

Target Price	Rs. 900.00
Current Price	Rs. 644.00
Upside Potential	40%

Rajesh Exports (RJEX_IN)

Earnings Update Report

Consumer Discretionary: Gold Jewelry Manufacturer

Market Cap.	Rs. 188,626 mn \$ 2.68 bn
Shares Outstanding	295.3 mn
Free Float (FF %)	71.9 mn / 24.4%
52 Week Range (Rs)	559.65 / 874.00
Avg. Daily Value	Rs. 504.5 mn \$ 7.3 mn
SENSEX Index Level	37,666
Insider Holding %	75.6%

P/E 12.5x (FY03/2019E)

644.50 INR -25.85 (3.86%) ↓
16 Aug, 3:23 PM IST - Disclaimer


Risk: Above Average

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Q1FY2019 [ended June] Earnings Update

Margin Expansion Drives Earnings Growth

Rajesh Exports reported solid earnings for the first quarter ended June 2018 of Rs.13.52 per share, representing a growth of 34.5% on a YoY basis and 14% above our estimates. Similarly, EBITDA for the quarter came in at Rs.5,780.8 mn, growing by 29.8% YoY. Revenue for the quarter, however, was down by about 13% mainly due to the company's focus on higher margin products and also due to a decline in gold price by more than 10% during the quarter. Over the last one year, the company has been strategically focusing on changing its product mix to higher margin value added products. This strategy has been the main driver of the company's margin and earnings growth. In FY2018, Rajesh Exports reported gross profit margins of 1.21% vs. 0.85% in FY2017. The margin further expanded to 1.53% in 1Q [June] 2019. During our conversation with senior management, they mentioned that they will continue to focus on increasing their bottom-line by delivering more value added products to their customers.

Estimate Revision

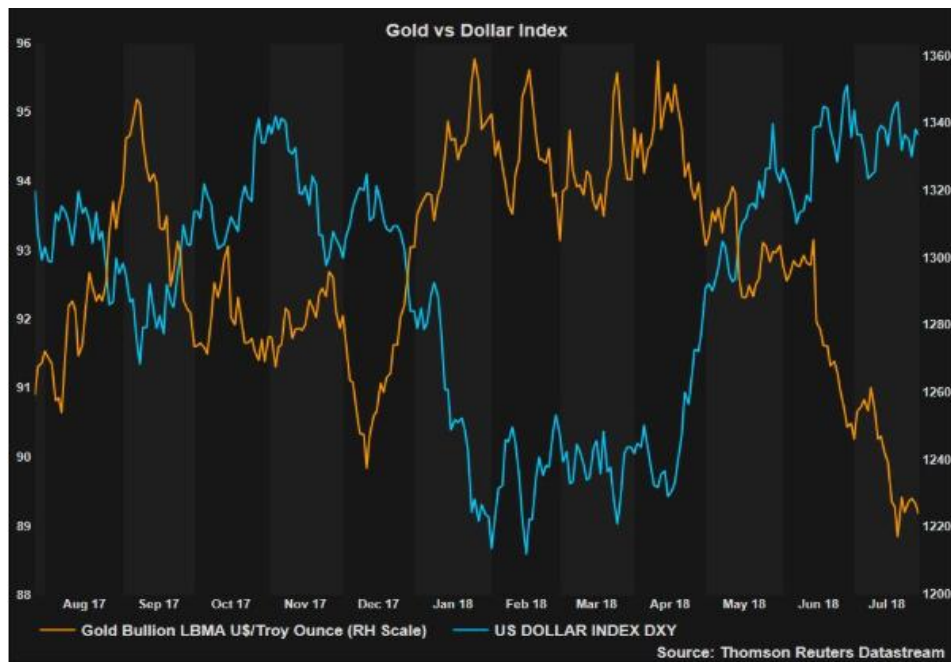
Given the strong results delivered in 1Q and the continuous improvement in margins, we revise our FY2019 earnings estimate upwards by approximately 9% from Rs.48.10 per share previously to Rs.52.51 per share, representing a growth of 12.5% over the FY2018 earnings. Over the next 3 years, we expect the company's earnings to grow at a CAGR of 16% from Rs.42.87 per share in FY2018 to Rs.78.56 per share in FY2022.

Maintain PT; 40% Upside

We maintain our one-year price target of Rs.900 on the stock. Our price target represents an upside of approximately 40% 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.1066.0 which assumes 13% WACC and 3% terminal growth rate. Our price target implies a P/E multiple of 14.5x on our FY03/2020 EPS estimate of Rs.61.90. We continue to remain 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 just 10.4x on our FY03/2020 EPS estimate which is at a significant discount to its 5-year average P/E of 14.7x.

Gold Price

Gold price has dropped more than 13% over the last 3 months from a high of approximately \$1,360 per ounce in April to \$1,180 currently. The strength of the U.S. dollar has been one of the main headwinds for gold as gold prices generally take a hit during periods of strong dollar. A strong US economy, the threat of trade wars looming and the federal reserve raising interest rates have all contributed to the strength of the dollar, as a result the dollar index is up by more than 4.5% YTD.



Bangalore Refinery to Start by Year-End

The company is currently in the final stages of setting up its gold refining facility in Bangalore and management mentioned to us that the facility should be operational by the end of CY2018. The products developed at this facility will be used for the company's export business as well as for its domestic business in India. The refinery will help the company to further integrate its refining, manufacturing and export & retail operations. At the end of the first quarter, the company's order book stood at Rs.446.3 bn. The company continues to operate 81 retail jewelry stores in Karnataka under its brand name SHUBH and plans to open a few new stores in FY2019, which will further add to the company's profitability and margins. We also expect the company to benefit from the discontinuation, in May 2018, of the 5% value-added tax [VAT] which was imposed by the UAE government on gold, silver and platinum jewelry at the start of the year.

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	2,000,142	2,225,241	2,413,065	2,565,823	8.1%
y/y	-6.3%	77.0%	227.4%	46.6%	-22.5%	6.6%	11.3%	8.4%	6.3%	
Cost of Revenue	-280,732	-489,782	-1,631,510	-2,400,793	-1,854,173	-1,973,340	-2,194,826	-2,379,423	-2,529,336	
Gross Profit	4,409.0	14,847.3	20,604.1	20,526.9	22,681.2	26,801.9	30,414.6	33,641.4	36,486.5	
Gross margin (%)	1.5%	2.9%	1.2%	0.85%	1.21%	1.34%	1.37%	1.39%	1.42%	
Other Operating Revenue	6,645	1	90	471	620	661	735	797	848	
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	-5,055.5	-5,793.2	-6,345.0	-6,746.7	
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	22,407.1	25,356.5	28,093.5	30,587.4	13.0%
y/y	-1.2%	60.9%	40.3%	2.6%	8.4%	19.3%	13.2%	10.8%	8.9%	
Operating margin (%)	2.6%	2.4%	1.0%	0.72%	1.00%	1.1%	1.1%	1.2%	1.2%	
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	16,493	19,442	22,179	24,673	16.5%
y/y	-17.5%	79.9%	53.2%	17.2%	3.0%	22.9%	17.9%	14.1%	11.2%	
Pretax Income (adjusted)	4,037	7,262	11,122	13,030	13,416	16,493	19,442	22,179	24,673	16.5%
y/y	-17.5%	79.9%	53.2%	17.2%	3.0%	22.9%	17.9%	14.1%	11.2%	
- Income Tax Expense	-462.8	-711.3	-431.2	-571.4	-758.6	-989.6	-1,166.5	-1,330.7	-1,480.4	
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	15,503	18,275	20,848	23,193	16.3%
y/y	-21.0%	83.2%	63.2%	16.5%	1.6%	22.5%	17.9%	14.1%	11.2%	
- 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	15,503	18,275	20,849	23,195	16.3%
y/y	-21.0%	83.2%	63.2%	16.5%	1.6%	22.5%	17.9%	14.1%	11.2%	
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	15,503.1	18,275.4	20,847.3	23,190.5	16.3%
y/y	-21.0%	83.2%	63.2%	16.5%	1.6%	22.5%	17.9%	14.1%	11.2%	
Basic EPS (reported)	12.1	22.19	36.21	42.20	42.87	52.51	61.90	70.62	78.56	
Basic EPS (adjusted)	12.1	22.19	36.21	42.20	42.87	52.51	61.90	70.61	78.55	
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	52.51	61.90	70.62	78.56	16.3%
y/y	-21.0%	83.2%	63.2%	16.5%	1.6%	22.5%	17.9%	14.1%	11.2%	
Diluted EPS (adjusted)	12.11	22.19	36.21	42.20	42.87	52.51	61.90	70.61	78.55	16.3%
y/y	-21.0%	83.2%	63.2%	16.5%	1.6%	22.5%	17.9%	14.1%	11.2%	
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	23,398	26,429	29,219	31,770
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%	1.9%	1.6%	1.4%	1.3%
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	163,255	181,578	201,853	223,979
+ Short-Term Investments	-	-	-	-	-	-	-	-	-
+ Accounts & Notes Receivable	24,152	29,898	48,896	50,199	39,926	48,022	53,427	57,936	61,604
+ Inventories	5,713	5,675	9,926	11,628	17,220	15,351	17,074	18,510	19,676
+ 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	236,390	261,840	288,060	315,021
+ 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	10,695	11,595	12,570	13,608
- 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	6,376	6,203	6,053	5,909
+ 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	23,566.8	23,394.3	23,244.3	23,099.7
Total Assets	112,381.2	160,807.2	209,412.5	241,317.6	235,351	259,956.3	285,234.8	311,304.7	338,120.2
Liabilities & Shareholders' Equity									
+ Accounts Payable	52,155	87,388	108,533	121,519	71,699	81,096	88,394	93,912	97,833
+ 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	169,686.7	176,984.9	182,502.8	186,423.1
+ 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	176,063.1	183,361.3	188,879.2	192,799.4
+ 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	83,598	101,578	122,130	145,025
Total Shareholders' Equity	27,424.9	33,616.5	47,832.2	56,375.0	68,685.4	83,893.2	101,873.4	122,425.4	145,320.7
+ 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	259,956.3	285,234.7	311,304.6	338,120.2

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	15,503.1	18,275.4	20,847.3	23,190.5
+ 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	3,169.7	170.8	-427.6	-913.6
Cash From Operating Activities	-25,022.9	41,854.0	20,699.0	17,473.8	-31,962.5	19,663.2	19,518.4	21,545.5	23,459.1
+ 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	-808.8	-899.8	-975.8	-1,037.5
+ 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	-808.8	-899.8	-975.8	-1,037.5
+ 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	18,559.1	18,323.4	20,274.5	22,126.3
Opening cash					148,402.0	144,695.5	163,254.7	181,578.1	201,852.5
Closing cash					144,695.5	163,254.7	181,578.1	201,852.5	223,978.8

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%	6.6%	11.3%	8.4%	6.3%
EBITDA	0.7%	65.6%	39.6%	1.7%	9.5%	18.8%	13.0%	10.6%	8.7%
Operating Income	-1.2%	60.9%	40.3%	2.6%	8.4%	19.3%	13.2%	10.8%	8.9%
Net income reported	-21.0%	83.2%	63.2%	16.5%	1.6%	22.5%	17.9%	14.1%	11.2%
Net income adjusted	-21.0%	83.2%	63.2%	16.5%	1.6%	22.5%	17.9%	14.1%	11.2%
Diluted EPS reported	-21.0%	83.2%	63.2%	16.5%	1.6%	22.5%	17.9%	14.1%	11.2%
Diluted EPS adjusted	-21%	83%	63%	17%	2%	22%	18%	14%	11%
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%	20.3%	11.3%	8.4%	6.3%
Inventory	-26.3%	-0.7%	74.9%	17.1%	48.1%	-10.9%	11.2%	8.4%	6.3%
Fixed Assets	204.0%	63.3%	513.5%	-0.1%	5.6%	-0.8%	-0.7%	-0.6%	-0.6%
Total Assets	-18.8%	43.1%	30.2%	15.2%	-2.5%	10.5%	9.7%	9.1%	8.6%
Working Capital	-67.1%	211.4%	-3.1%	9.2%	-88.0%	51.0%	1.8%	-4.5%	-10.0%
Accounts Payable	-35.2%	67.6%	24.2%	12.0%	-41.0%	13.1%	9.0%	6.2%	4.2%
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%	22.1%	21.4%	20.2%	18.7%
Cash From Operations	-187.8%	-267.3%	-50.5%	-15.6%	-282.9%	-161.5%	-0.7%	10.4%	8.9%
Capital Expenditure	-16142.5%	-36.4%	-638.7%	97.9%	-213.5%	-6.6%	-11.3%	-8.4%	-6.3%
Free Cash Flow	-191.9%	-253.9%	-77.5%	90.1%	-289.9%	-157.6%	-1.3%	10.5%	9.0%

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	52.5	61.9	70.6	78.5
Diluted EPS (adjusted)	12.1	22.2	36.2	42.2	42.9	52.5	61.9	70.6	78.5
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	262.5	323.4	393.0	470.6
Margins (%)									
Gross Margin	1.5%	2.9%	1.2%	0.8%	1.2%	1.3%	1.4%	1.4%	1.4%
Operating Margin	2.6%	2.4%	1.0%	0.7%	1.0%	1.1%	1.1%	1.2%	1.2%
EBITDA Margin	2.7%	2.5%	1.1%	0.7%	1.0%	1.2%	1.2%	1.2%	1.2%
Pre-Tax Margin (adjusted)	1.4%	1.4%	0.7%	0.5%	0.7%	0.8%	0.9%	0.9%	1.0%
Net Income Margin (adjusted)	1.3%	1.3%	0.6%	0.5%	0.7%	0.8%	0.8%	0.9%	0.9%
Return Ratios									
Dupont ROE (%)	13.0%	19.5%	22.3%	22.1%	18.4%	18.5%	17.9%	17.0%	16.0%
Margin (%)	1.3%	1.3%	0.6%	0.5%	0.7%	0.8%	0.8%	0.9%	0.9%
Turnover (x)	2.5	3.1	7.9	10.0	8.0	7.7	7.8	7.8	7.6
Leverage (x)	4.1	4.8	4.4	4.3	3.4	3.1	2.8	2.5	2.3
Return on Assets	3.2%	4.1%	5.1%	5.2%	5.4%	6.0%	6.4%	6.7%	6.9%
Return on Capital Employed	27.2%	35.7%	31.9%	27.2%	25.0%	24.8%	23.4%	21.8%	20.2%
Return on Invested Capital	6.1%	9.1%	11.4%	10.8%	8.0%	8.9%	9.5%	9.8%	9.9%
FCF Calculation									
Op. cash	-25,022.9	41,854.0	20,699.0	17,473.8	-31,962.5	19,663.2	19,518.4	21,545.5	23,459.1
capex	-1,154.8	-1,575.2	-11,636.6	-242.1	-758.9	-808.8	-899.8	-975.8	-1,037.5
FCF (INR million)	-26,177.8	40,278.8	9,062.4	17,231.7	-32,721.5	18,854.4	18,618.6	20,569.7	22,421.6
FCF margin (%)	-9.2%	8.0%	0.5%	0.7%	-1.7%	0.9%	0.8%	0.9%	0.9%
FCF per share	-88.66	136.42	30.69	58.36	-110.83	63.86	63.06	69.67	75.94
Price/FCF per share	-7.22	4.69	20.85	10.97	-5.77	10.02	10.15	9.19	8.43
FCF Yield	-13.9%	21.3%	4.8%	9.1%	-17.3%	10.0%	9.9%	10.9%	11.9%
Net Cash calculation									
Cash + short term investments	72,141.6	117,344.6	123,754.9	148,402.0	144,695.5	163,254.7	181,578.1	201,852.5	223,978.8
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	73,641.0	91,964.4	112,238.8	134,365.1
Net cash per share	138.7	267.3	263.6	302.7	186.6	249.4	311.5	380.1	455.1
Valuation ratio's									
P/B	0.94	1.72	4.31	3.56	3.51	2.44	1.98	1.63	1.36
P/E	7.24	8.82	16.68	14.36	17.26	12.19	10.34	9.06	8.15
P/S	0.09	0.11	0.11	0.07	0.12	0.09	0.08	0.08	0.07
EV/sales	-0.05	-0.04	0.06	0.04	0.09	0.08	0.07	0.07	0.06
EV/EBITDA	-1.97	-1.67	5.68	4.98	8.30	6.98	6.18	5.59	5.14
EV/EBIT	-2.01	-1.76	5.95	5.17	8.70	7.29	6.44	5.82	5.34
EV/FCF	0.58	-0.53	11.09	5.20	-4.99	8.67	8.78	7.94	7.29
Dividend Yield (%)	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%
Div payout on FCF	-1.1%	0.7%	3.3%	1.7%	-0.9%	1.6%	1.6%	1.4%	1.3%

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	1.6
Working capital	-15701	-48890	-47380	-51745	-6210	-9380	-9551	-9123	-8209
Cash conversion cycle	-47	-28	-11	-8	-7	-3	-3	-3	-3
Leverage Ratios									
Debt / equity	114%	114%	96%	105%	130%	107%	88%	73%	62%
Net cash (debt) / equity	149%	235%	163%	159%	80%	88%	90%	92%	92%
Net cash (debt) / mkt cap	158%	137%	41%	47%	29%	39%	49%	59%	71%
Net cash (debt) / capital	70%	110%	83%	77%	35%	42%	48%	53%	57%
Coverage Ratios									
Interest coverage [EBIT]	2.2	2.5	2.9	4.0	3.5	3.8	4.3	4.7	5.2
Interest coverage [Opt. CF]	-7.3	8.8	3.6	4.1	-6.0	3.3	3.3	3.6	4.0
Earnings Quality Ratios									
Net operating assets/liab [NOA]	-13541	-45303	-29983	-33007	13604	10252	9909	10187	10956
Average NOA	-30283	-29422	-37643	-31495	-9702	11928	10081	10048	10571
B/S accrual ratio	-1.11	1.08	-0.41	0.10	-4.80	-0.28	-0.03	0.03	0.07
CF accrual ratio	-0.99	1.13	-0.25	0.14	-4.82	-0.28	-0.03	0.03	0.07
Enterprise Value Calculation									
Market Cap.	25,893	57,766	178,331	178,922	218,485	188,960			
+ 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	22,407	25,356	28,094	30,587	32,423	34,725	37,190	38,864	40,438
% growth	-1%	61%	40%	3%	8%	19%	13%	11%	9%	6%	7%	7%	4%	4%
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	21,063	23,835	26,408	28,752	30,088	31,724	33,334	34,028	34,400
% growth	-5%	64%	50%	2%	7%	19%	13%	11%	9%	5%	5%	5%	2%	1%
+ 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	-809	-900	-976	-1,038	-1,360	-1,428	-1,499	-1,567	-1,630
- Change in net WC	-32,236	33,190	-1,511	4,365	-45,534	3,170	171	-428	-914	-1,248	-1,114	-936	-806	-688
Free Cash Flow to Firm	-26,598	43,100	3,884	21,346	-27,658	24,414	24,178	26,130	27,983	28,734	30,498	32,281	33,100	33,584
FCY y/y growth	-194%	-262%	-91%	450%	-230%	-188%	-1%	8%	7%	3%	6%	6%	3%	1%

Value per Share

		Cost of capital				
Terminal Growth		11.0%	12.0%	13.0%	14.0%	15.0%
2.5%		1,254	1,138	1,045	968	903
2.8%		1,276	1,154	1,057	977	911
3.0%		1,291	1,166	1,066	984	916
3.3%		1,315	1,183	1,079	994	924
3.5%		1,333	1,196	1,088	1,001	929

WACC		13.0%
PV of Free Cash Flow		143,614
PV of Terminal Value		115,895
Add: Net Cash		55,082
Total Equity Value		314,591
Shares outstanding		295.25
DCF value		1,066

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