



RAJESH EXPORTS LIMITED

Mfrs & Exporters of Gold and Diamond Jewellery
4, BATAVIA CHAMBERS, KUMARAKRUPA ROAD
KUMARA PARK EAST, BENGALURU - 1 INDIA
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CIN No. : L36911KA1995PLC017077
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December 6, 2017

To,
The Manager Listing
Bombay Stock Exchange,
Corporate Service Department
Dalal Street, Mumbai
Scrip Code: 531500

To,
The Manager Listing
National Stock Exchange
Corporate Communication Department
Bandra (EAST), Mumbai
Scrip Symbol: RAJESHEXPO

Sub: Analyst Report

Dear Sir/Madam,

Pursuant to Regulation 30(2) of SEBI (Listing Obligation and Disclosure Requirements) Regulation 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

Yours Faithfully

For RAJESH EXPORTS LIMITED


Stuti Agrawal
Company Secretary



www.evaluateresearch.com

Target Price	Rs. 900.00
Current Price	Rs. 764.00
Upside Potential	18%

Rajesh Exports (RJEX_IN)

Earnings Update Report
Consumer Discretionary: Gold Jewelry Manufacturer

Market Cap.	Rs. 224,988 mn \$ 3.44 bn
Shares Outstanding	295.3 mn
Free Float (FF %)	73.3 mn / 25.0%
52 Week Range (Rs)	432.20 / 865.00
Avg. Daily Value	Rs. 513.5 mn \$ 8.0 mn
SENSEX Index Level	32,760
Insider Holding %	75%

P/E 16.1x (FY03/2019E)



Risk: Above Average

Analyst:

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Q2FY2018 [ended September] Earnings Update

Weak Quarter on GST Roll-out

Rajesh Exports reported weak results for 2Q ended September as revenue fell 19.1% YoY to Rs.521.3 bn on implementation of the new Goods and Service Tax [GST] in India in July. **However, operating profit increased by 16.6% from Rs.4,197 mn in 2Q2017 to Rs.4,894 mn in 2Q2018. This was mainly due to the company's continued shift towards higher margin products which resulted in stronger operating margins of 0.94% during the quarter vs. 0.65% in 2Q2017.** Overall for the first half of FY2018, operating profits are up by about 14% to Rs.8,955 mn. Operating margins for the first half of FY2018 are at 0.87% vs. 0.64% in 1H2017. We expect the company's operating profit margins to continue to increase over the next 2-3 years as the company's shift towards more value added products continues. Despite the increase in operating profits, EPS declined by 3.7% during the quarter to Rs.10.10 mainly as finance costs almost doubled to Rs.1,826 mn in 2Q2018 vs. Rs.980 mn in the corresponding quarter last year. RJEX's borrowings have increased from Rs.59 bn at the end of FY2017 to Rs.93.4 bn currently due to short-term working capital requirements.

The decline in revenue was mainly due to the impact of the implementation of GST in India in July this year. Before the introduction of the GST, exporters enjoyed upfront tax exemption since exports were "zero-rated" or exempt from tax. In the new regime, however, they need to pay taxes on the goods they manufacture or purchase. These taxes can be claimed as refunds only after the goods have been exported out of India. Government's delays in processing the refunds led to working capital shortages for businesses. In the face of the exporters' struggles, Finance Secretary Hasmukh Adhia, in October, said that manufacturing exporters or businesses that manufacture goods for export would no longer have to pay taxes, for the remaining six months of the financial year. "For a period of six months, we are actually reverting to the pre-GST scenario", he said. Once this period is over, the government would launch an e-wallet for exporters where a notional credit would be made to their accounts based on their recent turnover, he said. They could then use this credit to pay their Goods and Services Tax liabilities.

Retail Strategy

The company operated a total of 81 SHUBH branded retail stores at the end of the quarter, flat on a QoQ basis. During our call with management, they mentioned that the company did not open any new retail stores during the quarter as they were waiting for things to normalize post the GST roll-out. As conditions have normalized over the last 1-2 months, we expect the company to open a few new stores in the second half of FY2018. Retail expansion in India is one of the most important aspects of RJEX's growth strategy as this will help the company to increase its margins by delivering higher value added products to its customers.

Revise Estimates; Maintain PT

In view of the one-off GST impact in 2Q, we revise our FY2018 revenue and EPS estimates to Rs.2,405 bn and Rs.42.10, both essentially flat over the previous year. The GST impact was a one-time event and during our call, management seemed quite confident that they are back on a growth trajectory and they expect earnings to grow in the coming quarters. We maintain our one-year price target of ₹900 on the stock. Our price target represents an 18% 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 ₹917 which assumes 15.6% WACC and 3% terminal growth rate. Our price target implies a P/E multiple of 18.9x on our FY03/2019 EPS estimate of ₹47.40. Currently, the stock is trading at a price of ₹764 which translates into a P/E of 16.1x based on our FY2019 EPS estimate.

5-year Price Chart



Income Statement (INR million)	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017	FY03/2018E	FY03/2019E	FY03/2020E
Revenue	304,251	285,141	504,629	1,652,114	2,421,320	2,405,396	2,597,827	2,761,602
y/y	21.4%	-6.3%	77.0%	227.4%	46.6%	-0.7%	8.0%	6.3%
Cost of Revenue	-308,150	-280,732	-489,782	-1,631,510	-2,400,793	-2,383,050	-2,572,752	-2,734,813
Gross Profit	-3,898.6	4,409.0	14,847.3	20,604.1	20,526.9	22,346.1	25,075.0	26,789.1
Gross margin (%)	-1.3%	1.5%	2.9%	1.2%	0.8%	0.9%	1.0%	1.0%
Other Operating Revenue	7,719	6,645	1	90	471	481	520	552
as a % of sales	2.5%	2.3%	0.0%	0.01%	0.02%	0.02%	0.02%	0.02%
Selling, General & Admin Expense	-272.2	-2,436.1	-2,805.0	-3,796.0	-3,665.3	-3,848.6	-4,156.5	-4,418.6
as a % of sales	0.1%	0.9%	0.6%	0.2%	0.2%	0.2%	0.2%	0.2%
Other Operating expenses	4,026.6	-1,131.1	0.0	0.0	0.0	0.0	0.0	0.0
as a % of sales	-1.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Income	7,574.5	7,486.4	12,043.3	16,898.2	17,333.0	18,978.6	21,438.1	22,922.9
y/y	25.3%	-1.2%	60.9%	40.3%	2.6%	9.5%	13.0%	6.9%
Operating margin (%)	2.5%	2.6%	2.4%	1.0%	0.7%	0.8%	0.8%	0.8%
Interest Expense	-2,995.1	-3,634.7	-4,782.7	-5,776.7	-4,302.7	-5,902.0	-6,698.9	-6,698.9
Interest income	289.8	186.8	0.0	0.0	0.0	0.0	0.0	0.0
Equity in (losses)income of affiliates	0.0	5.3	0.0	0.0	0.0	0.0	0.0	0.0
Other recurring (expenses)/income	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
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non recurring (expenses) income	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Pretax Income (reported)	4,896	4,038	7,262	11,122	13,030	13,077	14,739	16,224
y/y	13.4%	-17.5%	79.9%	53.2%	17.2%	0.4%	12.7%	10.1%
Pretax Income (adjusted)	4,896	4,037	7,262	11,122	13,030	13,077	14,739	16,224
y/y	13.4%	-17.5%	79.9%	53.2%	17.2%	0.4%	12.7%	10.1%
- Income Tax Expense	-370.1	-462.8	-711.3	-431.2	-571.4	-653.8	-737.0	-811.2
effective tax rate (%)	7.6%	11.5%	9.8%	3.9%	4.4%	5.0%	5.0%	5.0%
- Minority Interests	0	0	0	0	0	0	0	0
Income Before XO Items	4,526	3,575	6,550	10,690	12,459	12,423	14,002	15,413
y/y	9.7%	-21.0%	83.2%	63.2%	16.5%	-0.3%	12.7%	10.1%
- Extraordinary Loss Net of Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income (reported)	4,526	3,575	6,550	10,690	12,459	12,423	14,002	15,413
y/y	9.7%	-21.0%	83.2%	63.2%	16.5%	-0.3%	12.7%	10.1%
Exceptional (L)G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income (adjusted)	4,525.9	3,574.7	6,550.3	10,690.3	12,459.0	12,422.7	14,002.3	15,412.8
y/y	9.7%	-21.0%	83.2%	63.2%	16.5%	-0.3%	12.7%	10.1%
Basic EPS (reported)	15.3	12.1	22.2	36.2	42.2	42.1	47.4	52.2
Basic EPS (adjusted)	15.3	12.1	22.2	36.2	42.2	42.1	47.4	52.2
Basic Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25
Diluted EPS (reported)	15.33	12.11	22.19	36.21	42.20	42.08	47.43	52.20
y/y	9.7%	-21.0%	83.2%	63.2%	16.5%	-0.3%	12.7%	10.1%
Diluted EPS (adjusted)	15.33	12.11	22.19	36.21	42.20	42.08	47.43	52.20
y/y	9.7%	-21.0%	83.2%	63.2%	16.5%	-0.3%	12.7%	10.1%
Diluted Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25

Reference Items	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
EBITDA	7,595	7,651	12,666	17,686	17,983	19,893	22,429	23,995
Dividends per Share	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Dividend payout ratio	6.5%	8.3%	4.5%	2.8%	2.4%	2.4%	2.1%	1.9%
Dep & Amor.	21	164	622	788	650	914	990	1,072
as a % of sales	0.0%	0.1%	0.1%	0.05%	0.03%	0.04%	0.04%	0.04%
Balance Sheet (INR million)	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017	FY03/2018E	FY03/2019E	FY03/2020E
Assets								
+ Cash & Near Cash Items	98,458	72,142	117,345	123,755	148,402	199,411	219,614	240,872
+ Short-Term Investments	-	-	-	-	-	-	-	-
+ Accounts & Notes Receivable	23,291	24,152	29,898	48,896	50,199	49,222	53,159	56,511
+ Inventories	7,753	5,713	5,675	9,926	11,628	10,697	11,549	12,276
+ Other Current Assets	8,161	8,129	4,222	4,336	8,606	8,606	8,606	8,606
Total Current Assets	137,662	110,135	157,140	186,913	218,834	267,935	292,928	318,264
+ Long-Term Investments	374	503	1,018	9,003	9,191	9,191	9,191	9,191
+ Gross Fixed Assets	549	1,673	3,618	8,774	9,127	9,344	9,473	9,584
- Accumulated Depreciation	-191	-354	-976	-1,765	-2,415	-3,329	-4,319	-5,391
+ Net Fixed Assets	358	1,319	2,641	7,009	6,712	6,015	5,154	4,193
+ Other Long-Term Assets	7	423	8	8	424	424	424	424
+ Goodwill & other Intangible Assets	-	-	-	6,479	6,156	6,156	6,156	6,156
Total Long-Term Assets	738.8	2,245.8	3,667.3	22,499.1	22,483.5	21,785.9	20,925.4	19,963.6
Total Assets	138,401.2	112,381.2	160,807.2	209,412.5	241,317.6	289,721.2	313,853.0	338,227.9
Liabilities & Shareholders' Equity								
+ Accounts Payable	80,499	52,155	87,388	108,533	121,519	115,318	125,743	135,000
+ Short-Term Borrowings	27,286	31,176	38,425	45,940	55,522	98,000	98,000	98,000
+ Other Short-Term Liabilities	6,384	1,539	1,297	2,005	657	657	657	657
Total Current Liabilities	114,168.9	84,870.6	127,110.6	156,478.2	177,699.1	213,975.2	224,400.1	233,657.4
+ Long-Term Borrowings	0.0	0.0	0.0	0.0	3,497.8	3,497.8	3,497.8	3,497.8
+ Other Long-Term Liabilities	86.7	85.7	80.1	5,102.5	3,745.7	3,745.7	3,745.7	3,745.7
Total Liabilities	114,255.6	84,956.3	127,190.7	161,580.7	184,942.6	221,218.7	231,643.5	240,900.8
+ Total Preferred Equity	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
+ Retained Earnings & Other Equity	23,850	27,130	33,321	47,537	56,080	68,207	81,914	97,032
Total Shareholders' Equity	24,145.7	27,424.9	33,616.5	47,832.2	56,375.0	68,502.5	82,209.5	97,327.0
+ Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities & Equity	138,401.2	112,381.2	160,807.2	209,412.9	241,317.6	289,721.1	313,853.0	338,227.9

Cash Flow (INR million)	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
+ Net Income	4,896.2	4,037.3	7,258.4	11,080.5	12,459.0	12,422.7	14,002.3	15,412.8
+ Depreciation & Amortization	20.6	164.1	622.3	790.0	650.0	914.0	990.4	1,072.2
+ Other Non-Cash Adjustments	2,141.4	3,011.5	783.6	10,339.1	0.0	0.0	0.0	0.0
+ Changes in Working Capital	21,427.6	-32,235.9	33,189.7	-1,510.6	4,364.8	-4,293.9	5,635.6	5,178.5
Cash From Operating Activities	28,485.7	-25,022.9	41,854.0	20,699.0	17,473.8	9,042.9	20,628.3	21,663.6
+ Disposal of Fixed Assets	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
+ Capital Expenditures	-7.1	-1,154.8	-1,575.2	-11,636.6	-242.1	-216.5	-129.9	-110.5
+ Increase in Investments	0.0	-100.0	-468.0	-7,802.9	-603.5	0.0	0.0	0.0
+ Decrease in Investments	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0
+ Other Investing Activities	1.6	1.0	1.0	0.0	322.3	0.0	0.0	0.0
Cash From Investing Activities	-5.5	-1,253.6	-2,042.2	-19,438.6	-523.3	-216.5	-129.9	-110.5
+ Dividends Paid	-295.3	-295.3	-355.4	-355.4	-295.3	-295.3	-295.3	-295.3
+ Change in Short-Term Borrowings	-5,280.4	3,890.0	7,534.6	6,034.3	9,582.5	42,477.6	0.0	0.0
+ Increase in Long-Term Borrowing	0.0	0.0	-285.9	0.0	3,497.8	0.0	0.0	0.0
+ Decrease in Long-term Borrowing	0.0	0.0	0.0	1,480.7	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
+ Decrease in Capital Stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Other Financing Activities	-2,995.1	-3,634.8	-4,782.7	-5,776.7	0.0	0.0	0.0	0.0
Cash from Financing Activities	-8,570.8	-40.0	2,110.6	1,382.9	12,785.0	42,182.4	-295.3	-295.3
Net Changes in Cash	19,909.4	-26,316.5	41,922.4	2,643.3	29,735.5	51,008.8	20,203.1	21,257.8
Opening cash						148,402.0	199,613.9	219,613.9
Closing cash						199,410.8	219,613.9	240,871.7

Ratio Analysis	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%	227.4%	46.6%	-0.7%	8.0%	6.3%
EBITDA	74.2%	25.2%	0.7%	65.6%	39.6%	1.7%	10.6%	12.7%	7.0%
Operating Income	74.6%	25.3%	-1.2%	60.9%	40.3%	2.6%	9.5%	13.0%	6.9%
Net income reported	66.3%	9.7%	-21.0%	83.2%	63.2%	16.5%	-0.3%	12.7%	10.1%
Net income adjusted	79.4%	9.7%	-21.0%	83.2%	63.2%	16.5%	-0.3%	12.7%	10.1%
Diluted EPS reported	66.3%	9.7%	-21.0%	83.2%	63.2%	16.5%	-0.3%	12.7%	10.1%
Diluted EPS adjusted	79%	10%	-21%	83%	63%	17%	0%	13%	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%	23.8%	63.5%	2.7%	-1.9%	8.0%	6.3%
Inventory	68.1%	22.2%	-26.3%	-0.7%	74.9%	17.1%	-8.0%	8.0%	6.3%
Fixed Assets	-0.3%	-2.7%	204.0%	63.3%	513.5%	-0.1%	-3.1%	-3.9%	-4.6%
Total Assets	13.6%	15.6%	-18.8%	43.1%	30.2%	15.2%	20.1%	8.3%	7.8%
Working Capital	-28.7%	78.1%	-67.1%	211.4%	-3.1%	9.2%	-8.3%	11.9%	9.8%
Accounts Payable	5.9%	28.8%	-35.2%	67.6%	24.2%	12.0%	-5.1%	9.0%	7.4%
Short Term Debt	28.5%	-16.2%	14.3%	23.3%	19.6%	20.9%	76.5%	0.0%	0.0%
Long Term Debt									
Total Equity	24.5%	21.4%	13.6%	22.6%	42.3%	17.9%	21.5%	20.0%	18.4%
Cash From Operations	-142.8%	-1078.6%	-187.8%	-267.3%	-50.5%	-15.6%	-48.2%	128.1%	5.0%
Capital Expenditure	31.1%	61.4%	-16142.5%	-36.4%	-638.7%	97.9%	10.6%	40.0%	15.0%
Free Cash Flow	-143.2%	-1072.2%	-191.9%	-253.9%	-77.5%	90.1%	-48.8%	132.2%	5.1%

Per Share Data (INR)	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
Basic EPS (adjusted)	14.0	15.3	12.1	22.2	36.2	42.2	42.1	47.4	52.2
Diluted EPS (adjusted)	14.0	15.3	12.1	22.2	36.2	42.2	42.1	47.4	52.2
Dividend per share (DPS)	0.6	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Book Value per share (BVPS)	67.4	81.8	92.9	113.9	140.1	170.1	211.2	257.6	308.8
Margins (%)									
Gross Margin	1.5%	-1.3%	1.5%	2.9%	1.2%	0.8%	0.9%	1.0%	1.0%
Operating Margin	2.4%	2.5%	2.6%	2.4%	1.0%	0.7%	0.8%	0.8%	0.8%
EBITDA Margin	2.4%	2.5%	2.7%	2.5%	1.1%	0.7%	0.8%	0.9%	0.9%
Pre-Tax Margin (adjusted)	1.7%	1.6%	1.4%	1.4%	0.7%	0.5%	0.5%	0.6%	0.6%
Net Income Margin (adjusted)	1.6%	1.5%	1.3%	1.3%	0.6%	0.5%	0.5%	0.5%	0.6%
Return Ratios									
Dupont ROE (%)	20.7%	18.7%	13.0%	19.5%	22.3%	22.1%	18.1%	17.0%	15.8%
Margin (%)	1.6%	1.5%	1.3%	1.3%	0.6%	0.5%	0.5%	0.5%	0.6%
Turnover (x)	2.1	2.2	2.5	3.1	7.9	10.0	8.3	8.3	8.2
Leverage (x)	6.0	5.7	4.1	4.8	4.4	4.3	4.2	3.8	3.5
Return on Assets	3.4%	3.3%	3.2%	4.1%	5.1%	5.2%	4.3%	4.5%	4.6%
Return on Capital Employed	30.3%	31.3%	27.2%	35.7%	31.9%	27.2%	25.1%	24.0%	21.9%
Return on Invested Capital	7.9%	8.8%	6.1%	9.1%	11.4%	10.8%	7.3%	7.6%	7.8%
FCF Calculation									
Op. cash	-2,910.8	28,485.7	-25,022.9	41,854.0	20,699.0	17,473.8	9,042.9	20,628.3	21,663.6
capex	-18.4	-7.1	-1,154.8	-1,575.2	-11,636.6	-242.1	-216.5	-129.9	-110.5
FCF (INR million)	-2,929.3	28,478.6	-26,177.8	40,278.8	9,062.4	17,231.7	8,826.4	20,498.4	21,553.1
FCF margin (%)	-1.2%	9.4%	-9.2%	8.0%	0.5%	0.7%	0.4%	0.8%	0.8%
FCF per share	-9.92	96.46	-88.66	136.42	30.69	58.36	29.89	69.43	73.00
Price/FCF per share	-77.01	7.92	-8.62	5.60	24.89	13.09	25.56	11.00	10.47
FCF Yield	-1.3%	12.6%	-11.6%	17.3%	4.0%	7.6%	3.9%	9.1%	9.6%
Net Cash calculation									
Cash + short term investments	78,548.3	98,457.6	72,141.6	117,344.6	123,754.9	148,402.0	199,410.8	219,613.9	240,871.7
Less: long term debt + ST debt	-32,566.7	-27,286.1	-31,176.1	-38,424.9	-45,939.9	-59,020.2	-101,497.8	-101,497.8	-101,497.8
Net Cash	45,981.7	71,171.5	40,965.5	78,919.7	77,815.0	89,381.8	97,913.0	118,116.1	139,373.9
Net cash per share	155.7	241.1	138.7	267.3	263.6	302.7	331.6	400.1	472.1
Valuation ratio's									
P/B	1.91	1.47	0.94	1.72	5.45	4.49	3.62	2.97	2.47
P/E	9.21	7.84	7.24	8.82	21.10	18.11	18.16	16.11	14.64
P/S	0.15	0.12	0.09	0.11	0.14	0.09	0.09	0.09	0.08
EV/sales	-0.03	-0.12	-0.05	-0.04	0.06	0.04	0.04	0.04	0.04
EV/EBITDA	-1.32	-4.70	-1.97	-1.67	5.68	5.59	5.05	4.48	4.19
EV/EBIT	-1.32	-4.71	-2.01	-1.76	5.95	5.80	5.30	4.69	4.38
EV/FCF	2.73	-1.25	0.58	-0.53	11.09	5.83	11.39	4.90	4.66
Dividend Yield (%)	0.08%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%
Div payout on FCF	-6.0%	1.0%	-1.1%	0.7%	3.3%	1.7%	3.3%	1.4%	1.4%

Working Capital Ratios	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
Receivable days (DSO)	31	30	30	20	9	7	7	7	7
Inventory days (DIO)	7	8	9	4	2	2	2	2	2
Payables days (DPO)	90	85	86	52	22	17	18	18	18
Current ratio	1.2	1.2	1.3	1.2	1.2	1.2	1.3	1.3	1.4
Quick ratio	1.1	1.1	1.2	1.2	1.1	1.2	1.2	1.3	1.3
Working capital	-26764	-47678	-15701	-48890	-47380	-51745	-47451	-53086	-58265
Cash conversion cycle	-52	-47	-47	-28	-11	-8	-9	-9	-9
Leverage Ratios									
Debt / equity	164%	113%	114%	114%	96%	105%	148%	123%	104%
Net cash (debt) / equity	231%	295%	149%	235%	163%	159%	143%	144%	143%
Net cash (debt) / mkt cap	121%	201%	158%	137%	34%	40%	43%	52%	62%
Net cash (debt) / capital	88%	138%	70%	110%	83%	77%	58%	64%	70%
Coverage Ratios									
Interest coverage [EBIT]	3.5	2.8	2.2	2.5	2.9	4.0	3.2	3.2	3.4
Interest coverage [Opt. CF]	-1.7	10.5	-7.3	8.8	3.6	4.1	1.5	3.1	3.2
Earnings Quality Ratios									
Net operating assets/liab [NOA]	-26096	-47026	-13541	-45303	-29983	-33007	-29410	-35907	-42047
Average NOA	-31468	-36561	-30283	-29422	-37643	-31495	-31209	-32659	-38977
B/S accrual ratio	-0.34	0.57	-1.11	1.08	-0.41	0.10	-0.12	0.20	0.16
CF accrual ratio	-0.22	0.66	-0.99	1.13	-0.25	0.14	-0.12	0.20	0.16
Enterprise Value Calculation									
	FY 03/2012	FY 03/2013	FY 03/2014	FY 03/2015	FY 03/2016	Current			
Market Cap.	37,981	35,471	25,893	57,766	178,331	225,571			
+ Minority Interest	0	0	0	0	0	0			
+Total Debt (ST & LT Debt)	32,567	27,286	31,176	38,425	45,940	98,000			
- Cash & Equivalents	78,548	98,458	72,142	117,345	123,755	123,755			
Enterprise Value	-8,001	-35,700	-15,072	-21,154	100,516	199,816			

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	12,043	16,898	17,333	18,979	21,438	22,923	25,754	28,118	30,699	33,201	35,907
% growth	0%	75%	25%	-1%	61%	40%	3%	9%	13%	7%	12%	9%	9%	8%	8%
Taxes @	7.7%	4.5%	7.6%	11.5%	9.8%	3.9%	4.4%	5.0%	5.0%	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%
EBIAT	3,196	5,775	7,002	6,628	10,864	16,243	16,573	18,030	20,366	21,777	23,178	25,306	27,629	29,881	32,316
% growth	0%	81%	21%	-5%	64%	50%	2%	9%	13%	7%	6%	9%	9%	8%	8%
+ D&A	20	21	21	164	622	788	650	914	990	1,072	1,147	1,216	1,289	1,354	1,421
- Capital expenditures	-27	-18	-7	-1,155	-1,575	-11,637	-242	-216	-130	-110	-1,477	-1,566	-1,660	-1,743	-1,830
- Change in net WC	2,437	-10,942	21,428	-32,236	33,190	-1,511	4,365	-4,294	5,636	5,179	5,325	5,164	5,583	5,278	5,653
Free Cash Flow to Firm	5,626	-5,164	28,443	-26,598	43,100	3,884	21,346	14,433	26,862	27,917	28,174	30,120	32,841	34,770	37,560
FCY y/y growth		-192%	-651%	-194%	-262%	-91%	450%	-32%	86%	4%	1%	7%	9%	6%	8%

Value per Share

Terminal Growth	Cost of capital				
	13.6%	14.6%	15.6%	16.6%	17.6%
2.5%	993	922	907	811	768
2.8%	1,003	930	913	816	771
3.0%	1,010	935	917	820	774
3.3%	1,021	944	924	825	778
3.5%	1,029	950	928	829	781

WACC	15.6%
PV of Free Cash Flow	121,358
PV of Terminal Value	71,571
Add: Net Cash	77,815
Total Equity Value	270,744
Shares outstanding	295.25
DCF value	917

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