

In-line quarter

Consumer Durables ▶ Result Update ▶ July 26, 2023

TARGET PRICE (Rs): 4,036

Dixon reported an in-line quarter, with revenue missing our estimate and PAT at a marginal beat. While sales growth for 1QFY24 stood at 15% YoY, EBITDAM of 4.0% (vs 3.5% YoY) was the key positive, leading to EBITDA/PAT growth of 32%/48% YoY, respectively. Improvement in margin was supported by sales mix and operating leverage. While Management did not guide for any specific amount of sales for FY24, it gave assurance that the Group would be aggressive, along with its growth rates clocking much ahead of the industry's. With the addition of a new client, growth concerns for FY24 seem to have abated. Given large part of the growth is expected to come from low margin Mobile segment, we factor in flattish margin for coming years. We roll forward our valuation to Jun-24E, with the revised TP at Rs4,036/share, based on 40x P/E; we retain HOLD.

Dixon technologies: Financial Snapshot (Consolidated)

| Y/E Mar (Rs mn) | FY22 | FY23 | FY24E | FY25E | FY26E |
|---------------------|---------|---------|---------|---------|---------|
| Revenue | 106,971 | 121,920 | 186,311 | 240,168 | 277,138 |
| EBITDA | 3,791 | 5,128 | 7,602 | 9,725 | 11,112 |
| Adj. PAT | 1,902 | 2,539 | 4,333 | 5,753 | 6,778 |
| Adj. EPS (Rs) | 32.1 | 42.8 | 73.0 | 96.9 | 114.2 |
| EBITDA margin (%) | 3.5 | 4.2 | 4.1 | 4.0 | 4.0 |
| EBITDA growth (%) | 32.3 | 35.3 | 48.3 | 27.9 | 14.3 |
| Adj. EPS growth (%) | 19.0 | 33.5 | 70.7 | 32.8 | 17.8 |
| RoE (%) | 21.9 | 22.3 | 29.6 | 30.0 | 26.9 |
| RoIC (%) | 32.5 | 35.3 | 43.8 | 43.5 | 46.2 |
| P/E (x) | 128.3 | 96.1 | 56.3 | 42.4 | 36.0 |
| EV/EBITDA (x) | 64.8 | 47.5 | 32.3 | 25.0 | 21.3 |
| P/B (x) | 24.5 | 19.0 | 14.8 | 11.1 | 8.6 |
| FCFF yield (%) | 0.4 | (0.2) | (1.2) | 0.6 | 2.4 |

Source: Company, Emkay Research

Mobile and Home appliances deliver in Q1

Revenue (consol.) for the quarter was up 15% YoY to Rs32.7bn, with Mobile & EMS revenues growing 38% YoY. While Home appliances saw muted top-line growth (+1% YoY), a healthy order book in both — the semi-automatic and fully-automatic WM product category — with the addition of Voltas Beko, points to strong ramp-up in remaining year. Muted performance was observed in the Consumer electronics (-5% YoY) and Lighting (-4% YoY) segments, owing to flattish end-consumer demand. Industry-wide LED pricing erosion continued (down ~30% YoY). Company enlisted initiatives like launching of LED stripe & rope products, entering the professional lighting market, and on-boarding senior personnel to its R&D division, with the aim to turnaround the Lighting segment. EBITDA (consol.) was up 32% YoY to Rs1.3bn, in line with our estimates and backed by expansion in gross margin (+55bps YoY) and positive operating leverage, as other operating expenses as a % of sales contracted by 20bps. PAT was up 48% YoY to Rs0.7bn, on the strong operating performance. Capex for Q1 was Rs1.1bn, in line with full-year guidance of Rs4-4.2bn.

Valuation and outlook

Notwithstanding the addition of another customer in the mobile segment and the strong order book in Home appliances, we believe slowdown in some key segments will hamper the overall growth of brands, which will see additional impact from Dixon being a B2B supplier. Robust margin performance in Q1 is likely to sustain, as Dixon's share in ODM manufacturing continues to grow. Building-in a 5-7% increase in revenue and offset by the declining margin trajectory, FY24E-25E EPS is largely intact (flat in FY24E, while FY25E sees a 0.6% cut). We maintain HOLD on the stock, with roll-forward Jun-24E TP of Rs4,036/share, based on 40x PER (1-yr fwd EPS), factoring-in the prospects of sales ramp-up, especially in the mobile segment; but margin trajectory would remain flattish, as large part of the growth is driven by low margin Mobile segment. Risks include end-consumer demand slowdown leading to tepid requirement by brands.

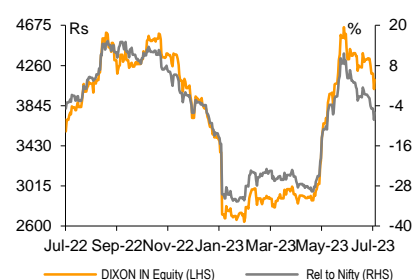
| | |
|-----------------------|---------|
| Target Price – 12M | Jun-24 |
| Change in TP (%) | 18.6 |
| Current Reco. | HOLD |
| Previous Reco. | HOLD |
| Upside/(Downside) (%) | (1.9) |
| CMP (25-Jul-23) (Rs) | 4,112.9 |

| Stock Data | Ticker |
|-----------------------------|-----------|
| 52-week High (Rs) | 4,730 |
| 52-week Low (Rs) | 2,553 |
| Shares outstanding (mn) | 59.6 |
| Market-cap (Rs bn) | 245 |
| Market-cap (USD mn) | 2,992 |
| Net-debt, FY24E (Rs mn) | 1,453 |
| ADTV-3M (mn shares) | 1 |
| ADTV-3M (Rs mn) | 2,489.6 |
| ADTV-3M (USD mn) | 30.4 |
| Free float (%) | 61.0 |
| Nifty-50 | 19,681 |
| INR/USD | 81.9 |
| Shareholding, Jun-23 | |
| Promoters (%) | 34.0 |
| FPIs/MFs (%) | 15.0/24.6 |

Price Performance

| (%) | 1M | 3M | 12M |
|---------------|-------|------|-------|
| Absolute | (4.9) | 43.7 | 9.3 |
| Rel. to Nifty | (9.8) | 29.7 | (7.7) |

1-Year share price trend (Rs)



Abhineet Anand

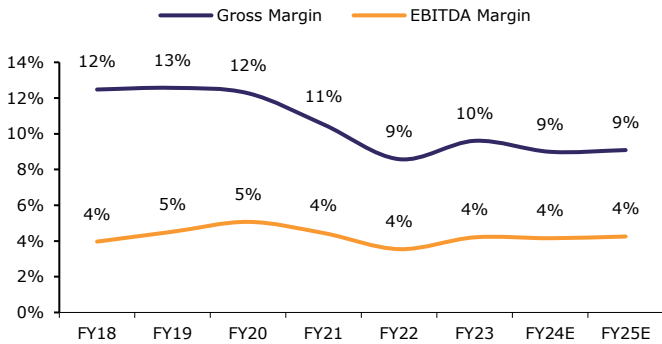
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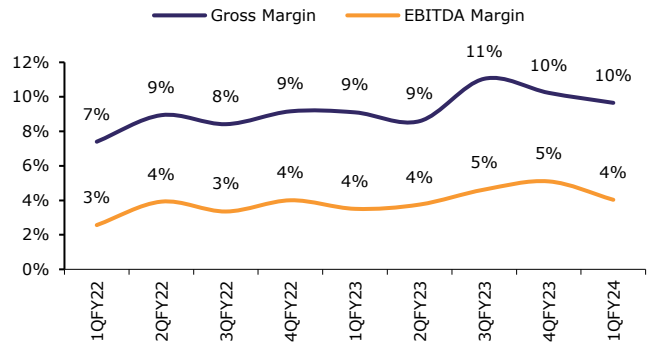
Story in Charts

Exhibit 1: EBITDAM to stay stable over FY23-26E



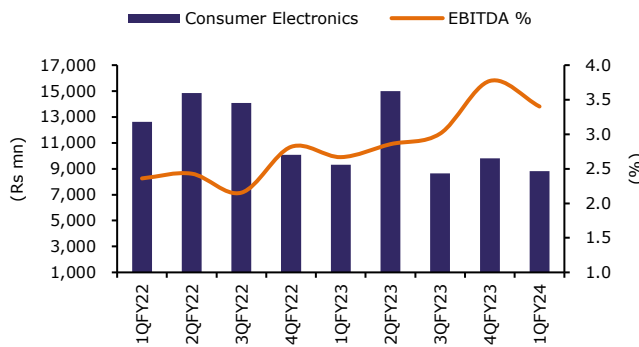
Source: Company, Emkay Research

Exhibit 2: The CE, Lighting and Mobile segments dragged down the overall operating margin



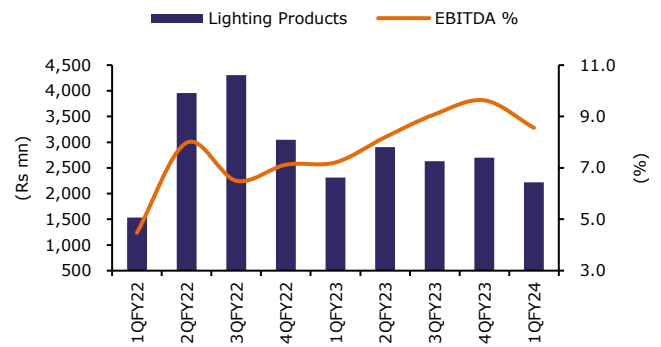
Source: Company, Emkay Research

Exhibit 3: CE margins declined by 40bps QoQ



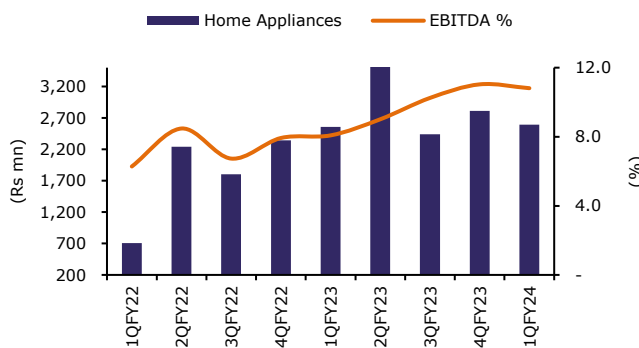
Source: Company, Emkay Research

Exhibit 4: Industry pricing erosion led to a fall in Lighting margin



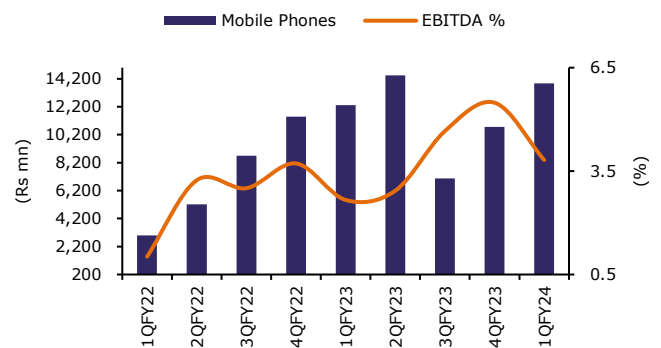
Source: Company, Emkay Research

Exhibit 5: Margins improved YoY, on the back of cost optimization



Source: Company, Emkay Research

Exhibit 6: Mobile margins were soft, as ramp up of new customers is expected in H2FY24



Source: Company, Emkay Research

Exhibit 7: Summary of quarterly financials

| (Rs mn) | 1QFY21 | 1QFY23 | 4QFY23 | 1QFY24 | YoY (%) | QoQ (%) | 3-year CAGR |
|--------------------------|--------------|---------------|---------------|---------------|--------------|---------------|-------------|
| Total Sales | 5,169 | 28,551 | 30,655 | 32,715 | 14.6 | 6.7 | 85% |
| Raw Material | 4,550 | 25,953 | 27,519 | 29,558 | 13.9 | 7.4 | 87% |
| <i>as % of sales</i> | <i>88.0</i> | <i>90.9</i> | <i>89.8</i> | <i>90.3</i> | | | |
| Employee Cost | 198 | 547 | 630 | 685 | 25.1 | 8.7 | 51% |
| <i>as % of sales</i> | <i>3.8</i> | <i>1.9</i> | <i>2.1</i> | <i>2.1</i> | | | |
| Other operating expenses | 253 | 1,050 | 943 | 1,154 | 9.9 | 22.4 | 66% |
| <i>as % of sales</i> | <i>4.9</i> | <i>3.7</i> | <i>3.1</i> | <i>3.5</i> | | | |
| Total Expenditure | 5,001 | 27,550 | 29,092 | 31,396 | 14.0 | 7.9 | 84% |
| EBITDA | 169 | 1,001 | 1,563 | 1,319 | 31.7 | (15.6) | 98% |
| Depreciation | 93 | 241 | 325 | 337 | 40.1 | 3.9 | 54% |
| EBIT | 76 | 761 | 1,238 | 982 | 29.1 | (20.7) | 134% |
| Other Income | 2 | 4 | 18 | 29 | 578.6 | 56.6 | 139% |
| Interest | 57 | 144 | 151 | 140 | (3.0) | (7.5) | 35% |
| PBT | 22 | 621 | 1,105 | 870 | 40.2 | (21.3) | 243% |
| Tax | 6 | 165 | 315 | 229 | 38.1 | (27.4) | 244% |
| PAT before MI | 16 | 455 | 790 | 642 | 41.0 | (18.8) | 242% |
| Minority interest | - | 1 | -16 | -30 | | | |
| PAT | 16 | 454 | 806 | 672 | 47.9 | (16.7) | 248% |
| (%) | | | | | (bps) | (bps) | |
| Gross margin | 12.0 | 9.1 | 10.2 | 9.7 | 55 | (58) | |
| EBITDAM | 3.3 | 3.5 | 5.1 | 4.0 | 52 | (107) | |
| EBITM | 1.5 | 2.7 | 4.0 | 3.0 | 34 | (104) | |
| EBTM | 0.4 | 2.2 | 3.6 | 2.7 | 49 | (95) | |
| PATM | 0.3 | 1.6 | 2.6 | 2.1 | 46 | (58) | |
| Effective Tax rate | 25.9 | 26.7 | 28.5 | 26.3 | (39) | (222) | |

Source: Company

Exhibit 8: Actuals vs Estimates (Q1FY24)

| (Rs mn) | Actual | Estimate (Emkay) | Consensus estimate (Bloomberg) | Variation | |
|----------------------|-------------|---------------------|--------------------------------------|---------------|----------------|
| | | | | Emkay | Consensus |
| Revenue | 32,715 | 36,061 | 32,601 | -9% | 0% |
| EBITDA | 1,319 | 1,352 | 1,499 | -2% | -12% |
| <i>EBITDA margin</i> | <i>4.0%</i> | <i>3.8%</i> | <i>4.6%</i> | <i>28 bps</i> | <i>-57 bps</i> |
| PAT | 672 | 650 | 717 | 3% | -6% |

Source: Company, Emkay Research

Exhibit 9: Quarterly segmental financials

| (Rs mn) | 1QFY21 | 1QFY23 | 4QFY23 | 1QFY24 | YoY (%) | QoQ (%) | 3-year CAGR |
|----------------------|--------------|---------------|---------------|---------------|-------------|------------|-------------|
| Consumer Electronics | 3,473 | 9,306 | 9,810 | 8,820 | (5.2) | (10.1) | 36.4 |
| Lighting Products | 777 | 2,312 | 2,700 | 2,220 | (4.0) | (17.8) | 41.9 |
| Home Appliances | 241 | 2,556 | 2,810 | 2,590 | 1.3 | (7.8) | 120.7 |
| Mobile +EMS | 531 | 13,049 | 13,450 | 17,950 | 37.6 | 33.5 | 223.4 |
| Reverse Logistics | 14 | 16 | 0 | 0 | (100.0) | #DIV/0! | -100.0 |
| Security Systems | 134 | 1,311 | 1,240 | 1,140 | (13.1) | (8.1) | 104.2 |
| Total Sales | 5,170 | 28,551 | 30,010 | 32,720 | 14.6 | 9.0 | 85.0 |

| EBITDA | | | | | | | |
|----------------------|------------|--------------|--------------|--------------|-------------|---------------|-------------|
| Consumer Electronics | 86 | 248 | 370 | 300 | 20.8 | (18.9) | 51.5 |
| Lighting Products | 58 | 167 | 260 | 190 | 13.9 | (26.9) | 48.8 |
| Home Appliances | 4 | 207 | 310 | 280 | 35.6 | (9.7) | 312.1 |
| Mobile +EMS | 20 | 328 | 590 | 530 | 61.7 | (10.2) | 196.7 |
| Reverse Logistics | 0 | - | - | - | - | - | - |
| Security Systems | 0 | 52 | 36 | 15 | (71.1) | (58.3) | 321.7 |
| Total EBITDA | 169 | 1,001 | 1,566 | 1,315 | 31.3 | (16.0) | 98.2 |

| EBITDA Margins (%) | | | | | (bps) | (bps) |
|----------------------|------------|------------|------------|------------|-----------|--------------|
| Consumer Electronics | 2.5 | 2.7 | 3.8 | 3.4 | 73 | (37) |
| Lighting Products | 7.4 | 7.2 | 9.6 | 8.6 | 134 | (107) |
| Home Appliances | 1.7 | 8.1 | 11.0 | 10.8 | 273 | (22) |
| Mobile +EMS | 3.8 | 2.5 | 4.4 | 3.0 | 44 | (143) |
| Reverse Logistics | 2.9 | - | - | - | - | - |
| Security Systems | 0.1 | 4.0 | 2.9 | 1.3 | (264) | (159) |
| Total EBITDA | 3.3 | 3.5 | 5.2 | 4.0 | 51 | (120) |

Source: Company

Exhibit 10: Change in estimates

| (Rs mn) | FY24E | | | FY25E | | | FY26E | | |
|-------------------|---------|---------|--------|---------|---------|---------|---------|-----|--------|
| | Old | New | Change | Old | New | Change | Old | New | Change |
| Revenue | 176,843 | 186,311 | 5.4% | 224,779 | 240,168 | 6.8% | 277,138 | | NA |
| EBITDA | 7,346 | 7,602 | 3.5% | 9,556 | 9,725 | 1.8% | 11,112 | | NA |
| EBITDA Margin (%) | 4.2 | 4.1 | -7 bps | 4.3 | 4.0 | -20 bps | 4.0 | | NA |
| PAT | 4332 | 4333 | 0.0% | 5789 | 5753 | -0.6% | 6,778 | | NA |
| EPS (Rs) | 72.8 | 73 | 0.0% | 97.2 | 97 | -0.6% | 114 | | NA |

Source: Emkay Research

Con-call Highlights

Consumer Electronics

- Q1 saw 5% decline in volumes to 0.7mn units, while realization trended slightly upwards on a YoY basis to Rs12,000.
- Margins, however, improved by 70bps YoY, as share of ODM increased from 7% last year to 29% in Q1FY24. Margins improved on the back of increased backward integration as well as improvement in scale.
- Q1FY23 logged sales of ~Rs700mn from the AC inverter business, which is now transferred to the JV business. Excluding these, the segment saw positive YoY sales growth.
- Roll-out of Google TV solutions is likely to be in Q2FY24, with the Samsung solutions roll out expected by Q3FY24.

Lighting

- Margins improved by 150bps YoY due to value engineering of products and better sourcing. Migration of LED tech from the driver base has also led to significant cost savings.
- By Q2FY24, Dixon will execute its first German export order, in addition to exports to ME. Company plans entering the US & UK markets which could be a Rs0.8-1bn opportunity in the next 2-3 years.
- Company will maintain its launch momentum via launching rope lighting and strip lights, along with smart lighting solutions. It will execute a few orders for stripe LEDs in Q2 and plans adding professional lighting solutions by Q4 which was earlier a huge gap in Dixon's portfolio.
- Company has on-boarded Head of the Philips R&D division and expects to turn around this business soon.
- Industry-led LED pricing erosion of up to 30% led to the top-line declining.

Home appliances

- Company added Voltas Beko as a customer in its top-loading fully automatic category of washing machines.
- Company has a healthy order book in the semi-automatic category and expects strong growth momentum in this segment.
- Company sold ~0.4mn semi-auto washing machines in Q1FY24 vs. 0.35mn last year.

Mobile

- Company has onboarded Itel, India's 5th largest manufacturer of mobile phones, and has plans of starting production Q2 onwards. Production for Xiaomi will start from end-Sep-23.
- Q2 will see volumes from Jio Bharat phone, a ramp up from Nokia (1.4mn from 1 mn units per month) and Itel production (0.8mn/month) as well as increased orders from Motorola.
- The newly leased facility in Noida is expected to commence production by mid-Aug-2023.
- For telecom networking products, production for Airtel's order will commence in Q2, while Jio's internet set-top boxes will be produced from Q3.

Others

- Company expects capex of ~Rs420crore (Rs4.2bn) in FY24. Capex will be spread across the mobile and refrigerator segments as well as the washing machine facility (to be ready by Aug-2023), and PLI capex across IT hardware and Telecom.
- Growth in FY24 will be ahead of the industry. Company is seeing muted demand in TV, Lighting & Home appliances, albeit extremely healthy order books in washing machines, mobile phones and wearables categories.

Dixon technologies: Consolidated Financials and Valuations

| Profit & Loss | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Y/E Mar (Rs mn) | FY22 | FY23 | FY24E | FY25E | FY26E |
| Revenue | 106,971 | 121,920 | 186,311 | 240,168 | 277,138 |
| Revenue growth (%) | 65.9 | 14.0 | 52.8 | 28.9 | 15.4 |
| EBITDA | 3,791 | 5,128 | 7,602 | 9,725 | 11,112 |
| EBITDA growth (%) | 32.3 | 35.3 | 48.3 | 27.9 | 14.3 |
| Depreciation & Amortization | 840 | 1,146 | 1,430 | 1,682 | 1,768 |
| EBIT | 2,952 | 3,981 | 6,173 | 8,043 | 9,344 |
| EBIT growth (%) | 21.5 | 34.9 | 55.0 | 30.3 | 16.2 |
| Other operating income | 0 | 0 | 0 | 0 | 0 |
| Other income | 38 | 56 | 94 | 18 | 95 |
| Financial expense | 442 | 606 | 560 | 407 | 407 |
| PBT | 2,548 | 3,432 | 5,707 | 7,654 | 9,032 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Taxes | 644 | 897 | 1,322 | 1,774 | 2,093 |
| Minority interest | (2) | 4 | (51) | (128) | (161) |
| Income from JV/Associates | 0 | 0 | 0 | 0 | 0 |
| Reported PAT | 1,902 | 2,539 | 4,333 | 5,753 | 6,778 |
| PAT growth (%) | 19.0 | 33.5 | 70.7 | 32.8 | 17.8 |
| Adjusted PAT | 1,902 | 2,539 | 4,333 | 5,753 | 6,778 |
| Diluted EPS (Rs) | 32.1 | 42.8 | 73.0 | 96.9 | 114.2 |
| Diluted EPS growth (%) | 19.0 | 33.5 | 70.7 | 32.8 | 17.8 |
| DPS (Rs) | 2.0 | 3.0 | 3.0 | 4.0 | 4.0 |
| Dividend payout (%) | 6.2 | 7.0 | 4.1 | 4.1 | 3.5 |
| EBITDA margin (%) | 3.5 | 4.2 | 4.1 | 4.0 | 4.0 |
| EBIT margin (%) | 2.8 | 3.3 | 3.3 | 3.3 | 3.4 |
| Effective tax rate (%) | 25.3 | 26.1 | 23.2 | 23.2 | 23.2 |
| NOPLAT (pre-IndAS) | 2,206 | 2,941 | 4,742 | 6,180 | 7,179 |
| Shares outstanding (mn) | 59.4 | 59.4 | 59.4 | 59.4 | 59.4 |

Source: Company, Emkay Research

| Cash flows | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|--------------|
| Y/E Mar (Rs mn) | FY22 | FY23 | FY24E | FY25E | FY26E |
| PBT | 2,548 | 3,432 | 5,707 | 7,654 | 9,032 |
| Others (non-cash items) | 0 | 0 | 0 | 0 | 0 |
| Taxes paid | (644) | (897) | (1,322) | (1,774) | (2,093) |
| Change in NWC | (642) | 2,409 | (3,133) | (1,726) | (1,253) |
| Operating cash flow | 2,728 | 7,258 | 1,526 | 5,320 | 7,228 |
| Capital expenditure | (4,233) | (4,378) | (4,035) | (2,975) | (1,015) |
| Acquisition of business | 0 | 0 | 0 | 0 | 0 |
| Interest & dividend income | 7 | 13 | 94 | 18 | 95 |
| Investing cash flow | (4,645) | (3,556) | (3,941) | (2,957) | (920) |
| Equity raised/(repaid) | 2 | 0 | 0 | 0 | 0 |
| Debt raised/(repaid) | 3,019 | (2,754) | 0 | (500) | 0 |
| Payment of lease liabilities | 0 | 0 | 0 | 0 | 0 |
| Interest paid | (442) | (606) | (560) | (407) | (407) |
| Dividend paid (incl tax) | (119) | (179) | (179) | (238) | (238) |
| Others | 1,222 | 2,006 | 3,226 | 979 | 2,735 |
| Financing cash flow | 3,682 | (1,532) | 2,488 | (166) | 2,090 |
| Net chg in Cash | 1,765 | 2,170 | 73 | 2,196 | 8,398 |
| OCF | 2,374 | 1,701 | 2,728 | 7,258 | 1,526 |
| Adj. OCF (w/o NWC chg.) | 3,369 | 4,494 | 6,280 | 7,951 | 9,019 |
| FCFF | (1,505) | 2,879 | (2,509) | 2,345 | 6,213 |
| FCFE | 1,085 | (489) | (2,975) | 1,456 | 5,901 |
| OCF/EBITDA (%) | 71.9 | 141.5 | 20.1 | 54.7 | 65.0 |
| FCFE/PAT (%) | 57.1 | (19.3) | (68.6) | 25.3 | 87.1 |
| FCFF/NOPLAT (%) | (68.2) | 97.9 | (52.9) | 37.9 | 86.5 |

Source: Company, Emkay Research

| Balance Sheet | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Y/E Mar (Rs mn) | FY22 | FY23 | FY24E | FY25E | FY26E |
| Share capital | 119 | 119 | 119 | 119 | 119 |
| Reserves & Surplus | 9,849 | 12,730 | 16,320 | 21,834 | 28,374 |
| Net worth | 9,968 | 12,849 | 16,439 | 21,953 | 28,493 |
| Minority interests | 6 | (3) | 49 | 177 | 338 |
| Deferred tax liability (net) | 201 | 224 | 224 | 224 | 224 |
| Total debt | 4,580 | 1,826 | 1,826 | 1,326 | 1,326 |
| Total liabilities & equity | 14,754 | 14,897 | 18,538 | 23,680 | 30,382 |
| Net tangible fixed assets | 7,583 | 9,425 | 11,499 | 12,792 | 12,040 |
| Net intangible assets | 188 | 224 | 191 | 191 | 191 |
| Net ROU assets | 1,959 | 2,484 | 3,060 | 3,520 | 3,920 |
| Capital WIP | 224 | 1,197 | 1,197 | 1,197 | 1,197 |
| Goodwill | 303 | 303 | 303 | 303 | 303 |
| Investments [JV/Associates] | 0 | 0 | 0 | 0 | 0 |
| Cash & equivalents | 1,823 | 2,292 | 194 | 2,318 | 8,519 |
| Current assets (ex-cash) | 31,300 | 33,175 | 52,426 | 67,118 | 77,288 |
| Current Liab. & Prov. | 28,017 | 32,278 | 48,397 | 61,363 | 70,279 |
| NWC (ex-cash) | 3,282 | 896 | 4,030 | 5,756 | 7,009 |
| Total assets | 14,754 | 14,896 | 18,538 | 23,680 | 30,382 |
| Net debt | 1,406 | (644) | 1,453 | (1,170) | (7,371) |
| Capital employed | 14,754 | 14,897 | 18,538 | 23,680 | 30,382 |
| Invested capital | 11,356 | 11,229 | 16,968 | 19,987 | 20,487 |
| BVPS (Rs) | 167.9 | 216.5 | 277.0 | 369.9 | 480.1 |
| Net Debt/Equity (x) | 0.1 | (0.1) | 0.1 | (0.1) | (0.3) |
| Net Debt/EBITDA (x) | 0.4 | (0.1) | 0.2 | (0.1) | (0.7) |
| Interest coverage (x) | 0.1 | 0.2 | 0.1 | 0.1 | 0.0 |
| RoCE (%) | 25.0 | 27.2 | 37.5 | 38.2 | 34.9 |

Source: Company, Emkay Research

| Valuations and key Ratios | | | | | |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Y/E Mar | FY22 | FY23 | FY24E | FY25E | FY26E |
| P/E (x) | 128.3 | 96.1 | 56.3 | 42.4 | 36.0 |
| P/CE(x) | 89.1 | 66.3 | 42.4 | 32.8 | 28.6 |
| P/B (x) | 24.5 | 19.0 | 14.8 | 11.1 | 8.6 |
| EV/Sales (x) | 2.3 | 2.0 | 1.3 | 1.0 | 0.9 |
| EV/EBITDA (x) | 64.8 | 47.5 | 32.3 | 25.0 | 21.3 |
| EV/EBIT(x) | 83.2 | 61.2 | 39.8 | 30.2 | 25.3 |
| EV/IC (x) | 21.6 | 21.7 | 14.5 | 12.2 | 11.6 |
| FCFF yield (%) | 0.4 | (0.2) | (1.2) | 0.6 | 2.4 |
| FCFE yield (%) | 0.4 | (0.2) | (1.2) | 0.6 | 2.4 |
| Dividend yield (%) | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| DuPont-RoE split | | | | | |
| Net profit margin (%) | 1.8 | 2.1 | 2.3 | 2.4 | 2.4 |
| Total asset turnover (x) | 9.0 | 8.2 | 11.1 | 11.4 | 10.3 |
| Assets/Equity (x) | 1.4 | 1.3 | 1.1 | 1.1 | 1.1 |
| RoE (%) | 21.9 | 22.3 | 29.6 | 30.0 | 26.9 |
| DuPont-RoIC | | | | | |
| NOPLAT margin (%) | 2.1 | 2.4 | 2.5 | 2.6 | 2.6 |
| IC turnover (x) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| RoIC (%) | 32.5 | 35.3 | 43.8 | 43.5 | 46.2 |
| Operating metrics | | | | | |
| Core NWC days | (0.6) | (1.2) | 3.8 | 3.8 | 3.8 |
| Total NWC days | 11.2 | 2.7 | 7.9 | 8.7 | 9.2 |
| Fixed asset turnover | 14.1 | 10.6 | 12.3 | 12.8 | 13.4 |
| Opex-to-revenue (%) | 5.0 | 5.4 | 5.2 | 5.2 | 5.2 |

Source: Company, Emkay Research

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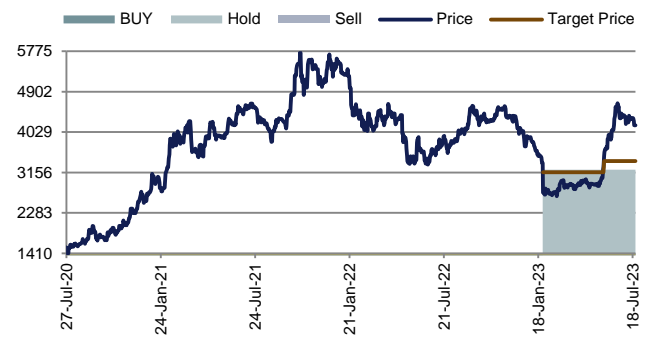
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RECOMMENDATION HISTORY - DETAILS

| Date | CMP (INR) | TP (INR) | Rating | Analyst |
|-----------|-----------|----------|--------|----------------|
| 24-May-23 | 3,514 | 3,403 | Hold | Abhineet Anand |
| 27-Jan-23 | 2,722 | 3,165 | Hold | Abhineet Anand |

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Bloomberg, Company, Emkay Research

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|-------------|---|
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| HOLD | Between -5% to 15% |
| SELL | Below -5% |

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