



RAJESH EXPORTS LIMITED

Mfrs & Exporters of Gold and Diamond Jewellery
4, BATAVIA CHAMBERS, KUMARAKRUPA ROAD
KUMARA PARK EAST, BENGALURU - 1 INDIA
PH : 22266735, 22260443, 22282215, 41623638, 41529154
FAX : +91-80-2225 9503 Email : corpcomm@rajeshindia.com
CIN No. : L36911KA1995PLC017077
Website : www.rajeshindia.com

June 02, 2017

The Manager Listing,
National Stock Exchange of India Ltd,
Mumbai.

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

Dear Sir,

Sub: Analyst Report.

Pursuant to Regulations 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 Mehta
Chairman



www.evaluateresearch.com

Rajesh Exports (RJEX_IN)

Earnings Update Report

Consumer Discretionary: Gold Jewelry Manufacturer

Target Price	Rs. 900.00
Current Price	Rs. 651.00
Upside Potential	38%

Market Cap.	Rs. 192,760 mn \$ 2.98 bn
Shares Outstanding	295.3 mn
Free Float (FF %)	80.3 mn / 27.2%
52 Week Range (Rs)	421.05 / 661
Avg. Daily Value	Rs. 602.45.mn \$ 9.34. mn
SENSEX Index Level	31,136
Insider Holding %	57.8%

P/E 13.8x (FY03/2018E)



Risk: Above Average

Analyst:

Ajeya Patil

ajeya@evaluateresearch.com

Client Servicing:

Pooja Burgul

pooja@evaluateresearch.com

FY03/17 Earnings; 16% EPS Growth, Above Estimates

Rajesh Exports reported a good set of results for FY03/17 [ended March] which were in-line with our revenue estimate and 3.5% above our EPS estimate. For the full year, revenues were up 46.5% YoY to Rs. 2,421 bn while the net income was up 16.3% YoY to Rs. 12.5 bn [EPS of Rs. 42.20 vs. Rs. 36.27 in FY03/16]. Revenue growth was driven by the refining and retail businesses which did well during the year. It also reflects the full year impact from the acquisition of Valcambi vs. just 8 months of revenue contribution in FY03/16. The company's operating income increased 2.6% YoY to Rs. 17.3 bn as the revenue growth was significantly offset by a corresponding increase in the operating expenses which were up 47% YoY to Rs. 2,404 bn. As a result, the net income growth mainly came from lower interest costs which came down to Rs. 4.3 bn in the year from Rs. 5.8 bn in FY03/16.

For the fourth quarter, revenues were down -3% YoY to Rs.542 bn while the operating income was down -3.3% YoY to Rs. 4.8 bn. Net income was however very strong and grew 32.2% YoY to Rs. 3.3 bn. EPS came in at Rs. 11.25 vs. Rs. 8.50 in 4Q FY03/16. The strong net income growth was principally driven by a reduction in finance cost from Rs. 2.1 bn in 4Q FY03/16 to Rs. 1.2 bn in the current quarter. Growth initiatives going forward include 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. The company is also looking to expand its retail presence in India by opening more stores under its "Shubh" brand.

The stock has done well this year and is up 41% year-to-date. We would point out to investors that the stock went down almost 40% from its high of Rs. 723 in Feb last year which we felt was unwarranted. This was principally driven first by a strike from the Jewellers Association in India and then the currency demonetization. While these events had a negligible impact on the company's primarily export-oriented business, the stock got lumped in with the other domestic jewelry sector stocks which resulted in a steep decline in the company's stock price. The stock has justifiably bounced back strongly this year and should continue to gravitate towards its fair value over the next 6-12 months in our view.

Our Call with the Management

Following the Q4FY2017 earnings release, we spoke with the company's Head of Investor Relations and Corporate Communications, Mr. Siddharth Mehta. Management noted that the revenue decline in the quarter was largely due to a shift in timing for new orders to Q1.

With Valcambi fully assimilated, the company is now working towards shifting a larger portion of their business from gold bullions 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.

Maintaining Rs. 900 PT

We maintain our one-year price target of Rs. 900 on the stock. Our price target represents a 38% 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 19x on our FY03/2018 EPS estimate of Rs. 47.15 which comes to Rs. 900. For FY03/18, we forecast sales of Rs. 2,550 billion. **Please see below our detailed earnings model.**

Currently the stock is trading at a price of Rs. 650 which translates into a P/E of 13.8x based on our FY2018 EPS estimate. The company is continuing expanding its retail footprint and is also starting various new initiatives to further boost its growth. As such, with such 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 \$1,267 due to increasing political and economic uncertainty in the global markets. YTD gold price is up by about 10%.

5-year Price Chart



Income Statement (INR million)	FY03/2011	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017	FY03/2018E	FY03/2019E	FY03/2020E	CAGR (16-20)
Revenue	200,452	250,621	304,251	285,141	504,629	1,652,114	2,421,320	2,549,368	2,694,801	2,831,745	41%
y/y		25.0%	21.4%	-6.3%	77.0%	227.4%	46.6%	5.3%	5.7%	5.1%	
Cost of Revenue	-203,254	-246,823	-308,150	-280,732	-489,782	-1,631,510	-2,400,793	-2,526,424	-2,670,009	-2,805,127	
Gross Profit	-2,802.6	3,798.0	-3,898.6	4,409.0	14,847.3	20,604.1	20,526.9	22,944.3	24,792.2	26,618.4	
Gross margin (%)	-1.4%	1.5%	-1.3%	1.5%	2.9%	1.2%	0.8%	0.9%	0.9%	0.9%	
Other Operating Revenue	4,886	5,918	7,719	6,645	1	90	471	510	539	566	
as a % of sales	2.4%	2.4%	2.5%	2.3%	0.0%	0.01%	0.02%	0.02%	0.02%	0.02%	
Selling, General & Admin Expense	-314.6	-424.3	-272.2	-2,436.1	-2,805.0	-3,796.0	-3,665.3	-4,079.0	-4,311.7	-4,530.8	
as a % of sales	0.2%	0.2%	0.1%	0.9%	0.6%	0.2%	0.2%	0.2%	0.2%	0.2%	
Other Operating expenses	1,695.5	-3,243.8	4,026.6	-1,131.1	0.0	0.0	0.0	0.0	0.0	0.0	
as a % of sales	-0.8%	1.3%	-1.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Operating Income	3,464.2	6,047.4	7,574.5	7,486.4	12,043.3	16,898.2	17,333.0	19,375.2	21,019.5	22,654.0	13%
y/y		74.6%	25.3%	-1.2%	60.9%	40.3%	2.6%	11.8%	8.5%	7.8%	
Operating margin (%)	1.7%	2.4%	2.5%	2.6%	2.4%	1.0%	0.7%	0.8%	0.8%	0.8%	
Interest Expense	-1,666.8	-3,693.5	-2,995.1	-3,634.7	-4,782.7	-5,776.7	-4,302.7	-4,721.6	-4,721.6	-4,721.6	
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	7,262	11,122	13,030	14,654	16,298	17,932	20%
y/y		60.6%	13.4%	-17.5%	79.9%	53.2%	17.2%	12.5%	11.2%	10.0%	
Pretax Income (adjusted)	2,507	4,319	4,896	4,037	7,262	11,122	13,030	14,654	16,298	17,932	20%
y/y		72.2%	13.4%	-17.5%	79.9%	53.2%	17.2%	12.5%	11.2%	10.0%	
- Income Tax Expense	-208.1	-194.5	-370.1	-462.8	-711.3	-431.2	-571.4	-732.7	-814.9	-896.6	
effective tax rate (%)	7.7%	4.5%	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	0	0	
Income Before XO Items	2,480	4,124	4,526	3,575	6,550	10,690	12,459	13,921	15,483	17,036	21%
y/y		66.3%	9.7%	-21.0%	83.2%	63.2%	16.5%	11.7%	11.2%	10.0%	
- 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	6,550	10,690	12,459	13,921	15,483	17,036	21%
y/y		66.3%	9.7%	-21.0%	83.2%	63.2%	16.5%	11.7%	11.2%	10.0%	
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	6,550.3	10,690.3	12,459.0	13,920.9	15,482.9	17,035.7	21%
y/y		79.4%	9.7%	-21.0%	83.2%	63.2%	16.5%	11.7%	11.2%	10.0%	
Basic EPS (reported)	8.4	14.0	15.3	12.1	22.2	36.2	42.2	47.1	52.4	57.7	
Basic EPS (adjusted)	7.8	14.0	15.3	12.1	22.2	36.2	42.2	47.1	52.4	57.7	
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	22.19	36.21	42.20	47.15	52.44	57.70	21%
y/y		66.3%	9.7%	-21.0%	83.2%	63.2%	16.5%	11.7%	11.2%	10.0%	
Diluted EPS (adjusted)	7.79	13.97	15.33	12.11	22.19	36.21	42.20	47.15	52.44	57.70	21%
y/y		79.4%	9.7%	-21.0%	83.2%	63.2%	16.5%	11.7%	11.2%	10.0%	
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	12,666	17,686	17,983	20,289	22,010	23,726
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%	1.9%	1.7%
Dep & Amor.	20	21	21	164	622	788	650	914	990	1,072
as a % of sales	0.0%	0.0%	0.0%	0.1%	0.1%	0.05%	0.03%	0.04%	0.04%	0.04%
Balance Sheet (INR million)	FY03/2011	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017	FY03/2018E	FY03/2019E	FY03/2020E
Assets										
+ Cash & Near Cash Items	78,150	78,548	98,458	72,142	117,345	123,755	148,402	148,878	165,125	182,620
+ Short-Term Investments	-	-	-	-	-	-	-	-	-	-
+ Accounts & Notes Receivable	15,888	26,018	23,291	24,152	29,898	48,896	50,199	53,211	57,371	61,493
+ Inventories	3,773	6,344	7,753	5,713	5,675	9,926	11,628	20,765	21,945	23,056
+ Other Current Assets	6,863	8,058	8,161	8,129	4,222	4,336	8,606	8,606	8,606	8,606
Total Current Assets	104,674	118,969	137,662	110,135	157,140	186,913	218,834	231,460	253,047	275,775
+ Long-Term Investments	374	374	374	503	1,018	9,003	9,191	9,191	9,191	9,191
+ Gross Fixed Assets	524	542	549	1,673	3,618	8,774	9,127	9,356	9,491	9,604
- Accumulated Depreciation	-150	-170	-191	-354	-976	-1,765	-2,415	-3,329	-4,319	-5,391
+ Net Fixed Assets	374	372	358	1,319	2,641	7,009	6,712	6,028	5,172	4,213
+ Other Long-Term Assets	14	14	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	762.3	759.6	738.8	2,245.8	3,667.3	22,499.1	22,483.5	21,798.9	20,943.2	19,984.2
Total Assets	105,435.9	119,728.3	138,401.2	112,381.2	160,807.2	209,412.5	241,317.6	253,258.8	273,990.7	295,758.8
Liabilities & Shareholders' Equity										
+ Accounts Payable	59,062	62,522	80,499	52,155	87,388	108,533	121,519	119,835	125,379	130,407
+ Short-Term Borrowings	25,342	32,567	27,286	31,176	38,425	45,940	55,522	55,522	55,522	55,522
+ Other Short-Term Liabilities	5,008	4,662	6,384	1,539	1,297	2,005	657	657	657	657
Total Current Liabilities	89,412.1	99,751.0	114,168.9	84,870.6	127,110.6	156,478.2	177,699.1	176,014.7	181,558.9	186,586.5
+ Long-Term Borrowings	0.0	0.0	0.0	0.0	0.0		3,497.8	3,497.8	3,497.8	3,497.8
+ Other Long-Term Liabilities	56.1	91.2	86.7	85.7	80.1	5,102.5	3,745.7	3,745.7	3,745.7	3,745.7
Total Liabilities	89,468.2	99,842.1	114,255.6	84,956.3	127,190.7	161,580.7	184,942.6	183,258.1	188,802.3	193,830.0
+ 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	33,321	47,537	56,080	69,705	84,893	101,634
Total Shareholders' Equity	15,967.7	19,886.1	24,145.7	27,424.9	33,616.5	47,832.2	56,375.0	70,000.6	85,188.3	101,928.8
+ 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	160,807.2	209,412.9	241,317.6	253,258.8	273,990.7	295,758.8

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	7,258.4	11,080.5	12,459.0	13,920.9	15,482.9	17,035.7
+ Depreciation & Amortization	19.6	20.7	20.6	164.1	622.3	790.0	650.0	914.0	990.4	1,072.2
+ Other Non-Cash Adjustments	1,661.3	3,691.4	2,141.4	3,011.5	783.6	10,339.1	0.0	0.0	0.0	0.0
+ Changes in Working Capital	2,437.2	-10,941.7	21,427.6	-32,235.9	33,189.7	-1,510.6	4,364.8	-13,834.2	203.6	-204.1
Cash From Operating Activities	6,806.0	-2,910.8	28,485.7	-25,022.9	41,854.0	20,699.0	17,473.8	1,000.8	16,677.0	17,903.8
+ 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	-1,575.2	-11,636.6	-242.1	-229.4	-134.7	-113.3
+ Increase in Investments	0.0	0.0	0.0	-100.0	-468.0	-7,802.9	-603.5	0.0	0.0	0.0
+ Decrease in Investments	15.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0
+ Other Investing Activities	0.6	2.2	1.6	1.0	1.0	0.0	322.3	0.0	0.0	0.0
Cash From Investing Activities	-11.1	-16.0	-5.5	-1,253.6	-2,042.2	-19,438.6	-523.3	-229.4	-134.7	-113.3
+ Dividends Paid	-226.5	-205.9	-295.3	-295.3	-355.4	-355.4	-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	7,534.6	6,034.3	9,582.5	0.0	0.0	0.0
+ Increase in Long-Term Borrowing	0.0	0.0	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	0.0	0.0	1,480.7	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	-4,782.7	-5,776.7	0.0	0.0	0.0	0.0
Cash from Financing Activities	4,819.9	3,325.2	-8,570.8	-40.0	2,110.6	1,382.9	12,785.0	-295.3	-295.3	-295.3
Net Changes in Cash	11,614.8	398.3	19,909.4	-26,316.5	41,922.4	2,643.3	29,735.5	476.1	16,247.0	17,495.3

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%	227.4%	46.6%	5.3%	5.7%	5.1%
EBITDA		74.2%	25.2%	0.7%	65.6%	39.6%	1.7%	12.8%	8.5%	7.8%
Operating Income		74.6%	25.3%	-1.2%	60.9%	40.3%	2.6%	11.8%	8.5%	7.8%
Net income reported		66.3%	9.7%	-21.0%	83.2%	63.2%	16.5%	11.7%	11.2%	10.0%
Net income adjusted		79.4%	9.7%	-21.0%	83.2%	63.2%	16.5%	11.7%	11.2%	10.0%
Diluted EPS reported		66.3%	9.7%	-21.0%	83.2%	63.2%	16.5%	11.7%	11.2%	10.0%
Diluted EPS adjusted		79%	10%	-21%	83%	63%	17%	12%	11%	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%	6.0%	7.8%	7.2%
Inventory		68.1%	22.2%	-26.3%	-0.7%	74.9%	17.1%	78.6%	5.7%	5.1%
Fixed Assets		-0.3%	-2.7%	204.0%	63.3%	513.5%	-0.1%	-3.0%	-3.9%	-4.6%
Total Assets		13.6%	15.6%	-18.8%	43.1%	30.2%	15.2%	4.9%	8.2%	7.9%
Working Capital		-28.7%	78.1%	-67.1%	211.4%	-3.1%	9.2%	-26.7%	0.5%	-0.5%
Accounts Payable		5.9%	28.8%	-35.2%	67.6%	24.2%	12.0%	-1.4%	4.6%	4.0%
Short Term Debt		28.5%	-16.2%	14.3%	23.3%	19.6%	20.9%	0.0%	0.0%	0.0%
Long Term Debt										
Total Equity		24.5%	21.4%	13.6%	22.6%	42.3%	17.9%	24.2%	21.7%	19.7%
Cash From Operations		-142.8%	-1078.6%	-187.8%	-267.3%	-50.5%	-15.6%	-94.3%	1566.4%	7.4%
Capital Expenditure		31.1%	61.4%	-16142.5%	-36.4%	-638.7%	97.9%	5.2%	41.3%	15.9%
Free Cash Flow		-143.2%	-1072.2%	-191.9%	-253.9%	-77.5%	90.1%	-95.5%	2044.7%	7.5%

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	36.2	42.2	47.1	52.4	57.7
Diluted EPS (adjusted)	7.8	14.0	15.3	12.1	22.2	36.2	42.2	47.1	52.4	57.7
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	113.9	140.1	170.1	216.2	267.7	324.4
Margins (%)										
Gross Margin	-1.4%	1.5%	-1.3%	1.5%	2.9%	1.2%	0.8%	0.9%	0.9%	0.9%
Operating Margin	1.7%	2.4%	2.5%	2.6%	2.4%	1.0%	0.7%	0.8%	0.8%	0.8%
EBITDA Margin	1.7%	2.4%	2.5%	2.7%	2.5%	1.1%	0.7%	0.8%	0.8%	0.8%
Pre-Tax Margin (adjusted)	1.3%	1.7%	1.6%	1.4%	1.4%	0.7%	0.5%	0.6%	0.6%	0.6%
Net Income Margin (adjusted)	1.1%	1.6%	1.5%	1.3%	1.3%	0.6%	0.5%	0.5%	0.6%	0.6%
Return Ratios										
Dupont ROE (%)	14.4%	20.7%	18.7%	13.0%	19.5%	22.3%	22.1%	19.9%	18.2%	16.7%
Margin (%)	1.1%	1.6%	1.5%	1.3%	1.3%	0.6%	0.5%	0.5%	0.6%	0.6%
Turnover (x)	1.9	2.1	2.2	2.5	3.1	7.9	10.0	10.1	9.8	9.6
Leverage (x)	6.6	6.0	5.7	4.1	4.8	4.4	4.3	3.6	3.2	2.9
Return on Assets	2.2%	3.4%	3.3%	3.2%	4.1%	5.1%	5.2%	5.5%	5.7%	5.8%
Return on Capital Employed	21.6%	30.3%	31.3%	27.2%	35.7%	31.9%	27.2%	25.1%	22.7%	20.8%
Return on Invested Capital	5.6%	7.9%	8.8%	6.1%	9.1%	11.4%	10.8%	10.8%	10.7%	10.6%
FCF Calculation										
Op. cash	6,806.0	-2,910.8	28,485.7	-25,022.9	41,854.0	20,699.0	17,473.8	1,000.8	16,677.0	17,903.8
capex	-26.7	-18.4	-7.1	-1,154.8	-1,575.2	-11,636.6	-242.1	-229.4	-134.7	-113.3
FCF (INR million)	6,779.3	-2,929.3	28,478.6	-26,177.8	40,278.8	9,062.4	17,231.7	771.3	16,542.2	17,790.5
FCF margin (%)	3.4%	-1.2%	9.4%	-9.2%	8.0%	0.5%	0.7%	0.0%	0.6%	0.6%
FCF per share	22.96	-9.92	96.46	-88.66	136.42	30.69	58.36	2.61	56.03	60.26
Price/FCF per share	28.31	-65.52	6.74	-7.33	4.76	21.18	11.14	248.81	11.60	10.79
FCF Yield	3.5%	-1.5%	14.8%	-13.6%	21.0%	4.7%	9.0%	0.4%	8.6%	9.3%
Net Cash calculation										
Cash + short term investments	78,150.0	78,548.3	98,457.6	72,141.6	117,344.6	123,754.9	148,402.0	148,878.1	165,125.0	182,620.3
Less: long term debt + ST debt	-25,342.1	-32,566.7	-27,286.1	-31,176.1	-38,424.9	-45,939.9	-59,020.2	-59,020.2	-59,020.2	-59,020.2
Net Cash	52,807.9	45,981.7	71,171.5	40,965.5	78,919.7	77,815.0	89,381.8	89,857.9	106,104.8	123,600.1
Net cash per share	178.9	155.7	241.1	138.7	267.3	263.6	302.7	304.3	359.4	418.6
Valuation ratio's										
P/B	1.96	1.91	1.47	0.94	1.72	4.64	3.82	3.01	2.43	2.00
P/E	13.60	9.21	7.84	7.24	8.82	17.95	15.40	13.79	12.40	11.27
P/S	0.16	0.15	0.12	0.09	0.11	0.12	0.08	0.08	0.07	0.07
EV/sales	-0.11	-0.03	-0.12	-0.05	-0.04	0.06	0.04	0.04	0.04	0.04
EV/EBITDA	-6.18	-1.32	-4.70	-1.97	-1.67	5.68	5.59	4.95	4.57	4.24
EV/EBIT	-6.22	-1.32	-4.71	-2.01	-1.76	5.95	5.80	5.19	4.78	4.44
EV/FCF	-3.18	2.73	-1.25	0.58	-0.53	11.09	5.83	130.32	6.08	5.65
Dividend Yield (%)	0.09%	0.09%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Div payout on FCF	2.6%	-6.0%	1.0%	-1.1%	0.7%	3.3%	1.7%	38.3%	1.8%	1.7%

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	20	9	7	8	8	8
Inventory days (DIO)	3	7	8	9	4	2	2	3	3	3
Payables days (DPO)	53	90	85	86	52	22	17	17	17	17
Current ratio	1.2	1.2	1.2	1.3	1.2	1.2	1.2	1.3	1.4	1.5
Quick ratio	1.1	1.1	1.1	1.2	1.2	1.1	1.2	1.2	1.3	1.4
Working capital	-37546	-26764	-47678	-15701	-48890	-47380	-51745	-37910	-38114	-37910
Cash conversion cycle	-35	-52	-47	-47	-28	-11	-8	-7	-6	-6
Leverage Ratios										
Debt / equity	159%	164%	113%	114%	114%	96%	105%	84%	69%	58%
Net cash (debt) / equity	331%	231%	295%	149%	235%	163%	159%	128%	125%	121%
Net cash (debt) / mkt cap	169%	121%	201%	158%	137%	41%	47%	47%	55%	64%
Net cash (debt) / capital	128%	88%	138%	70%	110%	83%	77%	70%	74%	77%
Coverage Ratios										
Interest coverage [EBIT]	3.5	3.5	2.8	2.2	2.5	2.9	4.0	4.1	4.5	4.8
Interest coverage [Opt. CF]	6.9	-1.7	10.5	-7.3	8.8	3.6	4.1	0.2	3.5	3.8
Earnings Quality Ratios										
Net operating assets/liab [NOA]	-36840	-26096	-47026	-13541	-45303	-29983	-33007	-19857	-20916	-21671
Average NOA		-31468	-36561	-30283	-29422	-37643	-31495	-26432	-20387	-21294
B/S accrual ratio		-0.34	0.57	-1.11	1.08	-0.41	0.10	-0.50	0.05	0.04
CF accrual ratio		-0.22	0.66	-0.99	1.13	-0.25	0.14	-0.50	0.05	0.04
Enterprise Value Calculation										
Market Cap.	31,261	37,981	35,471	25,893	57,766	178,331	191,913			
+ Minority Interest	0	0	0	0	0	0	0			
+Total Debt (ST & LT Debt)	25,342	32,567	27,286	31,176	38,425	45,940	45,940			
- Cash & Equivalents	78,150	78,548	98,458	72,142	117,345	123,755	123,755			
Enterprise Value	-21,547	-8,001	-35,700	-15,072	-21,154	100,516	114,098			

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	19,375	21,019	22,654	24,240	26,208	28,336	30,348	32,503
% growth	0%	75%	25%	-1%	61%	40%	3%	12%	8%	8%	7%	8%	8%	7%	7%
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	18,406	19,968	21,521	21,816	23,587	25,502	27,313	29,252
% growth	0%	81%	21%	-5%	64%	50%	2%	11%	8%	8%	1%	8%	8%	7%	7%
+ 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	-229	-135	-113	-1,515	-1,606	-1,702	-1,787	-1,877
- Change in net WC	2,437	-10,942	21,428	-32,236	33,190	-1,511	4,365	-13,834	204	-204	2,654	2,434	2,580	2,279	2,393
Free Cash Flow to Firm	5,626	-5,164	28,443	-26,598	43,100	3,884	21,346	5,257	21,028	22,276	24,102	25,631	27,669	29,158	31,190
FCY y/y growth		-192%	-651%	-194%	-262%	-91%	450%	-75%	300%	6%	8%	6%	8%	5%	7%

Value per Share

Terminal Growth	Cost of capital				
	15.0%	16.0%	17.0%	18.0%	19.0%
1.5%	769	726	723	656	628
1.8%	774	730	726	659	630
2.0%	777	732	729	661	632
2.3%	783	737	732	664	634
2.5%	786	740	735	666	636

WACC		17.0%
PV of Free Cash Flow		93,201
PV of Terminal Value		44,123
Add: Net Cash		77,815
Total Equity Value		215,139
Shares outstanding		295.25
DCF value		729

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Evaluate Research Ltd.

30/F Singapore Land Tower
50 Raffles Place
SINGAPORE

Sai Capital Bldg – Suite 402
Opp. JW Marriott Hotel
SB RD, Pune 411 016
INDIA

Analyst:

Ajeya Patil
ajeya@evaluateresearch.com

Client Servicing:

Pooja Burgul
pooja@evaluateresearch.com

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