

Growth acceleration guidance stronger than expected

Electronic Manufacturing Services ▶ Result Update ▶ January 21, 2025

TARGET PRICE (Rs): 21,100

Dixon's Q3 revenue grew 117% YoY to Rs104.5bn (down 9% QoQ, on seasonality), with margin stable QoQ at 3.7%; growth continued to be led by the Mobile & EMS segment (84% of 9M sales), with segment margin up by ~20bps QoQ. Backed by its strong order book, Dixon expects near-double smartphone volume at ~60mn units in FY27E vs ~30mn in FY25E which would thus address ~60-65% of the outsourced opportunity; ramp up from IT Hardware (targets ~Rs25-30bn sales next year vs near-zero now, despite 1Y imports extension) and Telecom products (~4x growth this year to Rs30bn, ~2x in FY26E) is also on track. In addition to its display modules foray and attempts underway to foray into precision parts, camera modules and battery packs, Dixon is now evaluating display fabs (semiconductor parts) which, despite heavy capex, feature strong double-digit margin with return ratios at par with current level (after the expected capital subsidies, per the ISM 1.0 policy). Dixon expects 100-120bps mobile margin rise over 24-36M even without the PLI benefit and despite any possible competition. Our thesis on Dixon remains on track (refer to IC [Further legs to growth story](#)); we raise FY26E/27E EPS ~4.5%/6.5% on faster growth (FY25E EPS cut ~1% on higher minority interest); retain BUY; up our TP to Rs21,100.

Dixon Technologies: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	121,920	176,909	394,830	574,488	731,741
EBITDA	5,128	6,976	15,024	23,041	33,540
Adj. PAT	2,555	3,677	7,356	12,304	18,908
Adj. EPS (Rs)	42.9	61.5	123.0	205.7	316.2
EBITDA margin (%)	4.2	3.9	3.8	4.0	4.6
EBITDA growth (%)	35.3	36.1	115.4	53.4	45.6
Adj. EPS growth (%)	34.0	43.2	157.0	30.2	53.7
RoE (%)	22.4	24.7	34.2	38.6	40.5
RoIC (%)	26.0	29.6	50.3	57.7	63.1
P/E (x)	408.9	285.5	142.7	85.3	55.5
EV/EBITDA (x)	204.2	151.0	70.0	45.7	31.2
P/B (x)	81.3	62.0	40.3	27.8	18.9
FCFF yield (%)	0.3	(0.3)	0.4	0.2	0.9

Source: Company, Emkay Research

Q3 performance – Healthy beat on revenue and profitability

Consolidated revenue grew 117% YoY to Rs104.5bn (~5% above Consensus); this was led by ~190% growth in the Mobile & EMS segment (revenue from Ismartu stood at Rs18.3bn vs Rs11bn in Q2). Revenue of Consumer Appliances de-grew 32% YoY, with Lighting/Home Appliances revenue up 7.5%/9% YoY. Consolidated EBITDA margin was flattish QoQ at 3.7% (largely in-line), with lower other expenses offsetting the higher RM and employee costs; Mobile & EMS EBITDA margin expanded by ~20bps QoQ. Adjusted PAT rose 124% YoY to ~Rs2.1bn, at ~7% above Consensus.

Earnings Call KTAs

1) Smartphone capacity now stands at 60mn units pa; based on its strong order book, Dixon expects ~28-30mn/~40-45mn/~60mn smartphone volumes (ex-Samsung) in FY25E/26E/27E, respectively; the company expects to capture ~60-65% of the outsourcing opportunity in mobiles; recently-acquired assets of KHY India under Ismartu would help scale up in the *Nothing* brand as well as other brands of the Transsion Group – orderbook here includes 3mn units next year (initial revenues expected at Rs15-18bn) for exports to Africa and ~0.5mn in Q4FY25E; exports through Compal have also commenced. 2) JV with Vivo requires necessary approvals, with possible closing in ~6 months; per the term sheet, ~67% of Vivo's India sales going ahead would be manufactured under this JV. 3) Commencement of display modules under JV with HKC would take place from end-Q1FY26E/early-Q2FY26E (would meaningfully contribute to revenue from FY27E); the company is also actively on the look-out for tie-ups for other components like camera modules, precision components, and battery packs. 4) Dixon is also evaluating entry into display fabs (pursuing with existing displays partner) and waiting for government guidelines under India Semiconductor Mission (ISM 2.0); feels this would help create a strong moat around the business (~12-15% of BoM cost for mobiles, notebooks); such a project would require ~USD2.7-3.0bn capex with crucial role of government capital subsidy support (up to ~70% on *pari passu* basis); the project has revenue potential of ~USD1.7-2.0bnpa, with double-digit margins, short paybacks, and attractive RoCE; would decide funding options in due course. 5) Production for HP and Asus to commence from Q1FY26E; Dixon is in the final stages of discussions with a large global ODM player for enhancing its competitive positioning; expects ~Rs25-30bn revenue in FY26E, with evolution over coming 5 years also intact. 6) Expects ~Rs30bn revenue in Telecom this year and ~2x this amount in FY26E. 7) ~Rs2bn PLI incentive pertaining to 9MFY24 has been recognized in the book (of which ~Rs1.5bn pertains to mobiles); expects mobile margins to expand by ~100-120bps over coming 2-3 years, driven by backward integration (even without PLI incentives); improvement to be visible from H2FY26E. 8) While the underlying market is still slightly subdued, there is some positivity visible vs post-festive levels. 9) Capacity in refrigerators is being expanded to 1.5mn units pa/2.2mn units pa. 10) FY25E capex spends seen at ~Rs8bn; FY26E capex seen at ~Rs6-7bn.

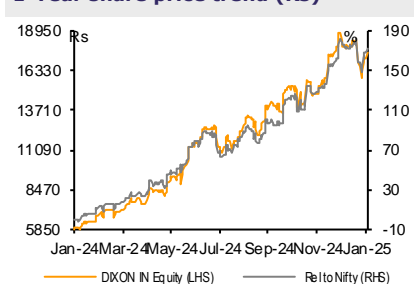
Target Price – 12M	Dec-25
Change in TP (%)	5.5
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	20.2
CMP (20-Jan-25) (Rs)	17,559.5

Stock Data	Ticker
52-week High (Rs)	19,150
52-week Low (Rs)	5,783
Shares outstanding (mn)	60.1
Market-cap (Rs bn)	1,055
Market-cap (USD mn)	12,185
Net-debt, FY25E (Rs mn)	2,085
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	9,204.5
ADTV-3M (USD mn)	106.3
Free float (%)	66.6
Nifty-50	23,345
INR/USD	86.6
Shareholding, Dec-24	
Promoters (%)	32.4
FPIs/MFs (%)	23.2/22.6

Price Performance

(%)	1M	3M	12M
Absolute	(2.1)	14.2	191.7
Rel. to Nifty	(1.1)	21.5	169.6

1-Year share price trend (Rs)



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Exhibit 1: Quarterly Performance – Consolidated revenue grew 117% YoY, with flattish margin QoQ

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Revenue	32,715	49,432	48,183	46,580	65,798	115,341	104,537	117.0	(9.4)
Expenditure	31,396	47,443	46,339	44,755	63,319	111,077	100,632	117.2	(9.4)
as % of sales	96.0	96.0	96.2	96.1	96.2	96.3	96.3		
Consumption of RM	29,558	44,691	43,918	42,223	60,169	106,605	96,801	120.4	(9.2)
as % of sales	90.3	90.4	91.1	90.6	91.4	92.4	92.6		
Employee Cost	685	953	867	822	1,201	1,483	1,558	79.6	5.1
as % of sales	2.1	1.9	1.8	1.8	1.8	1.3	1.5		
Other expenditure	1,154	1,799	1,554	1,710	1,949	2,989	2,273	46.3	(24.0)
as % of sales	3.5	3.6	3.2	3.7	3.0	2.6	2.2		
EBITDA	1,319	1,989	1,844	1,825	2,479	4,264	3,905	111.8	(8.4)
EBITDA margin (%)	4.0	4.0	3.8	3.9	3.8	3.7	3.7		
Depreciation	337	364	407	510	545	660	746	83.3	13.0
EBIT	982	1,625	1,437	1,314	1,934	3,604	3,159	119.9	(12.3)
Other Income	29	7	23	167	82	(57)	65	180.2	(213.4)
Interest	140	171	222	214	293	379	409	84.1	7.8
PBT	870	1,461	1,238	1,267	1,723	3,167	2,816	127.4	(11.1)
Total Tax	229	352	287	322	400	1,172	689	140.3	(41.2)
Adjusted PAT	642	1,109	951	945	1,323	1,995	2,127	123.5	6.6
Minority Interest	(16)	60	6	21	60	219	450		
Income from JV/Associates	30	25	19	28	74	26	36		
Adj PAT after MI	688	1,073	964	952	1,337	1,803	1,712	77.5	(5.0)
Extra ordinary items	-	-	-	-	-	2,096	-		
Reported PAT	688	1,073	964	952	1,337	3,899	1,712	77.5	(56.1)
Adjusted EPS (Rs)	11.6	18.0	16.2	16.0	22.4	30.1	28.6	76.6	-5.0

(%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (bps)	QoQ (bps)
EBITDAM	4.0	4.0	3.8	3.9	3.8	3.7	3.7	(9)	4
EBITM	3.0	3.3	3.0	2.8	2.9	3.1	3.0	4	(10)
EBTM	2.7	3.0	2.6	2.7	2.6	2.7	2.7	12	(5)
PATM	2.0	2.2	2.0	2.0	2.0	1.7	2.0	6	30
Effective Tax rate	26.3	24.1	23.2	25.4	23.2	37.0	24.5	132	(1,253)

Source: Company, Emkay Research

Exhibit 2: Segmental Performance – Mobile & EMS division led the growth; segment margins also expanded, by ~20bps QoQ

Segmental Revenue (Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Consumer Electronics, incl Refrigerators	8,820	14,400	9,290	8,970	8,550	14,130	6,330	(31.9)	(55.2)
Growth YoY (%)	-5	-4	8	-9	-3	-2	-32		
Lighting Products	2,220	1,810	1,870	1,970	2,275	2,330	2,010	7.5	(13.7)
Growth YoY (%)	-4	-38	-29	-27	2	29	7		
Home appliances	2,590	3,640	2,880	2,940	3,053	4,441	3,150	9.4	(29.1)
Growth YoY (%)	1	0	18	5	18	22	9		
Mobiles & EMS	17,950	28,190	32,140	30,910	51,920	94,440	93,050	189.5	(1.5)
Growth YoY (%)	38	77	251	119	189	235	190		
Security systems	1,140	1,400	2,000	1,790	0	0	0	(100.0)	#DIV/0!
Growth YoY (%)	-13	18	69	44	-100	-100	-100		
Total	32,720	49,440	48,180	46,580	65,798	115,341	104,540	117.0	(9.4)
Growth YoY (%)	15	28	100	52	101	133	117		

Revenue Mix (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Consumer Electronics incl. Refrigerators	27.0	29.1	19.3	19.3	13.0	12.3	6.1
Lighting Products	6.8	3.7	3.9	4.2	3.5	2.0	1.9
Home appliances	7.9	7.4	6.0	6.3	4.6	3.9	3.0
Mobiles & EMS	54.9	57.0	66.7	66.4	78.9	81.9	89.0
Security systems	3.5	2.8	4.2	3.8	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Segmental EBITDA (Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Consumer Electronics incl. Refrigerators	300	490	320	300	290	520	220	(31.3)	(57.7)
EBITDA margin (%)	3.4	3.4	3.4	3.3	3.4	3.7	3.5	3 bps	-20 bps
Lighting Products	190	130	130	142	155	171	140	7.7	(18.1)
EBITDA margin (%)	8.6	7.2	7.0	7.2	6.8	7.3	7.0	1 bps	-37 bps
Home appliances	280	420	300	301	324	490	320	6.7	(34.7)
EBITDA margin (%)	10.8	11.5	10.4	10.2	10.6	11.0	10.2	-26 bps	-87 bps
Mobiles & EMS	530	930	1,040	1,050	1,710	3,083	3,220	209.6	4.4
EBITDA margin (%)	3.0	3.3	3.2	3.4	3.3	3.3	3.5	22 bps	20 bps
Security systems	15	20	50	34	0	0	0		
EBITDA margin (%)	1.3	1.4	2.5	1.9					
Total	1,315	1,990	1,840	1,827	2,479	4,264	3,900	112.0	(8.5)
EBITDA margin (%)	4.0	4.0	3.8	3.9	3.8	3.7	3.7	-9 bps	3 bps

EBITDA Mix (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Consumer Electronics, incl Refrigerators	22.8	24.6	17.4	16.4	11.7	12.2	5.6
Lighting Products	14.4	6.5	7.1	7.8	6.3	4.0	3.6
Home appliances	21.3	21.1	16.3	16.5	13.1	11.5	8.2
Mobiles & EMS	40.3	46.7	56.5	57.5	69.0	72.3	82.6
Security systems	1.1	1.0	2.7	1.9	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Company, Emkay Research

Exhibit 3: We expect Dixon's smartphone volume to rise to ~57mn in FY27E vs ~31mn in FY25E

Dixon – Smartphones (mn units)	FY25E	FY26E	FY27E	Comment
Domestic	34.9	51.1	60.2	
Oppo	4.5	4.5	6.3	On rising wallet share (from ~25% to ~35%)
Vivo	-	5.2	10.5	Coming in for part of next year; 40% wallet share by FY27E
One Plus	-	-	-	Not yet a client
Realme	5.2	5.3	5.4	~30% wallet share
Iqoo	-	-	-	Not yet a client
Nokia	0.6	0.6	0.6	Sole supplier
Transsion (Itel, Tecno, Infinix)	5.6	11.5	11.7	0.8-1mn units a month
Motorola	8.0	8.2	8.5	Sole supplier
Xiaomi	4.7	9.5	10.8	Large orderbook, wallet share going from ~25% to ~45%
Compal/Google	0.0	0.1	0.1	New client
Samsung	6.2	6.2	6.2	~35% wallet share
Exports	2.5	2.5	2.9	On strong growth plans of Motorola, exports for Transsion and Nokia
Total domestic incl. Samsung	34.9	51.1	60.2	
Total domestic excl. Samsung	28.7	44.9	54.1	
Exports	2.5	2.5	2.9	
Grand total incl. Samsung	37.4	53.6	63.1	
Grand total excl. Samsung	31.2	47.4	56.9	
ASPs (Rs/unit)	8,034	8,677	9,197	Rising on 4G to 5G migration, better mix
Smartphone revenues incl. exports (Rs mn)	258,898	395,785	510,060	
Feature phone revenues (Rs mn)	39,780	40,981	42,219	
Total mobile revenues (Rs mn)	298,678	436,767	552,279	

Source: Emkay Research

Exhibit 4: Revenue Model – We build in FY25E-27E revenue/adjusted EPS CAGR of 36%/60%

Particulars (Rs mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Consolidated Revenues	29,845	44,001	64,482	106,971	121,920	176,909	394,830	574,488	731,741
Growth (%)	5	47	47	66	14	45	123	46	27
EBITDA	1,349	2,231	2,866	3,791	5,128	6,976	15,024	23,041	33,540
EBITDA margin (%)	4.5	5.1	4.4	3.5	4.2	3.9	3.8	4.0	4.6
EBITDA growth (%)	20	65	28	32	35	36	115	53	46
Depreciation	217	365	437	840	1,146	1,619	2,700	3,200	4,400
EBIT	1,132	1,865	2,429	2,952	3,981	5,357	12,324	19,842	29,141
EBIT margin (%)	3.8	4.2	3.8	2.8	3.3	3.0	3.1	3.5	4.0
PBT	938	1,568	2,170	2,548	3,432	4,836	10,979	18,327	27,505
Tax	305	363	572	644	897	1,189	2,635	4,399	6,601
Tax Rate(%)	32	23	26	25	26	25	24	24	24
PAT	634	1,205	1,598	1,902	2,555	3,677	7,356	12,304	18,908
PAT margin (%)	2.1	2.7	2.5	1.8	2.1	2.1	1.9	2.1	2.6
EPS (Rs)	11.2	20.8	27.3	32.0	42.9	61.5	123.0	205.7	316.2
Capex	(790)	(1,081)	(1,680)	(4,174)	(4,502)	(5,686)	(7,950)	(15,554)	(15,000)
FCF	(820)	1,293	22	(1,446)	2,755	157	3,893	2,432	9,635
ROE (%)	18.3	26.2	25.0	21.9	22.4	24.7	34.2	38.6	40.5
ROCE - Pre tax (%)	25.2	31.7	28.7	21.6	23.1	26.8	44.2	48.9	50.0

Source: Company, Emkay Research

Exhibit 5: We raise FY26E/27E EPS by ~4.5%/6.5% on higher growth visibility; FY25E EPS trimmed by ~1% due to higher minority interest

(Rs mn)	FY25E				FY26E				FY27E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Revenues	380,050	394,830	3.9	123.2	564,668	574,488	1.7	45.5	706,728	731,741	3.5	27.4
EBITDA	14,220	15,024	5.7	115.4	22,333	23,041	3.2	53.4	32,068	33,540	4.6	45.6
EBITDAM (%)	3.7	3.8	2 bps	(4) bps	4.0	4.0	1 bps	5 bps	4.5	4.6	1 bps	14 bps
Adj PAT	7,463	7,356	(1.4)	100 bps	11,768	12,304	4.5	67 bps	17,762	18,908	6.5	54 bps
Adj EPS (Rs)	124.8	123.0	(1.4)	100.0	196.8	205.7	4.5	67.3	297.0	316.2	6.5	53.7

Source: Emkay Research

Exhibit 6: Emkay vs Consensus

Dixon (Rs mn)	Emkay Estimates			Consensus Estimates			Difference (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net revenue	394,830	574,488	731,741	379,943	522,007	644,498	3.9	10.1	13.5
EBITDA	15,024	23,041	33,540	14,166	19,838	24,842	6.1	16.1	35.0
EBITDA margin (%)	3.8	4.0	4.6	3.7	3.8	3.9	8 bps	21 bps	73 bps
EPS (Rs)	123	206	316	136	194	255	-9.5	6.3	24.1

Source: Bloomberg, Emkay Research

Dixon Technologies: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	121,920	176,909	394,830	574,488	731,741
Revenue growth (%)	14.0	45.1	123.2	45.5	27.4
EBITDA	5,128	6,976	15,024	23,041	33,540
EBITDA growth (%)	35.3	36.1	115.4	53.4	45.6
Depreciation & Amortization	1,146	1,619	2,700	3,200	4,400
EBIT	3,981	5,357	12,324	19,842	29,141
EBIT growth (%)	34.9	34.6	130.0	61.0	46.9
Other operating income	0	0	0	0	0
Other income	56	226	135	108	87
Financial expense	606	747	1,480	1,623	1,722
PBT	3,432	4,836	10,979	18,327	27,505
Extraordinary items	0	0	2,096	0	0
Taxes	897	1,189	2,635	4,399	6,601
Minority interest	4	(72)	(1,172)	(2,000)	(2,600)
Income from JV/Associates	16	102	184	375	604
Reported PAT	2,555	3,677	9,452	12,304	18,908
PAT growth (%)	34.3	43.9	157.0	30.2	53.7
Adjusted PAT	2,555	3,677	7,356	12,304	18,908
Diluted EPS (Rs)	42.9	61.5	123.0	205.7	316.2
Diluted EPS growth (%)	34.0	43.2	157.0	30.2	53.7
DPS (Rs)	2.0	3.0	6.2	10.3	15.8
Dividend payout (%)	4.6	4.9	3.9	5.0	5.0
EBITDA margin (%)	4.2	3.9	3.8	4.0	4.6
EBIT margin (%)	3.3	3.0	3.1	3.5	4.0
Effective tax rate (%)	26.1	24.6	24.0	24.0	24.0
NOPLAT (pre-IndAS)	2,941	4,040	9,366	15,080	22,147
Shares outstanding (mn)	59.5	59.8	59.8	59.8	59.8

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	3,432	4,836	10,979	18,327	27,505
Others (non-cash items)	0	0	0	0	0
Taxes paid	(820)	(1,218)	(2,635)	(4,399)	(6,601)
Change in NWC	2,046	1,336	(4,106)	(2,087)	(3,831)
Operating cash flow	7,258	5,843	11,843	17,986	24,635
Capital expenditure	(4,523)	(8,631)	(7,950)	(15,554)	(15,000)
Acquisition of business	1,268	(59)	0	0	0
Interest & dividend income	13	11	135	108	87
Investing cash flow	(3,556)	(5,309)	(7,815)	(15,446)	(14,913)
Equity raised/(repaid)	336	469	0	0	0
Debt raised/(repaid)	(3,082)	(496)	793	654	572
Payment of lease liabilities	(306)	(428)	0	0	0
Interest paid	(432)	(494)	(1,480)	(1,623)	(1,722)
Dividend paid (incl tax)	(119)	(179)	(368)	(615)	(945)
Others	0	0	0	0	0
Financing cash flow	(3,296)	(700)	(1,055)	(1,584)	(2,095)
Net chg in Cash	406	(166)	2,973	956	7,627
OCF	7,258	5,843	11,843	17,986	24,635
Adj. OCF (w/o NWC chg.)	5,211	4,507	15,949	20,073	28,466
FCFF	2,735	(2,788)	3,893	2,432	9,635
FCFE	2,142	(3,524)	2,548	917	8,000
OCF/EBITDA (%)	141.5	83.8	78.8	78.1	73.4
FCFE/PAT (%)	83.8	(95.8)	27.0	7.5	42.3
FCFF/NOPLAT (%)	93.0	(69.0)	41.6	16.1	43.5

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	119	120	120	120	120
Reserves & Surplus	12,730	16,829	25,914	37,602	55,565
Net worth	12,849	16,949	26,033	37,722	55,684
Minority interests	(3)	276	1,448	3,448	6,048
Deferred tax liability (net)	224	259	259	259	259
Total debt	4,692	5,545	7,145	8,464	9,618
Total liabilities & equity	17,762	23,028	34,885	49,893	71,610
Net tangible fixed assets	9,425	16,368	21,668	33,468	44,069
Net intangible assets	224	307	307	307	307
Net ROU assets	2,484	2,985	2,985	2,985	2,985
Capital WIP	1,197	683	633	1,188	1,188
Goodwill	303	303	303	303	303
Investments [JV/Associates]	142	200	200	200	200
Cash & equivalents	2,592	2,087	5,060	6,016	13,643
Current assets (ex-cash)	30,428	46,982	108,641	158,075	203,350
Current Liab. & Prov.	29,032	46,886	104,912	152,650	194,434
NWC (ex-cash)	1,395	96	3,729	5,426	8,916
Total assets	17,762	23,028	34,885	49,893	71,610
Net debt	2,100	3,458	2,085	2,448	(4,024)
Capital employed	17,762	23,028	34,885	49,893	71,610
Invested capital	15,473	20,666	28,377	40,429	51,919
BVPS (Rs)	215.9	283.4	435.3	630.8	931.2
Net Debt/Equity (x)	0.2	0.2	0.1	0.1	(0.1)
Net Debt/EBITDA (x)	0.4	0.5	0.1	0.1	(0.1)
Interest coverage (x)	0.2	0.1	0.1	0.1	0.1
RoCE (%)	23.1	26.8	44.2	48.9	50.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	408.9	285.5	142.7	85.3	55.5
P/CE(x)	282.3	198.3	104.4	67.7	45.1
P/B (x)	81.3	62.0	40.3	27.8	18.9
EV/Sales (x)	8.6	6.0	2.7	1.8	1.4
EV/EBITDA (x)	204.2	151.0	70.0	45.7	31.2
EV/EBIT(x)	263.0	196.6	85.4	53.0	35.9
EV/IC (x)	67.7	51.0	37.1	26.0	20.1
FCFF yield (%)	0.3	(0.3)	0.4	0.2	0.9
FCFE yield (%)	0.2	(0.3)	0.2	0.1	0.8
Dividend yield (%)	0.0	0.0	0.0	0.1	0.1
DuPont-RoE split					
Net profit margin (%)	2.1	2.1	1.9	2.1	2.6
Total asset turnover (x)	7.0	8.7	13.6	13.6	12.0
Assets/Equity (x)	1.5	1.4	1.3	1.3	1.3
RoE (%)	22.4	24.7	34.2	38.6	40.5
DuPont-RoIC					
NOPLAT margin (%)	2.4	2.3	2.4	2.6	3.0
IC turnover (x)	7.9	8.6	13.9	14.2	14.1
RoIC (%)	26.0	29.6	50.3	57.7	63.1
Operating metrics					
Core NWC days	4.2	0.2	3.4	3.4	4.4
Total NWC days	4.2	0.2	3.4	3.4	4.4
Fixed asset turnover	8.8	8.8	13.8	14.3	13.3
Opex-to-revenue (%)	5.4	5.4	5.5	5.4	5.0

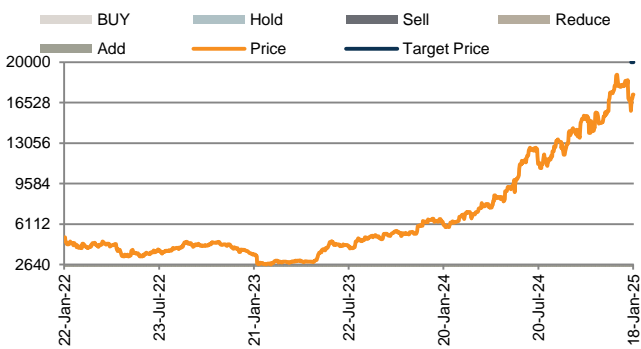
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
14-Jan-25	16,275	20,000	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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REDUCE	5% upside to 15% downside
SELL	<15% downside

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