	1.6%	12.2%	15.3%	12.3%	10.0%	
- Extraordinary Loss Net of Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	
Net Income (reported)	3,575	6,550	10,690	12,459	12,658	14,202	16,372	18,387	20,229	12.4%
y/y	-21.0%	83.2%	63.2%	16.5%	1.6%	12.2%	15.3%	12.3%	10.0%	
Exceptional (L)G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	2.00	
Net Income (adjusted)	3,574.7	6,550.3	10,690.3	12,459.0	12,657.9	14,202.2	16,371.6	18,384.7	20,225.3	12.4%
y/y	-21.0%	83.2%	63.2%	16.5%	1.6%	12.2%	15.3%	12.3%	10.0%	
Basic EPS (reported)	12.1	22.19	36.21	42.20	42.87	48.10	55.45	62.28	68.52	
Basic EPS (adjusted)	12.1	22.19	36.21	42.20	42.87	48.10	55.45	62.27	68.50	
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)	12.11	22.19	36.21	42.20	42.87	48.10	55.45	62.28	68.52	12.4%
y/y	-21.0%	83.2%	63.2%	16.5%	1.6%	12.2%	15.3%	12.3%	10.0%	
Diluted EPS (adjusted)	12.11	22.19	36.21	42.20	42.87	48.10	55.45	62.27	68.50	12.4%
y/y	-21.0%	83.2%	63.2%	16.5%	1.6%	12.2%	15.3%	12.3%	10.0%	
Diluted Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	

Reference Items	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018	FY03/2019E	FY03/2020E	FY03/2021E	FY03/2022E
EBITDA	7,651	12,666	17,686	17,983	19,697	22,014	24,403	26,600	28,615
Dividends per Share	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Dividend payout ratio	8.3%	4.5%	2.8%	2.4%	2.3%	2.1%	1.8%	1.6%	1.5%
Dep & Amor.	164	622	788	650	914	990	1,072	1,126	1,182
as a % of sales	0.1%	0.1%	0.05%	0.03%	0.05%	0.05%	0.05%	0.05%	0.05%
Balance Sheet (INR million)	FY03/2014	FY03/2015	FY03/2016	FY03/2017	FY03/2018	FY03/2019E	FY03/2020E	FY03/2021E	FY03/2022E
Assets									
+ Cash & Near Cash Items	72,142	117,345	123,755	148,402	144,696	162,343	178,423	195,997	215,019
+ Short-Term Investments	-	-	-	-	-	-	-	-	-
+ Accounts & Notes Receivable	24,152	29,898	48,896	50,199	39,926	48,956	53,427	57,086	60,018
+ Inventories	5,713	5,675	9,926	11,628	17,220	15,663	17,089	18,255	19,188
+ Other Current Assets	8,129	4,222	4,336	8,606	9,762	9,762	9,762	9,762	9,762
Total Current Assets	110,135	157,140	186,913	218,834	211,603	236,725	258,702	281,101	303,987
+ Long-Term Investments	503	1,018	9,003	9,191	10,198	10,198	10,198	10,198	10,198
+ Gross Fixed Assets	1,673	3,618	8,774	9,127	9,886	10,710	11,610	12,572	13,583
- Accumulated Depreciation	-354	-976	-1,765	-2,415	-3,329	-4,319	-5,391	-6,517	-7,699
+ Net Fixed Assets	1,319	2,641	7,009	6,712	6,557	6,391	6,219	6,055	5,883
+ Other Long-Term Assets	423	8	8	424	605	605	605	605	605
+ Goodwill & other Intangible Assets	-	-	6,479	6,156	6,387	6,387	6,387	6,387	6,387
Total Long-Term Assets	2,245.8	3,667.3	22,499.1	22,483.5	23,748.4	23,582.5	23,410.1	23,245.7	23,074.4
Total Assets	112,381.2	160,807.2	209,412.5	241,317.6	235,351	260,307.2	282,111.6	304,346.2	327,061.3
Liabilities & Shareholders' Equity									
+ Accounts Payable	52,155	87,388	108,533	121,519	71,699	82,748	88,476	92,621	95,406
+ Short-Term Borrowings	31,176	38,425	45,940	55,522	87,172	87,172	87,172	87,172	87,172
+ Other Short-Term Liabilities	1,539	1,297	2,005	657	1,419	1,419	1,419	1,419	1,419
Total Current Liabilities	84,870.6	127,110.6	156,478.2	177,699.1	160,289.5	171,338.4	177,066.5	181,211.6	183,996.7
+ Long-Term Borrowings	0.0	0.0	0.0	3,497.8	2,441.7	2,441.7	2,441.7	2,441.7	2,441.7
+ Other Long-Term Liabilities	85.7	80.1	5,102.5	3,745.7	3,934.6	3,934.6	3,934.6	3,934.6	3,934.6
Total Liabilities	84,956.3	127,190.7	161,580.7	184,942.6	166,665.9	177,714.8	183,442.9	187,588.0	190,373.0
+ 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	27,130	33,321	47,537	56,080	68,390	82,297	98,373	116,463	136,393
Total Shareholders' Equity	27,424.9	33,616.5	47,832.2	56,375.0	68,685.4	82,592.4	98,668.7	116,758.2	136,688.3
+ Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities & Equity	112,381.2	160,807.2	209,412.9	241,317.6	235,351.3	260,307.2	282,111.6	304,346.2	327,061.3

Cash Flow (INR million)	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018	FY03/2019E	FY03/2020E	FY03/2021E	FY03/2022E
+ Net Income	4,037.3	7,258.4	11,080.5	12,459.0	12,657.9	14,202.2	16,371.6	18,384.7	20,225.3
+ Depreciation & Amortization	164.1	622.3	790.0	650.0	914.0	990.4	1,072.2	1,125.8	1,182.1
+ Other Non-Cash Adjustments	3,011.5	783.6	10,339.1	0.0	0.0	0.0	0.0	0.0	0.0
+ Changes in Working Capital	-32,235.9	33,189.7	-1,510.6	4,364.8	-45,534.4	3,574.9	-168.7	-679.9	-1,080.0
Cash From Operating Activities	-25,022.9	41,854.0	20,699.0	17,473.8	-31,962.5	18,767.6	17,275.1	18,830.7	20,327.4
+ Disposal of Fixed Assets	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Capital Expenditures	-1,154.8	-1,575.2	-11,636.6	-242.1	-758.9	-824.5	-899.8	-961.4	-1,010.8
+ Increase in Investments	-100.0	-468.0	-7,802.9	-603.5	-1,188.8	0.0	0.0	0.0	0.0
+ Decrease in Investments	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0
+ Other Investing Activities	1.0	1.0	0.0	322.3	-231.2	0.0	0.0	0.0	0.0
Cash From Investing Activities	-1,253.6	-2,042.2	-19,438.6	-523.3	-2,179.0	-824.5	-899.8	-961.4	-1,010.8
+ Dividends Paid	-295.3	-355.4	-355.4	-295.3	-295.3	-295.3	-295.3	-295.3	-295.3
+ Change in Short-Term Borrowings	3,890.0	7,534.6	6,034.3	9,582.5	31,649.6	0.0	0.0	0.0	0.0
+ Increase in Long-Term Borrowing	0.0	-285.9	0.0	3,497.8	-1,056.1	0.0	0.0	0.0	0.0
+ Decrease in Long-term Borrowing	0.0	0.0	1,480.7	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	-3,634.8	-4,782.7	-5,776.7	0.0	136.8	0.0	0.0	0.0	0.0
Cash from Financing Activities	-40.0	2,110.6	1,382.9	12,785.0	30,435.1	-295.3	-295.3	-295.3	-295.3
Net Changes in Cash	-26,316.5	41,922.4	2,643.3	29,735.5	-3,706.4	17,647.8	16,080.1	17,574.0	19,021.3
Opening cash					148,402.0	144,695.5	162,343.4	178,423.4	195,997.5
Closing cash					144,695.5	162,343.4	178,423.4	195,997.5	215,018.8

Ratio Analysis	FY03/2014	FY03/2015	FY03/2016	FY03/2017	FY03/2018	FY03/2019E	FY03/2020E	FY03/2021E	FY03/2022E
Growth Ratios %									
Revenue	-6.3%	77.0%	227.4%	46.6%	-22.5%	8.6%	9.1%	6.8%	5.1%
EBITDA	0.7%	65.6%	39.6%	1.7%	9.5%	11.8%	10.9%	9.0%	7.6%
Operating Income	-1.2%	60.9%	40.3%	2.6%	8.4%	11.9%	11.0%	9.2%	7.7%
Net income reported	-21.0%	83.2%	63.2%	16.5%	1.6%	12.2%	15.3%	12.3%	10.0%
Net income adjusted	-21.0%	83.2%	63.2%	16.5%	1.6%	12.2%	15.3%	12.3%	10.0%
Diluted EPS reported	-21.0%	83.2%	63.2%	16.5%	1.6%	12.2%	15.3%	12.3%	10.0%
Diluted EPS adjusted	-21%	83%	63%	17%	2%	12%	15%	12%	10%
Dividend per share	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accounts Receivables	3.7%	23.8%	63.5%	2.7%	-20.5%	22.6%	9.1%	6.8%	5.1%
Inventory	-26.3%	-0.7%	74.9%	17.1%	48.1%	-9.0%	9.1%	6.8%	5.1%
Fixed Assets	204.0%	63.3%	513.5%	-0.1%	5.6%	-0.7%	-0.7%	-0.7%	-0.7%
Total Assets	-18.8%	43.1%	30.2%	15.2%	-2.5%	10.6%	8.4%	7.9%	7.5%
Working Capital	-67.1%	211.4%	-3.1%	9.2%	-88.0%	57.6%	-1.7%	-7.1%	-12.1%
Accounts Payable	-35.2%	67.6%	24.2%	12.0%	-41.0%	15.4%	6.9%	4.7%	3.0%
Short Term Debt	14.3%	23.3%	19.6%	20.9%	57.0%	0.0%	0.0%	0.0%	0.0%
Long Term Debt									
Total Equity	13.6%	22.6%	42.3%	17.9%	21.8%	20.2%	19.5%	18.3%	17.1%
Cash From Operations	-187.8%	-267.3%	-50.5%	-15.6%	-282.9%	-158.7%	-8.0%	9.0%	7.9%
Capital Expenditure	-16142.5%	-36.4%	-638.7%	97.9%	-213.5%	-8.6%	-9.1%	-6.8%	-5.1%
Free Cash Flow	-191.9%	-253.9%	-77.5%	90.1%	-289.9%	-154.8%	-8.7%	9.1%	8.1%

Per Share Data (INR)	FY03/2014	FY03/2015	FY03/2016	FY03/2017	FY03/2018	FY03/2019E	FY03/2020E	FY03/2021E	FY03/2022E
Basic EPS (adjusted)	12.1	22.2	36.2	42.2	42.9	48.1	55.4	62.3	68.5
Diluted EPS (adjusted)	12.1	22.2	36.2	42.2	42.9	48.1	55.4	62.3	68.5
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)	92.9	113.9	140.1	170.1	211.0	258.1	312.6	373.8	441.3
Margins (%)									
Gross Margin	1.5%	2.9%	1.2%	0.8%	1.2%	1.3%	1.3%	1.3%	1.3%
Operating Margin	2.6%	2.4%	1.0%	0.7%	1.0%	1.0%	1.0%	1.1%	1.1%
EBITDA Margin	2.7%	2.5%	1.1%	0.7%	1.0%	1.1%	1.1%	1.1%	1.1%
Pre-Tax Margin (adjusted)	1.4%	1.4%	0.7%	0.5%	0.7%	0.7%	0.8%	0.8%	0.9%
Net Income Margin (adjusted)	1.3%	1.3%	0.6%	0.5%	0.7%	0.7%	0.7%	0.8%	0.8%
Return Ratios									
Dupont ROE (%)	13.0%	19.5%	22.3%	22.1%	18.4%	17.2%	16.6%	15.7%	14.8%
Margin (%)	1.3%	1.3%	0.6%	0.5%	0.7%	0.7%	0.7%	0.8%	0.8%
Turnover (x)	2.5	3.1	7.9	10.0	8.0	7.8	7.9	7.8	7.6
Leverage (x)	4.1	4.8	4.4	4.3	3.4	3.2	2.9	2.6	2.4
Return on Assets	3.2%	4.1%	5.1%	5.2%	5.4%	5.5%	5.8%	6.0%	6.2%
Return on Capital Employed	27.2%	35.7%	31.9%	27.2%	25.0%	23.6%	22.2%	20.7%	19.2%
Return on Invested Capital	6.1%	9.1%	11.4%	10.8%	8.0%	8.2%	8.7%	8.9%	8.9%
FCF Calculation									
Op. cash	-25,022.9	41,854.0	20,699.0	17,473.8	-31,962.5	18,767.6	17,275.1	18,830.7	20,327.4
capex	-1,154.8	-1,575.2	-11,636.6	-242.1	-758.9	-824.5	-899.8	-961.4	-1,010.8
FCF (INR million)	-26,177.8	40,278.8	9,062.4	17,231.7	-32,721.5	17,943.1	16,375.3	17,869.3	19,316.6
FCF margin (%)	-9.2%	8.0%	0.5%	0.7%	-1.7%	0.9%	0.7%	0.8%	0.8%
FCF per share	-88.66	136.42	30.69	58.36	-110.83	60.77	55.46	60.52	65.42
Price/FCF per share	-6.80	4.42	19.65	10.34	-5.44	9.93	10.88	9.97	9.22
FCF Yield	-14.7%	22.6%	5.1%	9.7%	-18.4%	10.1%	9.2%	10.0%	10.8%
Net Cash calculation									
Cash + short term investments	72,141.6	117,344.6	123,754.9	148,402.0	144,695.5	162,343.4	178,423.4	195,997.5	215,018.8
Less: long term debt + ST debt	-31,176.1	-38,424.9	-45,939.9	-59,020.2	-89,613.7	-89,613.7	-89,613.7	-89,613.7	-89,613.7
Net Cash	40,965.5	78,919.7	77,815.0	89,381.8	55,081.8	72,729.7	88,809.7	106,383.8	125,405.1
Net cash per share	138.7	267.3	263.6	302.7	186.6	246.3	300.8	360.3	424.7
Valuation ratio's									
P/B	0.94	1.72	4.31	3.56	3.51	2.34	1.93	1.61	1.37
P/E	7.24	8.82	16.68	14.36	17.26	12.54	10.88	9.69	8.81
P/S	0.09	0.11	0.11	0.07	0.12	0.09	0.08	0.07	0.07
EV/sales	-0.05	-0.04	0.06	0.04	0.09	0.08	0.07	0.07	0.07
EV/EBITDA	-1.97	-1.67	5.68	4.98	8.30	7.42	6.70	6.14	5.71
EV/EBIT	-2.01	-1.76	5.95	5.17	8.70	7.77	7.00	6.41	5.96
EV/FCF	0.58	-0.53	11.09	5.20	-4.99	9.11	9.98	9.14	8.46
Dividend Yield (%)	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
Div payout on FCF	-1.1%	0.7%	3.3%	1.7%	-0.9%	1.6%	1.8%	1.7%	1.5%

Working Capital Ratios	FY03/2014	FY03/2015	FY03/2016	FY03/2017	FY03/2018	FY03/2019E	FY03/2020E	FY03/2021E	FY03/2022E
Receivable days (DSO)	30	20	9	7	9	9	9	9	9
Inventory days (DIO)	9	4	2	2	3	3	3	3	3
Payables days (DPO)	86	52	22	17	19	15	15	14	14
Current ratio	1.3	1.2	1.2	1.2	1.3	1.4	1.5	1.6	1.7
Quick ratio	1.2	1.2	1.1	1.2	1.2	1.3	1.4	1.5	1.5
Working capital	-15701	-48890	-47380	-51745	-6210	-9785	-9616	-8937	-7857
Cash conversion cycle	-47	-28	-11	-8	-7	-3	-3	-3	-3
Leverage Ratios									
Debt / equity	114%	114%	96%	105%	130%	109%	91%	77%	66%
Net cash (debt) / equity	149%	235%	163%	159%	80%	88%	90%	91%	92%
Net cash (debt) / mkt cap	158%	137%	44%	50%	31%	41%	50%	60%	70%
Net cash (debt) / capital	70%	110%	83%	77%	35%	42%	47%	52%	55%
Coverage Ratios									
Interest coverage [EBIT]	2.2	2.5	2.9	4.0	3.5	3.6	3.9	4.3	4.6
Interest coverage [Opt. CF]	-7.3	8.8	3.6	4.1	-6.0	3.2	2.9	3.2	3.4
Earnings Quality Ratios									
Net operating assets/liab [NOA]	-13541	-45303	-29983	-33007	13604	9863	9859	10374	11283
Average NOA	-30283	-29422	-37643	-31495	-9702	11733	9861	10117	10829
B/S accrual ratio	-1.11	1.08	-0.41	0.10	-4.80	-0.32	0.00	0.05	0.08
CF accrual ratio	-0.99	1.13	-0.25	0.14	-4.82	-0.32	0.00	0.05	0.08
Enterprise Value Calculation									
Market Cap.	25,893	57,766	178,331	178,922	218,485	178,110			
+ Minority Interest	0	0	0	0	0	0			
+Total Debt (ST & LT Debt)	31,176	38,425	45,940	59,020	89,614	89,614			
- Cash & Equivalents	72,142	117,345	123,755	148,402	144,696	144,696			
Enterprise Value	-15,072	-21,154	100,516	89,540	163,403	163,403			

DCF model	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
(in INR million)														
EBIT	7,486	12,043	16,898	17,333	18,783	21,023	23,331	25,474	27,433	29,079	31,143	33,355	35,553	37,732
% growth	-1%	61%	40%	3%	8%	12%	11%	9%	8%	6%	7%	7%	7%	6%
Taxes @	11.5%	9.8%	3.9%	4.4%	5.7%	6.0%	6.0%	6.0%	6.0%	7.2%	8.6%	10.4%	12.4%	14.9%
EBIAT	6,628	10,864	16,243	16,573	17,721	19,762	21,931	23,945	25,787	26,985	28,453	29,896	31,129	32,099
% growth	-5%	64%	50%	2%	7%	12%	11%	9%	8%	5%	5%	5%	4%	3%
+ D&A	164	622	788	650	914	990	1,072	1,126	1,182	1,253	1,316	1,381	1,444	1,502
- Capital expenditures	-1,155	-1,575	-11,637	-242	-759	-825	-900	-961	-1,011	-1,325	-1,391	-1,461	-1,526	-1,588
- Change in net WC	-32,236	33,190	-1,511	4,365	-45,534	3,575	-169	-680	-1,080	-361	-412	-390	-398	-400
Free Cash Flow to Firm	-26,598	43,100	3,884	21,346	-27,658	23,503	21,935	23,430	24,878	26,552	27,965	29,428	30,648	31,613
FCY y/y growth	-194%	-262%	-91%	450%	-230%	-185%	-7%	7%	6%	7%	5%	5%	4%	3%

Value per Share

Terminal Growth	Cost of capital				
	10.5%	11.5%	12.5%	13.5%	14.5%
2.5%	1,236	1,116	1,020	942	876
2.8%	1,259	1,133	1,033	951	884
3.0%	1,275	1,145	1,042	958	889
3.3%	1,302	1,164	1,056	969	898
3.5%	1,321	1,177	1,066	977	904

WACC		12.5%
PV of Free Cash Flow		134,375
PV of Terminal Value		118,080
Add: Net Cash		55,082
Total Equity Value		307,537
Shares outstanding		295.25
DCF value		1,042

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