



## 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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FAX : +91-80-2225 9503 Email : corpcomm@rajeshindia.com  
CIN No. : L36911KA1995PLC017077  
Website : www.rajeshindia.com

August 17, 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](http://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](http://www.evaluateresearch.com)

Target Price	Rs. 900.00
Current Price	Rs. 719.00
Upside Potential	25%

## Rajesh Exports (RJEX\_IN)

Earnings Update Report

Consumer Discretionary: Gold Jewelry Manufacturer

Market Cap.	Rs. 212,188 mn \$ 3.31 bn
Shares Outstanding	295.3 mn
Free Float (FF %)	76.9 mn / 26.0%
52 Week Range (Rs)	429.00 / 745.00
Avg. Daily Value	Rs. 513.5 mn \$ 8.0 mn
SENSEX Index Level	31,770
Insider Holding %	64%

P/E 15.5x (FY03/2018E)



Risk: Above Average

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### Q1FY2018 [ended June] Earnings Update

#### +10% EPS & -14.5% Revenue

Rajesh Exports reported mixed results for the first quarter of FY2018. EBITDA increased by 16.7% YoY to ₹4.45 bn and EPS increased by 10% to ₹10.05. The increase in EPS came as operating profit margin increased to 0.80% in 1Q2018 from 0.62% during the corresponding period last year. The company mentioned in its earnings release that the increase in profitability was mainly due to the company's shift towards higher margin businesses. Revenues were down 14.5% YoY to ₹504.1 bn. **We spoke with management of the company after the earnings release, during which they mentioned that the fall in revenue was mainly a result of the appreciation of the Indian Rupee and the fall in gold price. In fact, volumes sold actually went up by about 1.5%, as per management.** The average USD/INR exchange rate for the April to June 2017 quarter was approximately ₹64.50 per USD vs. ₹67.00 per USD for the corresponding period last year, an appreciation of about 4% for the Indian Rupee. Similarly, the average gold price for the April to June 2017 quarter was less than \$1,200 per ounce, a decline of more than 5% over the average gold price of about \$1,260 per ounce during the same period last year. These two effects combined explain almost 10% of the fall in revenues. Gold price has improved over the last month mainly due to the increasing international political turmoil. Gold is currently trading at about \$1,270 per ounce vs. \$1,210 just a month back. With improving gold prices and stabilizing Indian Rupee, we expect to see revenues for Rajesh Exports to rebound in the coming quarters.

The company operated a total of 81 SHUBH branded retail stores at the end of the quarter, flat on a QoQ basis. Retail expansion in India is one of the most important aspects of the company's growth strategy as this will help the company to increase its margins by delivering higher value added products to its customers. During our call with management, they mentioned that they are planning to open new SHUBH stores during the latter half of the fiscal year 2018. In India, under the new GST [Goods and Service Tax] regime which became effective on July 1, 2017, the government announced a GST of 3% on gold bullions and a 5% charge on jewelry fabrication. The implementation of GST might cause some short-term disruption resulting in subdued demand for the next couple of months as retailers and consumers adjust to the new regime. However, any

long-term impact should be negligible, in our opinion. The upcoming festive season of Diwali in October should provide a strong boost to jewelry sales.

### **Revise Estimates; Maintain PT**

The improving gold price and stabilizing Indian Rupee gives us confidence that the company will be able to grow its revenues in the coming quarters. We conservatively revise our FY2018 revenue estimate downwards by about 2.5% to ₹2,490 bn [previous estimate: ₹2,550 bn] and our EPS estimate downwards by about 2% to ₹46.30 [previous estimate: ₹47.20]. Our estimates represent growth of 2.8% and 9.7% for revenue and EPS, respectively, over the previous year. We maintain our one-year price target of ₹900 on the stock. Our price target represents a 25% 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 ₹914 which assumes 15.6% WACC and 3% terminal growth rate. We apply a multiple of 19.4x on our FY03/2018 EPS estimate of ₹46.30 which comes to ₹900. Currently, the stock is trading at a price of ₹719 which translates into a P/E of 15.5x based on our FY2018 EPS estimate.

### **Unaffected by UAE Import Duty**

The UAE government levied a 5% import duty on jewelry which became effective from January 1, 2017. As a result, in the first quarter of FY2018, India's gold jewelry exports in terms of value dropped by more than 40%, according to some reports. However, we would like to point out that this had no effect on Rajesh Exports as UAE is merely a hub for the further transport of its gold jewelry and bullions to other parts of the world and hence the tax does not have any significant impact on its sales. Furthermore, almost 80% of the company's revenues come from the sale of its Valcambi branded gold bullions to central banks and bullion houses around the world, carried out from Valcambi's facilities in Switzerland and hence this business is completely unaffected by the UAE import duty.

## 5-year Price Chart



Income Statement (INR million)	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017	FY03/2018E	FY03/2019E	FY03/2020E	CAGR (2016-20)
<b>Revenue</b>	250,621	304,251	285,141	504,629	1,652,114	2,421,320	<b>2,488,629</b>	<b>2,629,777</b>	<b>2,762,767</b>	40%
y/y	25.0%	21.4%	-6.3%	77.0%	227.4%	46.6%	2.8%	5.7%	5.1%	
Cost of Revenue	-246,823	-308,150	-280,732	-489,782	-1,631,510	-2,400,793	-2,466,032	-2,605,660	-2,737,303	
<b>Gross Profit</b>	<b>3,798.0</b>	<b>-3,898.6</b>	<b>4,409.0</b>	<b>14,847.3</b>	<b>20,604.1</b>	<b>20,526.9</b>	<b>22,596.7</b>	<b>24,117.2</b>	<b>25,463.5</b>	
Gross margin (%)	1.5%	-1.3%	1.5%	2.9%	1.2%	0.8%	0.9%	0.9%	0.9%	
Other Operating Revenue	5,918	7,719	6,645	1	90	471	498	526	553	
as a % of sales	2.4%	2.5%	2.3%	0.0%	0.01%	0.02%	0.02%	0.02%	0.02%	
Selling, General & Admin Expense	-424.3	-272.2	-2,436.1	-2,805.0	-3,796.0	-3,665.3	-3,981.8	-4,207.6	-4,420.4	
as a % of sales	0.2%	0.1%	0.9%	0.6%	0.2%	0.2%	0.2%	0.2%	0.2%	
Other Operating expenses	-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	1.3%	-1.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Operating Income</b>	<b>6,047.4</b>	<b>7,574.5</b>	<b>7,486.4</b>	<b>12,043.3</b>	<b>16,898.2</b>	<b>17,333.0</b>	<b>19,112.7</b>	<b>20,435.5</b>	<b>21,595.6</b>	12%
y/y	74.6%	25.3%	-1.2%	60.9%	40.3%	2.6%	10.3%	6.9%	5.7%	
Operating margin (%)	2.4%	2.5%	2.6%	2.4%	1.0%	0.7%	0.8%	0.8%	0.8%	
Interest Expense	-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	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	5.3	0.0	0.0	0.0	0.0	0.0	0.0	
Other recurring (expenses)/income	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	
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	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Pretax Income (reported)</b>	<b>4,319</b>	<b>4,896</b>	<b>4,038</b>	<b>7,262</b>	<b>11,122</b>	<b>13,030</b>	<b>14,391</b>	<b>15,714</b>	<b>16,874</b>	18%
y/y	60.6%	13.4%	-17.5%	79.9%	53.2%	17.2%	10.4%	9.2%	7.4%	
<b>Pretax Income (adjusted)</b>	<b>4,319</b>	<b>4,896</b>	<b>4,037</b>	<b>7,262</b>	<b>11,122</b>	<b>13,030</b>	<b>14,391</b>	<b>15,714</b>	<b>16,874</b>	18%
y/y	72.2%	13.4%	-17.5%	79.9%	53.2%	17.2%	10.4%	9.2%	7.4%	
- Income Tax Expense	-194.5	-370.1	-462.8	-711.3	-431.2	-571.4	-719.6	-785.7	-843.7	
effective tax rate (%)	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	
<b>Income Before XO Items</b>	<b>4,124</b>	<b>4,526</b>	<b>3,575</b>	<b>6,550</b>	<b>10,690</b>	<b>12,459</b>	<b>13,671</b>	<b>14,928</b>	<b>16,030</b>	20%
y/y	66.3%	9.7%	-21.0%	83.2%	63.2%	16.5%	9.7%	9.2%	7.4%	
- Extraordinary Loss Net of Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Net Income (reported)</b>	<b>4,124</b>	<b>4,526</b>	<b>3,575</b>	<b>6,550</b>	<b>10,690</b>	<b>12,459</b>	<b>13,671</b>	<b>14,928</b>	<b>16,030</b>	20%
y/y	66.3%	9.7%	-21.0%	83.2%	63.2%	16.5%	9.7%	9.2%	7.4%	
Exceptional (L)G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Net Income (adjusted)</b>	<b>4,124.0</b>	<b>4,525.9</b>	<b>3,574.7</b>	<b>6,550.3</b>	<b>10,690.3</b>	<b>12,459.0</b>	<b>13,671.5</b>	<b>14,928.2</b>	<b>16,030.3</b>	20%
y/y	79.4%	9.7%	-21.0%	83.2%	63.2%	16.5%	9.7%	9.2%	7.4%	
Basic EPS (reported)	14.0	15.3	12.1	22.2	36.2	42.2	46.3	50.6	54.3	
Basic EPS (adjusted)	14.0	15.3	12.1	22.2	36.2	42.2	46.3	50.6	54.3	
Basic Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	
<b>Diluted EPS (reported)</b>	<b>13.97</b>	<b>15.33</b>	<b>12.11</b>	<b>22.19</b>	<b>36.21</b>	<b>42.20</b>	<b>46.30</b>	<b>50.56</b>	<b>54.29</b>	20%
y/y	66.3%	9.7%	-21.0%	83.2%	63.2%	16.5%	9.7%	9.2%	7.4%	
<b>Diluted EPS (adjusted)</b>	<b>13.97</b>	<b>15.33</b>	<b>12.11</b>	<b>22.19</b>	<b>36.21</b>	<b>42.20</b>	<b>46.30</b>	<b>50.56</b>	<b>54.29</b>	20%
y/y	79.4%	9.7%	-21.0%	83.2%	63.2%	16.5%	9.7%	9.2%	7.4%	
Diluted Weighted Avg Shares	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	295.25	

Reference Items	FY03/2011	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	20,027	21,426	22,668
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%	2.2%	2.0%	1.8%
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%
<b>Balance Sheet (INR million)</b>	<b>FY03/2011</b>	<b>FY03/2012</b>	<b>FY03/2013</b>	<b>FY03/2014</b>	<b>FY03/2015</b>	<b>FY03/2016</b>	<b>FY03/2017</b>	<b>FY03/2018E</b>	<b>FY03/2019E</b>	<b>FY03/2020E</b>
Assets										
+ Cash & Near Cash Items	78,150	78,548	98,458	72,142	117,345	123,755	148,402	160,114	180,109	201,265
+ Short-Term Investments	-	-	-	-	-	-	-	-	-	-
+ Accounts & Notes Receivable	15,888	26,018	23,291	24,152	29,898	48,896	50,199	50,925	53,813	56,534
+ Inventories	3,773	6,344	7,753	5,713	5,675	9,926	11,628	11,070	11,696	12,287
+ Other Current Assets	6,863	8,058	8,161	8,129	4,222	4,336	8,606	8,606	8,606	8,606
<b>Total Current Assets</b>	<b>104,674</b>	<b>118,969</b>	<b>137,662</b>	<b>110,135</b>	<b>157,140</b>	<b>186,913</b>	<b>218,834</b>	<b>230,714</b>	<b>254,224</b>	<b>278,693</b>
+ 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	9,351	9,482	9,593
- 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	6,022	5,163	4,202
+ 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
<b>Total Long-Term Assets</b>	<b>762.3</b>	<b>759.6</b>	<b>738.8</b>	<b>2,245.8</b>	<b>3,667.3</b>	<b>22,499.1</b>	<b>22,483.5</b>	<b>21,793.4</b>	<b>20,934.5</b>	<b>19,972.7</b>
<b>Total Assets</b>	<b>105,435.9</b>	<b>119,728.3</b>	<b>138,401.2</b>	<b>112,381.2</b>	<b>160,807.2</b>	<b>209,412.5</b>	<b>241,317.6</b>	<b>252,507.9</b>	<b>275,158.4</b>	<b>298,665.3</b>
Liabilities & Shareholders' Equity										
+ Accounts Payable	59,062	62,522	80,499	52,155	87,388	108,533	121,519	119,333	127,351	135,123
+ 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
<b>Total Current Liabilities</b>	<b>89,412.1</b>	<b>99,751.0</b>	<b>114,168.9</b>	<b>84,870.6</b>	<b>127,110.6</b>	<b>156,478.2</b>	<b>177,699.1</b>	<b>175,513.2</b>	<b>183,530.8</b>	<b>191,302.7</b>
+ 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
<b>Total Liabilities</b>	<b>89,468.2</b>	<b>99,842.1</b>	<b>114,255.6</b>	<b>84,956.3</b>	<b>127,190.7</b>	<b>161,580.7</b>	<b>184,942.6</b>	<b>182,756.6</b>	<b>190,774.3</b>	<b>198,546.2</b>
+ 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	69,456	84,089	99,824
<b>Total Shareholders' Equity</b>	<b>15,967.7</b>	<b>19,886.1</b>	<b>24,145.7</b>	<b>27,424.9</b>	<b>33,616.5</b>	<b>47,832.2</b>	<b>56,375.0</b>	<b>69,751.2</b>	<b>84,384.2</b>	<b>100,119.2</b>
+ Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities &amp; Equity</b>	<b>105,435.9</b>	<b>119,728.3</b>	<b>138,401.2</b>	<b>112,381.2</b>	<b>160,807.2</b>	<b>209,412.9</b>	<b>241,317.6</b>	<b>252,507.9</b>	<b>275,158.4</b>	<b>298,665.3</b>



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	13,671.5	14,928.2	16,030.3
+ 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	-2,354.0	4,502.5	4,459.6
<b>Cash From Operating Activities</b>	<b>6,806.0</b>	<b>-2,910.8</b>	<b>28,485.7</b>	<b>-25,022.9</b>	<b>41,854.0</b>	<b>20,699.0</b>	<b>17,473.8</b>	<b>12,231.6</b>	<b>20,421.1</b>	<b>21,562.1</b>
+ 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	-224.0	-131.5	-110.5
+ 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
<b>Cash From Investing Activities</b>	<b>-11.1</b>	<b>-16.0</b>	<b>-5.5</b>	<b>-1,253.6</b>	<b>-2,042.2</b>	<b>-19,438.6</b>	<b>-523.3</b>	<b>-224.0</b>	<b>-131.5</b>	<b>-110.5</b>
+ 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
<b>Cash from Financing Activities</b>	<b>4,819.9</b>	<b>3,325.2</b>	<b>-8,570.8</b>	<b>-40.0</b>	<b>2,110.6</b>	<b>1,382.9</b>	<b>12,785.0</b>	<b>-295.3</b>	<b>-295.3</b>	<b>-295.3</b>
<b>Net Changes in Cash</b>	<b>11,614.8</b>	<b>398.3</b>	<b>19,909.4</b>	<b>-26,316.5</b>	<b>41,922.4</b>	<b>2,643.3</b>	<b>29,735.5</b>	<b>11,712.3</b>	<b>19,994.4</b>	<b>21,156.3</b>
Opening cash								148,402.0	160,114.3	180,108.7
Closing cash								160,114.3	180,108.7	201,265.0

Ratio Analysis	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
<b>Growth Ratios %</b>									
Revenue	25.0%	21.4%	-6.3%	77.0%	227.4%	46.6%	2.8%	5.7%	5.1%
EBITDA	74.2%	25.2%	0.7%	65.6%	39.6%	1.7%	11.4%	7.0%	5.8%
Operating Income	74.6%	25.3%	-1.2%	60.9%	40.3%	2.6%	10.3%	6.9%	5.7%
Net income reported	66.3%	9.7%	-21.0%	83.2%	63.2%	16.5%	9.7%	9.2%	7.4%
Net income adjusted	79.4%	9.7%	-21.0%	83.2%	63.2%	16.5%	9.7%	9.2%	7.4%
Diluted EPS reported	66.3%	9.7%	-21.0%	83.2%	63.2%	16.5%	9.7%	9.2%	7.4%
Diluted EPS adjusted	79%	10%	-21%	83%	63%	17%	10%	9%	7%
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%	1.4%	5.7%	5.1%
Inventory	68.1%	22.2%	-26.3%	-0.7%	74.9%	17.1%	-4.8%	5.7%	5.1%
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%	4.6%	9.0%	8.5%
Working Capital	-28.7%	78.1%	-67.1%	211.4%	-3.1%	9.2%	-4.5%	9.1%	8.3%
Accounts Payable	5.9%	28.8%	-35.2%	67.6%	24.2%	12.0%	-1.8%	6.7%	6.1%
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%	23.7%	21.0%	18.6%
Cash From Operations	-142.8%	-1078.6%	-187.8%	-267.3%	-50.5%	-15.6%	-30.0%	67.0%	5.6%
Capital Expenditure	31.1%	61.4%	-16142.5%	-36.4%	-638.7%	97.9%	7.5%	41.3%	16.0%
Free Cash Flow	-143.2%	-1072.2%	-191.9%	-253.9%	-77.5%	90.1%	-30.3%	69.0%	5.7%

	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
<b>Per Share Data (INR)</b>									
Basic EPS (adjusted)	14.0	15.3	12.1	22.2	36.2	42.2	46.3	50.6	54.3
Diluted EPS (adjusted)	14.0	15.3	12.1	22.2	36.2	42.2	46.3	50.6	54.3
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	215.4	265.0	318.2
<b>Margins (%)</b>									
Gross Margin	1.5%	-1.3%	1.5%	2.9%	1.2%	0.8%	0.9%	0.9%	0.9%
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%	0.8%	0.8%
Pre-Tax Margin (adjusted)	1.7%	1.6%	1.4%	1.4%	0.7%	0.5%	0.6%	0.6%	0.6%
Net Income Margin (adjusted)	1.6%	1.5%	1.3%	1.3%	0.6%	0.5%	0.5%	0.6%	0.6%
<b>Return Ratios</b>									
<b>Dupont ROE (%)</b>	<b>20.7%</b>	<b>18.7%</b>	<b>13.0%</b>	<b>19.5%</b>	<b>22.3%</b>	<b>22.1%</b>	<b>19.6%</b>	<b>17.7%</b>	<b>16.0%</b>
Margin (%)	1.6%	1.5%	1.3%	1.3%	0.6%	0.5%	0.5%	0.6%	0.6%
Turnover (x)	2.1	2.2	2.5	3.1	7.9	10.0	9.9	9.6	9.3
Leverage (x)	6.0	5.7	4.1	4.8	4.4	4.3	3.6	3.3	3.0
Return on Assets	3.4%	3.3%	3.2%	4.1%	5.1%	5.2%	5.4%	5.4%	5.4%
Return on Capital Employed	30.3%	31.3%	27.2%	35.7%	31.9%	27.2%	24.8%	22.3%	20.1%
Return on Invested Capital	7.9%	8.8%	6.1%	9.1%	11.4%	10.8%	10.6%	10.4%	10.1%
<b>FCF Calculation</b>									
Op. cash	-2,910.8	28,485.7	-25,022.9	41,854.0	20,699.0	17,473.8	12,231.6	20,421.1	21,562.1
capex	-18.4	-7.1	-1,154.8	-1,575.2	-11,636.6	-242.1	-224.0	-131.5	-110.5
FCF (INR million)	-2,929.3	28,478.6	-26,177.8	40,278.8	9,062.4	17,231.7	12,007.6	20,289.6	21,451.6
FCF margin (%)	-1.2%	9.4%	-9.2%	8.0%	0.5%	0.7%	0.5%	0.8%	0.8%
FCF per share	-9.92	96.46	-88.66	136.42	30.69	58.36	40.67	68.72	72.66
Price/FCF per share	-72.47	7.45	-8.11	5.27	23.42	12.32	17.68	10.46	9.90
FCF Yield	-1.4%	13.4%	-12.3%	19.0%	4.3%	8.1%	5.7%	9.6%	10.1%
<b>Net Cash calculation</b>									
Cash + short term investments	78,548.3	98,457.6	72,141.6	117,344.6	123,754.9	148,402.0	160,114.3	180,108.7	201,265.0
Less: long term debt + ST debt	-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
<b>Net Cash</b>	<b>45,981.7</b>	<b>71,171.5</b>	<b>40,965.5</b>	<b>78,919.7</b>	<b>77,815.0</b>	<b>89,381.8</b>	<b>101,094.1</b>	<b>121,088.5</b>	<b>142,244.9</b>
Net cash per share	155.7	241.1	138.7	267.3	263.6	302.7	342.4	410.1	481.8
<b>Valuation ratio's</b>									
P/B	1.91	1.47	0.94	1.72	5.13	4.23	3.34	2.71	2.26
P/E	9.21	7.84	7.24	8.82	19.86	17.04	15.53	14.22	13.24
P/S	0.15	0.12	0.09	0.11	0.13	0.09	0.09	0.08	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	5.02	4.69	4.43
EV/EBIT	-1.32	-4.71	-2.01	-1.76	5.95	5.80	5.26	4.92	4.65
EV/FCF	2.73	-1.25	0.58	-0.53	11.09	5.83	8.37	4.95	4.69
Dividend Yield (%)	0.08%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%
Div payout on FCF	-6.0%	1.0%	-1.1%	0.7%	3.3%	1.7%	2.5%	1.5%	1.4%



	FY03/2012	FY03/2013	FY03/2014	FY03/2015	FY03/2016	FY03/2017E	FY03/2018E	FY03/2019E	FY03/2020E
<b>Working Capital Ratios</b>									
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	1.4	1.5
Quick ratio	1.1	1.1	1.2	1.2	1.1	1.2	1.3	1.3	1.4
Working capital	-26764	-47678	-15701	-48890	-47380	-51745	-49391	-53893	-58353
Cash conversion cycle	-52	-47	-47	-28	-11	-8	-9	-9	-9
<b>Leverage Ratios</b>									
Debt / equity	164%	113%	114%	114%	96%	105%	85%	70%	59%
Net cash (debt) / equity	231%	295%	149%	235%	163%	159%	145%	143%	142%
Net cash (debt) / mkt cap	121%	201%	158%	137%	37%	42%	48%	57%	67%
Net cash (debt) / capital	88%	138%	70%	110%	83%	77%	79%	84%	89%
<b>Coverage Ratios</b>									
Interest coverage [EBIT]	3.5	2.8	2.2	2.5	2.9	4.0	4.0	4.3	4.6
Interest coverage [Opt. CF]	-1.7	10.5	-7.3	8.8	3.6	4.1	2.6	4.3	4.6
<b>Earnings Quality Ratios</b>									
Net operating assets/liab [NOA]	-26096	-47026	-13541	-45303	-29983	-33007	-31343	-36704	-42126
Average NOA	-31468	-36561	-30283	-29422	-37643	-31495	-32175	-34024	-39415
B/S accrual ratio	-0.34	0.57	-1.11	1.08	-0.41	0.10	-0.05	0.16	0.14
CF accrual ratio	-0.22	0.66	-0.99	1.13	-0.25	0.14	-0.05	0.16	0.14
<b>Enterprise Value Calculation</b>									
Market Cap.	37,981	35,471	25,893	57,766	178,331	212,285			
+ Minority Interest	0	0	0	0	0	0			
+Total Debt (ST & LT Debt)	32,567	27,286	31,176	38,425	45,940	45,940			
- Cash & Equivalents	78,548	98,458	72,142	117,345	123,755	123,755			
<b>Enterprise Value</b>	<b>-8,001</b>	<b>-35,700</b>	<b>-15,072</b>	<b>-21,154</b>	<b>100,516</b>	<b>134,470</b>			

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	19,113	20,435	21,596	24,263	27,004	30,056	33,137	36,533
% growth	0%	75%	25%	-1%	61%	40%	3%	10%	7%	6%	12%	11%	11%	10%	10%
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	18,157	19,414	20,516	21,836	24,304	27,050	29,823	32,880
% growth	0%	81%	21%	-5%	64%	50%	2%	10%	7%	6%	6%	11%	11%	10%	10%
+ 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	-224	-131	-111	-1,478	-1,567	-1,661	-1,744	-1,831
- Change in net WC	2,437	-10,942	21,428	-32,236	33,190	-1,511	4,365	-2,354	4,503	4,460	5,333	5,171	5,591	5,286	5,661
<b>Free Cash Flow to Firm</b>	5,626	-5,164	28,443	-26,598	43,100	3,884	21,346	16,493	24,775	25,937	26,839	29,125	32,270	34,718	38,131
FCY y/y growth		-192%	-651%	-194%	-262%	-91%	450%	-23%	50%	5%	3%	9%	11%	8%	10%

#### Value per Share

Terminal Growth	Cost of capital				
	13.6%	14.6%	15.6%	16.6%	17.6%
2.5%	992	920	903	809	765
2.8%	1,002	928	909	814	769
3.0%	1,009	933	914	817	772
3.3%	1,020	942	920	822	776
3.5%	1,028	948	925	826	779

WACC		15.6%
PV of Free Cash Flow		119,312
PV of Terminal Value		72,659
Add: Net Cash		77,815
Total Equity Value		269,786
Shares outstanding		295.25
<b>DCF value</b>		<b>914</b>

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