

BSE SENSEX	S&P CNX
40,302	11,941
Bloomberg	QUESS IN
Equity Shares (m)	147
M.Cap.(INRb)/(USDb)	72.9 / 1
52-Week Range (INR)	820 / 387
1, 6, 12 Rel. Per (%)	-1/-30/-49
12M Avg Val (INR M)	134
Free float (%)	28.4

## Financials & Valuations (INR b)

Y/E Mar	2019	2020E	2021E
Net Sales	85.3	105.4	129.9
EBITDA	4.6	6.7	8.6
PAT	2.6	3.3	5.1
EPS (INR)	17.5	22.7	34.7
Gr. (%)	-19.8	29.8	52.7
BV/Sh (INR)	240.5	269.9	314.8
RoE (%)	9.9	11.5	15.4
RoCE (%)	10.6	13.8	15.1
P/E (x)	28.3	21.8	14.3
P/BV (x)	2.1	1.8	1.6

Estimate change



TP change



Rating change



**CMP: INR496**

**TP: INR540 (+9%)**

**Neutral**

## Organic momentum strong, positive move on resolving structural issues

- Revenue outperformance, margins in line:** Revenue grew 26.7% YoY (7.3% beat) in 2QFY20. Excluding the impact from the accounting standard changes, EBITDA was up by 16.4% YoY (our estimate: +13%) and PAT by 5.5% YoY (our estimate: 28%). Ind-AS 116-adjusted EBITDA margin was at 5% (in-line), up 70bp YoY against the backdrop of the Allsec acquisition, improved efficiencies in IFM, and expansion in the margins of skill development and North America staffing operations. PAT came in below our estimate by 17.6% due to higher-than-expected depreciation and interest expense (partially impacted by Ind-AS) and lower-than-expected other income. For 1HFY20, revenue/EBITDA/PAT were up 24%/44%/5% YoY.
- Organic growth driven by People and Services:** Organic revenue grew by 23% YoY, majorly driven by strong headcount addition in the general staffing business. QUESS added 59,000 associates in 1H, which is significantly more than 35,000 in FY19. High associate count was led by broad-based growth in all major verticals. The company has been gaining market share aggressively despite increasing its collect and pay offerings (72% of business).
- Progress toward ongoing issues:** QUESS has given a clarification on various issues that were increasing the risk profile for the company. It has acquired Trimax IT's 49% stake, becoming the sole owner for future cash flows from the smart city project. Further, it has assured that the demerger of TCIL will complete by end-3QFY20, post which the public holding will increase by 44% (currently 28%) and QUESS will become a domestically owned company. The company has also made a move toward reducing intercompany loans by converting INR1,170m into CCDs. It is also looking out for converting another INR3,480m to CCDs post the TCIL de-merger. Resolution of these issues could significantly reduce its risk profile.
- Valuation view:** We had earlier downgraded QUESS as the impact of its aggressive inorganic foray had started reflecting in its financial performance. However, the company's efforts in margin improvement, cash conversion and turning around the performance of its acquisitions have been impressive. Although positive on the long-term prospects of QUESS, we would wait and monitor developments on (a) its integration with another acquisition – Allsec BPO, (b) execution on overall margins, (c) further improvement in cash generation and (d) traction in organic revenue growth. Our DCF-based price target is INR540/share (9% upside). Maintain **Neutral**.

## Quarterly Performance (Consolidated)

(INR m)

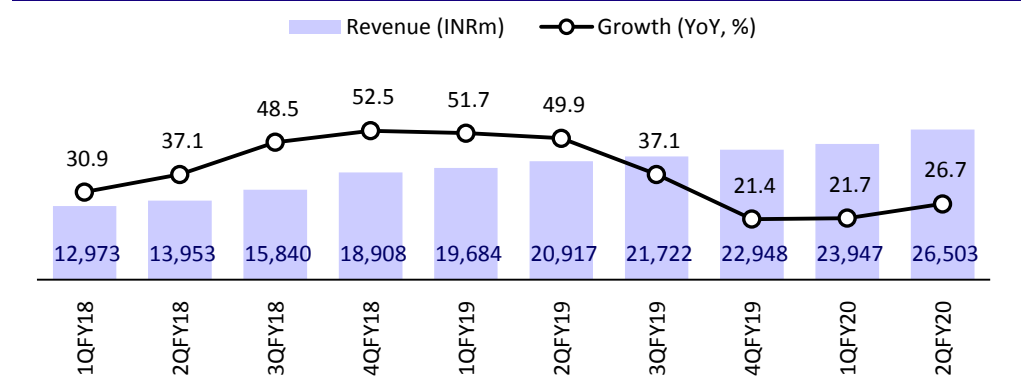
Y/E March	FY19				FY20				FY19	FY20E	Est. 2Q	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>19,684</b>	<b>20,917</b>	<b>21,722</b>	<b>22,948</b>	<b>23,947</b>	<b>26,503</b>	<b>26,900</b>	<b>28,050</b>	<b>85,270</b>	<b>1,05,400</b>	<b>24,711</b>	<b>7.3</b>
YoY Change (%)	51.7	49.9	37.1	21.4	21.7	26.7	23.8	22.2	38.3	23.6	18.1	857
Total Expenditure	18,659	19,797	20,538	21,630	22,474	24,889	25,172	26,180	80,624	98,716	23,135	7.6
<b>EBITDA</b>	<b>1,025</b>	<b>1,120</b>	<b>1,183</b>	<b>1,318</b>	<b>1,473</b>	<b>1,614</b>	<b>1,728</b>	<b>1,870</b>	<b>4,646</b>	<b>6,685</b>	<b>1,576</b>	<b>2.4</b>
Margins (%)	5.21	5.36	5.45	5.7	6.15	6.09	6.42	6.7	5.4	6.3	6.4	-29
Depreciation	299	291	317	325	579	652	646	705	1,232	2,582	606	7.6
Interest	261	282	280	321	396	461	393	321	1,144	1,571	323	42.8
Other Income	156	143	123	290	169	159	237	383	712	949	227	-29.9
<b>PBT before EO expense</b>	<b>621</b>	<b>690</b>	<b>710</b>	<b>962</b>	<b>666</b>	<b>660</b>	<b>927</b>	<b>1,227</b>	<b>2,983</b>	<b>3,480</b>	<b>874</b>	<b>-24.5</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>621</b>	<b>690</b>	<b>710</b>	<b>962</b>	<b>666</b>	<b>660</b>	<b>927</b>	<b>1,227</b>	<b>2,983</b>	<b>3,480</b>	<b>874</b>	<b>-24.5</b>
Tax	93	105	11	121	106	-29	-19	-25	329	33	87	
Rate (%)	14.9	15.1	1.5	12.6	15.9	-4.5	-2.0	-2.0	11.0	0.9	10.0	-1,446
MI & P/L of Asso. Cos.	-16	-31	49	86	-2	39	39	39	88	116	-2	
<b>Reported PAT</b>	<b>544</b>	<b>616</b>	<b>650</b>	<b>755</b>	<b>563</b>	<b>650</b>	<b>906</b>	<b>1,212</b>	<b>2,565</b>	<b>3,331</b>	<b>789</b>	<b>-17.6</b>
<b>Adj PAT</b>	<b>544</b>	<b>616</b>	<b>650</b>	<b>755</b>	<b>563</b>	<b>650</b>	<b>906</b>	<b>1,212</b>	<b>2,565</b>	<b>3,331</b>	<b>789</b>	<b>-17.6</b>
YoY Change (%)	19.2	-51.6	6.5	-0.3	3.4	5.5	39.4	60.6	-17.2	29.8	28.0	-2,252
Margins (%)	2.8	2.9	3.0	3.3	2.3	2.5	3.4	4.3	3.0	3.2	3.2	-74

E: MOFSL Estimates

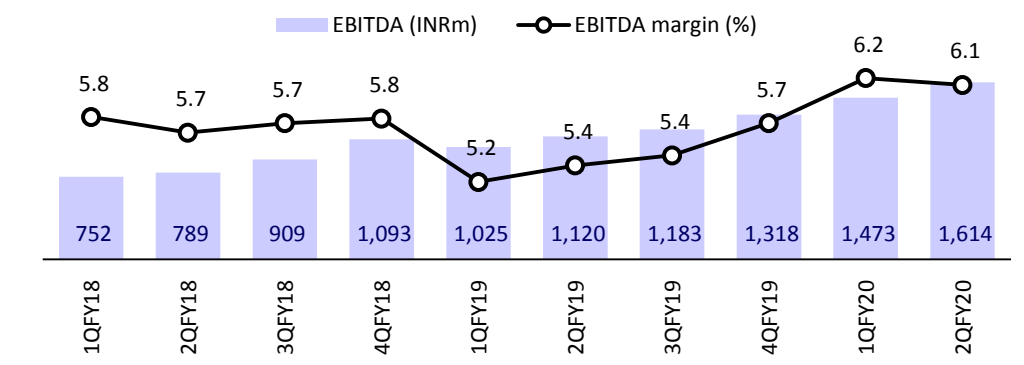
## Revenue outperformance, margins in line

- Revenue grew 27% YoY to INR26.5b, above our estimate of INR24.7b. Organic growth was 23% YoY. On a QoQ basis, revenue grew 11%; of this, 9% was organic. AllSec acquisition contributed to inorganic growth.
- EBITDA was in line at INR1.6b. EBITDA margin at 6.1% expanded 70bp YoY but was flat QoQ (est. of 4%).
- PBT declined 4% YoY to INR660m.
- PAT was up 5% YoY to INR650m (est. of 28% YoY). The decline was due to higher-than-expected depreciation and interest expense (partially impacted by IND-AS) and lower-than-expected other income.
- For 1HFY20, revenue/EBITDA/PAT grew 24%/44%/5% YoY.
- OCF/EBITDA conversion for the quarter was 49%, compared to 44% in 1QFY20.

## Exhibit 1: Revenue grew 26.7% YoY in line with expectations



Source: Company, MOFSL

**Exhibit 2: Margins have improved recently on back of cost optimization**

Source: Company, MOFSL

**Segmental Revenue performance**

- Traction in people services continued with revenue growth of 48.9% YoY
- Technology solutions grew 16.8% YoY. AllSec acquisition partially contributed to the same.
- Facilities management grew 7.6% YoY, while Industrial Asset management continued to struggle, down 21.1% YoY.
- Revenues from Monster.com were down 11.8% YoY

**Exhibit 3: Strong organic growth**

	FY18			FY19			FY20		
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Revenue (INRm)</b>									
Global Technology Solutions	3,900	4,803	6,081	6,638	7,072	7,143	7,110	7,390	8260
People & Services	6,833	7,356	8,399	8,693	9,129	9,909	11,071	11,930	13,590
Integrated Facility Management	2,469	2,634	2,891	2,789	3,112	3,117	3,283	3,220	3,350
Industrial Asset Management	751	1,046	1,303	1,196	1,230	1,195	1,099	1,050	970
Internet	-	-	234	369	374	357	385	360	330
<b>Growth (YoY, %)</b>									
Global Technology Solutions	40.3	71.1	73.9	70.3	81.3	48.7	16.9	11.3	16.8
People & Services	17.2	25.3	38.1	40.4	33.6	34.7	31.8	37.2	48.9
Integrated Facility Management	148.2	86.1	28.5	22.5	26.0	18.3	13.6	15.5	7.6
Industrial Asset Management	31.2	82.5	129.0	97.6	63.9	14.2	(15.7)	(12.2)	(21.1)
Internet	-	-	-	-	-	-	64.7	(2.3)	(11.8)

Source: MOFSL, Company

**Business update**

- The Company added a total of 129 clients (up by 23 QoQ) in 2QFY20 across Workforce Management (36), Operational Asset Management (80), Tech Services (13) aggregating to an ACV of over INR2.1b.
- Headcount grew by 20,000 to 377k in 2QFY20, driven by robust growth in the Staffing business.

### Takeaways from management commentary

- **Company performance:** Revenue CAGR has been 35% over the last three years. Increase in debt has impacted profits. There have been one-off incidents such as – Quess had bought INR300m worth of equipment for a project which had to be written off as client’s plant was shut down due to Act of God (in industrial business). Core businesses of general staffing and facility management continue to do well. Industrial bottomed out in 2QFY20 and is also expected to grow in coming quarters.
- **Guidance:** Expect growth momentum to continue in the range of 20-25% for the next few quarters both for ‘People & Services’ and overall. H2 is generally strong which should help margins to further improve from current level.
- **Tax:** QUESS got 80JAA benefit in the quarter –this is expected to continue. This will keep ETR in the range of -2%.
- **Workforce management:** Quess continues to gain market share driven by strong headcount addition. 72% of business is now run as ‘Collect and Pay’, up from 60% a year ago. General staffing contributes 78% of revenues. It has working capital cycle of 12 days. In People and Services, both GST implementation and movement from unorganized to organized have helped growth. No immediate slowdown is expected in 2HFY20. Trying to do managed services instead of just payroll services to generate higher margins.
- **Facilities Management:** Overall annual growth is expected to be more than 15% in FY20. Trying to shift toward large contracts which are SLA based. Focus is more on improving EBITDA and cash flow rather than revenue. QUESS will come out of accounts which are not profitable. Margins are expected to be in the 10-11% range.
- **Management Change:** Quess has appointed Mr. Suraj Moraje as ED and Group CEO (designate) from Nov 4, 2019. He will succeed Mr. Subrata Nag upon Mr. Nag’s retirement in 2020.
- **Trimax issue resolved:** Quess bought Trimax’s 49% stake in the JV for INR130m and now owns 100% of JV. All dues and future payments will flow to Quess (INR810m in FY20).
- **Loans to subsidiaries/associates reduced:** Quess has converted INR1,170m of inter-company loan into CCD. Conversion of another INR2,740m is underway. Post TCIL de-merger, INR740m of debt will be converted into equity as well. Post this exercise, inter-company loan balance will reduce to INR950m.
- **IT Staffing:** Magma staffing margins contracted marginally in the quarter. Decline in Dependo’s margins partially contributed to it. In 2HFY20, Excellus will help improve EBITDA margins beyond 6% overall.
- **Allsec:** Quess has moved ‘Compliance’ division to AllSec. Quess is trying to cross sell AllSec’s offerings in its client’s base. Management is keen to acquire clients in CLM space. It will also focus on increasing international business margins.
- **Monster:** Revenues didn’t grow in this quarter. It is expected to pick up once the product is ready with enhanced features (by end of FY20). Reduced EBITDA loss by INR30m in this quarter. 2QFY20 saw a 53% YoY increase in job views and 24% YoY increase in site visits. Management expects this momentum to continue. Quess expects Monster to breakeven in 3QFY20 at operating level.
- **Digicare:** Quarterly EBITDA doubled to INR19m, driven by a 130% YoY increase in store count.

- **Dependo:** Surpassed its previous peak delivery capacity of 100k packages per day in FY19 to 150k+ in 2QFY20.
- **QEBC:** Quess looking to exit the business by May 2020 or even earlier if possible. Quarterly loss has been reduced to INR30-40m.

### Change in estimates

- On the back of delay in NCLT approval we had pushed revenues from Terrier in FY21. However, we have increased our revenue growth estimates for FY20/21 due to higher organic traction in People and Services business.
- Our margin estimate remains largely unchanged – we expect EBIT margin at 3.9/4.2% for FY20/21.
- Our EPS estimates have increased by 2.7/6% for FY20/21 as we now assume a negative tax rate for remaining quarters. Improvement in the operational performance should be partially offset by higher interest expense.

#### Exhibit 4: Change in estimates

	Revised			Earlier			Change		
	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Revenue (m)	85,270	1,05,400	1,29,908	85,270	1,00,988	1,23,815	0.0%	4.4%	4.9%
Rev. growth (%)	38.3	23.6	23.3	38.3	18.4	22.6	0bp	517bp	65bp
EBITDA (m)	4,646	6,685	8,592	4,646	6,443	8,187	0.0%	3.7%	4.9%
EBIT Margin (%)	4.0	3.9	4.2	4.0	4.0	4.2	0bp	-9bp	0bp
EPS (INR)	17.5	22.7	34.7	17.5	22.1	32.7	0.0%	2.7%	6.0%

Source: MOFSL, Company

### Valuation view

- Quess operates through four key business segments: [1] Global Technology Solutions (GTS), [2] People & Services (P&S), [3] Integrated Facility Management (IFM) and [4] Industrials. All of these areas have been witnessing high growth, which is expected to continue going forward as well.
- In terms of penetration, it has barely scratched the surface in its core staffing business as well as other areas. In general staffing, India's low penetration of 0.5% of working population (versus global average of 1.6%) itself should drive high velocity growth. In business services, Quess intends to be part of anything that is non-core to a business and that can be outsourced to a third party. While it has touched upon the areas of facilities management, catering, security and industrial asset management, the directions for further growth are ample.
- Inorganic growth has been a key component for Quess' growth, improvement in profitability and diversification. It has demonstrated successful integration with margin accretion and retention of management personnel. Validation also comes from the following examples;
  - [1] Over the last eight years, revenue at Avon (a facilities management acquisition) has grown at a CAGR of 52% and EBITDA margin has expanded to 5.1% from 1.7% at the time of acquisition.
  - [2] Magna (an acquired IT staffing company) has grown at 15% CAGR since acquisition and its margins have improved to 13% from 5.5% at the time of acquisition.
- However, recent acquisitions have grown larger in size, while maintaining the nature of diversity. This, combined with the fact that they're not in the best of health (Monster) may require additional resources (monetary and otherwise)

for integration followed by growth. Their transitory burden on financial performance got reflected recently, where investments weighed upon profitability and non-cash items like amortization of customer contracts and non-controlling-interest put option hit the bottom line.

- The direction of several initiatives was encouraging in Quess, the fructification of which would result in a positive shade on performance and viewpoint. These include: (i) efforts to up EBITDA margins to 8% in a couple of years, (ii) aim to convert 50%+ of EBITDA to operating cash, (iii) merger of subsidiaries into the parent, and (iv) a more selective approach on acquisitions with the intent of not adding additional verticals
- We had earlier downgraded QUESS as the impact of its aggressive inorganic foray had started reflecting in its financial performance. However, the company's efforts in margin improvement, cash conversion and turning around the performance of its acquisitions have been impressive. Although positive on the long-term prospects of QUESS, we would wait and monitor developments on (a) its integration with another acquisition – Allsec BPO, (b) execution on overall margins, (c) further improvement in cash generation and (d) traction in organic revenue growth. Our DCF-based price target is INR540/share (9% upside). Maintain **Neutral**.

#### Key triggers

- Sustained uptick in the organic business
- Turnaround in profitability across segments
- Positive outcomes and benefits from acquired entities

#### Key risks

- Issues in integration of current/future acquisitions
- Inability to manage diverse portfolio of businesses, leading to inferior growth
- Economic downturn, leading to a proportional and direct impact on business

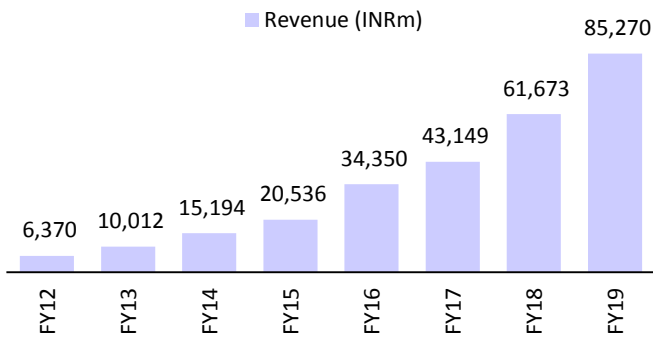
#### Exhibit 5: Fair value of INR500/share based on DCF

Discount rate	14.0%
Terminal growth rate	4.0%
PV FCF	38,167
PV of terminal value	44,115
NPV	82,282
Cash and cash equivalents	5,855
Less: Debt	9,215
<b>Total equity value</b>	<b>78,922</b>
<b>Per share</b>	
PV FCF	260
PV of terminal value	301
NPV	562
Value of cash not utilized	40
Less: Debt	63
<b>Total equity value</b>	<b>539</b>
NOSH m	147
<b>CMP</b>	<b>495</b>
<b>Target price</b>	<b>540</b>
<b>Upside (%)</b>	<b>9%</b>

Source: MOFSL

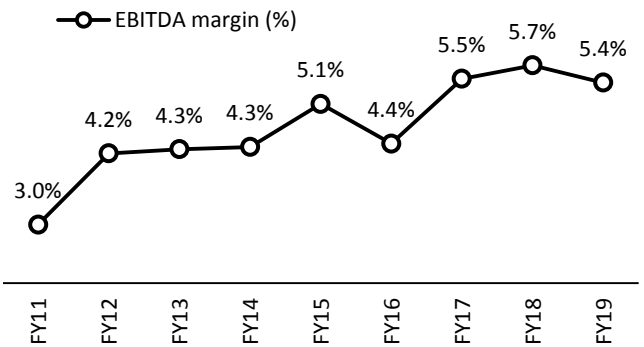
Story in charts

Exhibit 6: Healthy revenue growth over last five years



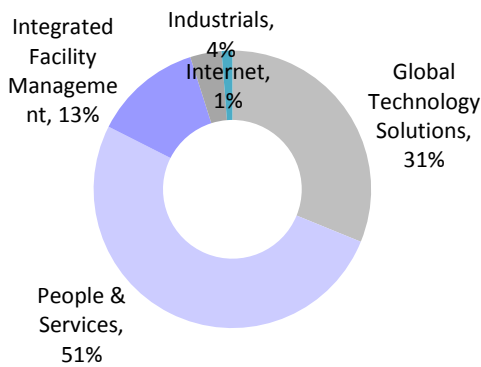
Source: Company, MOFSL

Exhibit 7: Margins have expanded at a slower pace



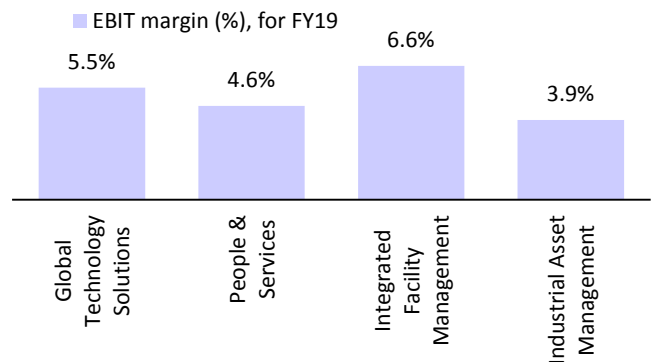
Source: Company, MOFSL

Exhibit 8: Growth has been organic and driven by acquisitions, enabling presence in multiple segments



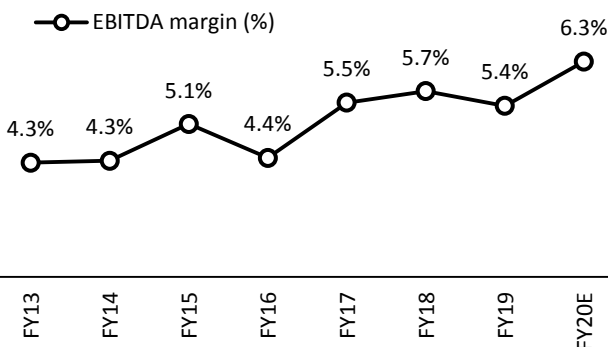
Source: Company, MOFSL

Exhibit 9: Addition of higher-margin businesses expected to further improve profitability



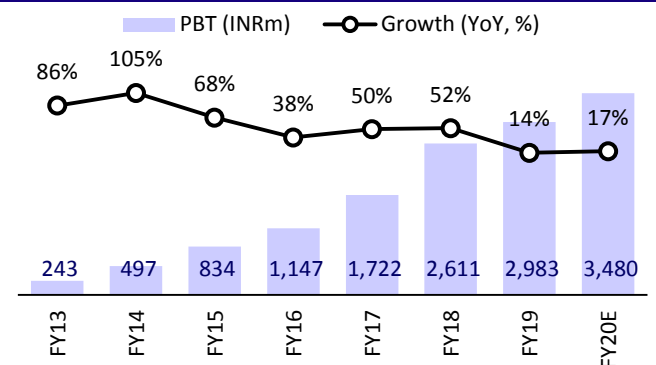
Source: Company, MOFSL

Exhibit 10: Margins impacted in recent quarters...



Source: Company, MOFSL

Exhibit 11: ...affecting PBT growth



Source: Company, MOFSL

## Financials and valuations (Consolidated)

Income statement							(INR M)	
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>Total Income from Operations</b>	<b>10,060</b>	<b>25,671</b>	<b>34,350</b>	<b>43,149</b>	<b>61,673</b>	<b>85,270</b>	<b>1,05,400</b>	<b>1,29,908</b>
Change (%)	0.5	155.2	33.8	25.6	42.9	38.3	23.6	23.3
Cost of services	225	717	481	714	1,422	2,624	3,244	3,998
Employees Cost	9,095	22,684	30,069	36,339	50,793	67,132	82,981	1,02,275
Other Expenses	342	965	2,289	3,718	5,914	10,868	12,491	15,043
<b>Total Expenditure</b>	<b>9,662</b>	<b>24,366</b>	<b>32,839</b>	<b>40,771</b>	<b>58,129</b>	<b>80,624</b>	<b>98,716</b>	<b>1,21,316</b>
% of Sales	96.0	94.9	95.6	94.5	94.3	94.6	93.7	93.4
<b>EBITDA</b>	<b>398</b>	<b>1,305</b>	<b>1,511</b>	<b>2,378</b>	<b>3,544</b>	<b>4,646</b>	<b>6,685</b>	<b>8,592</b>
Margin (%)	4.0	5.1	4.4	5.5	5.7	5.4	6.3	6.6
Depreciation	42	101	144	275	747	1,232	2,582	3,118
<b>EBIT</b>	<b>356</b>	<b>1,203</b>	<b>1,367</b>	<b>2,103</b>	<b>2,796</b>	<b>3,414</b>	<b>4,102</b>	<b>5,475</b>
Int. and Finance Charges	88	218	310	471	755	1,144	1,571	1,123
Other Income	21	57	91	154	569	712	949	1,299
<b>PBT bef. EO Exp.</b>	<b>289</b>	<b>1,042</b>	<b>1,147</b>	<b>1,787</b>	<b>2,611</b>	<b>2,983</b>	<b>3,480</b>	<b>5,651</b>
<b>PBT after EO Exp.</b>	<b>289</b>	<b>1,042</b>	<b>1,147</b>	<b>1,787</b>	<b>2,611</b>	<b>2,983</b>	<b>3,480</b>	<b>5,651</b>
Total Tax	97	370	335	534	-483	329	33	565
Tax Rate (%)	33.7	35.5	29.2	29.9	-18.5	11.0	0.9	10.0
Minority Interest	13	0	0	-1	-4	88	116	0
<b>Reported PAT</b>	<b>179</b>	<b>672</b>	<b>812</b>	<b>1,254</b>	<b>3,098</b>	<b>2,565</b>	<b>3,331</b>	<b>5,086</b>
Change (%)	48.0	276.3	20.8	54.5	147.0	-17.2	29.8	52.7
Margin (%)	1.8	2.6	2.4	2.9	5.0	3.0	3.2	3.9

Balance Sheet							(INR M)	
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	962	258	1,133	1,268	1,455	1,461	1,461	1,461
Total Reserves	884	2,267	2,433	11,780	23,153	25,795	29,126	34,212
<b>Net Worth</b>	<b>1,846</b>	<b>2,525</b>	<b>3,566</b>	<b>13,048</b>	<b>24,608</b>	<b>27,256</b>	<b>30,587</b>	<b>35,673</b>
Minority Interest	0	0	0	9	16	31	147	147
Total Loans	641	2,170	3,783	7,440	9,662	7,502	7,293	7,104
Deferred Tax Liabilities	-50	-35	-1,345	-1,633	-3,647	-5,046	-5,046	-5,046
<b>Capital Employed</b>	<b>2,437</b>	<b>4,660</b>	<b>6,005</b>	<b>18,864</b>	<b>30,638</b>	<b>29,742</b>	<b>32,980</b>	<b>37,878</b>
Gross Block	319	604	1,043	3,504	7,485	8,152	8,702	9,252
Less: Accum. Deprn.	201	415	541	976	2,126	3,357	5,940	9,057
<b>Net Fixed Assets</b>	<b>118</b>	<b>189</b>	<b>502</b>	<b>2,529</b>	<b>5,359</b>	<b>4,795</b>	<b>2,763</b>	<b>195</b>
Goodwill on Consolidation	729	1,104	2,020	9,187	10,959	11,769	11,769	11,769
Capital WIP	4	0	24	77	22	147	164	184
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>776</b>	<b>888</b>	<b>820</b>	<b>820</b>	<b>820</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>3,080</b>	<b>5,869</b>	<b>8,573</b>	<b>14,433</b>	<b>28,111</b>	<b>27,540</b>	<b>36,794</b>	<b>48,197</b>
Inventory	4	4	18	71	85	221	221	221
Account Receivables	1,246	2,755	6,926	8,966	13,936	16,164	19,636	25,270
Cash and Bank Balance	291	818	1,094	3,039	5,661	5,855	8,882	13,680
Loans and Advances	1,539	2,292	536	2,357	8,430	5,300	8,055	9,027
<b>Curr. Liability &amp; Prov.</b>	<b>1,496</b>	<b>2,502</b>	<b>5,151</b>	<b>8,138</b>	<b>14,701</b>	<b>15,328</b>	<b>19,328</b>	<b>23,285</b>
Account Payables	48	414	674	778	1,481	1,729	2,117	2,602
Other Current Liabilities	1,413	1,941	4,138	6,825	12,166	12,351	15,587	18,683
Provisions	35	147	339	536	1,054	1,248	1,623	2,000
<b>Net Current Assets</b>	<b>1,585</b>	<b>3,367</b>	<b>3,423</b>	<b>6,294</b>	<b>13,411</b>	<b>12,212</b>	<b>17,466</b>	<b>24,912</b>
<b>Appl. of Funds</b>	<b>2,437</b>	<b>4,660</b>	<b>6,005</b>	<b>18,864</b>	<b>30,638</b>	<b>29,742</b>	<b>32,981</b>	<b>37,879</b>

E: MOSL Estimates



## Financials and valuations (Consolidated)

### Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>1.6</b>	<b>5.9</b>	<b>7.0</b>	<b>10.1</b>	<b>21.8</b>	<b>17.5</b>	<b>22.7</b>	<b>34.7</b>
Cash EPS	2.0	6.8	8.3	12.3	27.1	25.9	40.4	56.0
BV/Share	16.3	22.3	31.5	115.1	217.1	240.5	269.9	314.8
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>								
P/E		99.5	83.8	58.2	27.0	28.3	21.8	14.3
Cash P/E		86.5	71.2	47.8	21.7	19.1	12.3	8.8
P/BV		26.4	18.7	5.1	2.7	2.1	1.8	1.6
EV/Sales		2.7	2.1	1.8	1.4	0.9	0.7	0.5
EV/EBITDA		52.3	46.8	32.6	24.7	16.0	10.6	7.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	0.5	-1.1	-6.2	2.4	1.1	7.2	26.3	32.8
<b>Return Ratios (%)</b>								
RoE	14.1	30.8	26.7	15.1	16.5	9.9	11.5	15.4
RoCE	12.4	22.6	17.1	11.4	14.6	10.6	13.8	15.1
RoIC	13.2	25.9	22.3	14.9	17.0	12.9	17.7	21.3
<b>Working Capital Ratios</b>								
Asset Turnover (x)	4.1	5.5	5.7	2.3	2.0	2.9	3.2	3.4
Debtor (Days)	45	39	74	76	82	69	68	71
Creditor (Days)	2	6	7	7	9	7	7	7
<b>Leverage Ratio (x)</b>								
Net Debt/Equity	0.2	0.5	0.7	0.3	0.1	0.0	-0.1	-0.2

### Cash Flow Statement

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
OP/(Loss) before Tax	288	1,049	1,147	1,723	2,615	2,566	3,480	5,651
Depreciation	42	101	144	333	747	3	2,582	3,118
Interest & Finance Charges	88	218	310	479	755	1,144	1,571	1,123
Direct Taxes Paid	-249	-412	-482	-839	-744	-1,750	-33	-565
(Inc)/Dec in WC	-52	-942	-1,622	-941	-1,858	-1,248	-2,227	-2,648
<b>CF from Operations</b>	<b>118</b>	<b>15</b>	<b>-503</b>	<b>755</b>	<b>1,515</b>	<b>714</b>	<b>5,373</b>	<b>6,679</b>
Others	35	9	8	-71	-428	1,302	-949	-1,299
<b>CF from Operating incl EO</b>	<b>153</b>	<b>24</b>	<b>-495</b>	<b>684</b>	<b>1,087</b>	<b>2,016</b>	<b>4,424</b>	<b>5,380</b>
(Inc)/Dec in FA	-92	-145	-226	-383	-928	-957	-570	-570
<b>Free Cash Flow</b>	<b>61</b>	<b>-120</b>	<b>-721</b>	<b>301</b>	<b>159</b>	<b>1,058</b>	<b>3,854</b>	<b>4,810</b>
(Pur)/Sale of Investments	-657	-525	0	0	-1,808	-117	0	0
Others	15	375	129	-5,434	-5,330	2,898	0	0
<b>CF from Investments</b>	<b>-734</b>	<b>-295</b>	<b>-97</b>	<b>-5,817</b>	<b>-8,066</b>	<b>1,823</b>	<b>-570</b>	<b>-570</b>
Issue of Shares	965	0	34	3,693	8,479	0	116	0
Inc/(Dec) in Debt	-237	1,015	1,137	3,816	1,785	-74	-209	-188
Interest Paid	-90	-217	-304	-443	-665	-865	-1,571	-1,123
Others	0	0	0	13	0	-2,706	837	1,299
CF from Fin. Activity	638	798	867	7,079	9,599	-3,645	-828	-12
<b>Inc/Dec of Cash</b>	<b>58</b>	<b>527</b>	<b>275</b>	<b>1,946</b>	<b>2,619</b>	<b>194</b>	<b>3,027</b>	<b>4,798</b>
Opening Balance	233	291	818	1,093	3,039	5,661	5,855	8,882
<b>Closing Balance</b>	<b>291</b>	<b>818</b>	<b>1,093</b>	<b>3,039</b>	<b>5,658</b>	<b>5,855</b>	<b>8,882</b>	<b>13,680</b>

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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