# BUY Escorts

## Guides for market share gains in FY26

**Auto & Auto Ancillaries** ▸ Result Update ▸ **February 11, 2025**

**TARGET PRICE (Rs): 4,000**

**Escorts (EKL) logged a strong Q3 with 8.5% growth in revenue from continued operations and 110bps QoQ EBITDA margin expansion to 11.4%. EKL has guided to robust domestic tractor industry outlook for 4Q (~15% YoY growth). This, coupled with management guidance on corrective actions for channel inventory/dealer receivables being largely over, with several new product initiatives (Pro Maxx Series tractors under the *FarmTrac* brand) and scale-up in the captive financing arm, would drive market-share improvement in FY26 (particularly from H2). Additionally, component exports to Kubota as part of the parent's global sourcing diversification (scale-up in FY26E; Kubota's annual global sourcing is ~USD10-12bn) would act as a long-term catalyst for the stock as well, apart from optionality around domestic tractor industry market share gains. FY25E/26E EPS is largely unchanged. We maintain BUY on the stock with unchanged TP of Rs4,000, at 30x Dec-26E PER.**

**Escorts: Financial Snapshot (Standalone)**

| Y/E Mar (Rs mn) | FY23 | FY24 | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|
| Revenue | 83,450 | 106,811 | 110,703 | 129,387 | 163,155 |
| EBITDA | 7,804 | 13,203 | 12,786 | 15,591 | 20,476 |
| Adj. PAT | 7,041 | 10,816 | 11,762 | 13,511 | 17,600 |
| Adj. EPS (Rs) | 53.4 | 96.7 | 103.9 | 119.4 | 155.5 |
| EBITDA margin (%) | 9.4 | 12.4 | 11.6 | 12.1 | 12.6 |
| EBITDA growth (%) | (21.6) | 69.2 | (3.2) | 21.9 | 31.3 |
| Adj. EPS growth (%) | (20.7) | 110.1 | 7.5 | 14.9 | 30.3 |
| RoE (%) | 8.6 | 12.1 | 11.7 | 12.0 | 14.1 |
| RoIC (%) | 19.2 | 25.9 | 22.2 | 24.5 | 30.3 |
| P/E (x) | 61.9 | 34.2 | 31.8 | 27.7 | 21.2 |
| EV/EBITDA (x) | 52.9 | 25.8 | 26.5 | 21.1 | 15.8 |
| P/B (x) | 5.2 | 3.9 | 3.5 | 3.2 | 2.9 |
| FCFF yield (%) | (0.6) | 0.4 | 0.5 | 2.4 | 1.2 |

*Source: Company, Emkay Research*

### Healthy operational performance business on restated basis

Standalone revenue from continued operations was up 9.5% YoY at Rs29.4bn, with EBITDA at Rs3.4bn (up 3.5% YoY).EBITDA margin was up by 114bps QoQ to 11.4% on lower staff costs and other expenses, despite gross margin contraction. Agri segment revenue was up 46% YoY at Rs24.2bn, with realization up 2% QoQ and segment margin up by 130bps QoQ/down by 340bps YoY to 10.4%. Construction equipment (CE) revenue grew 13% YoY to Rs5.2bn with volume up 2% YoY. EBIT margin was up by 170bps QoQ/270bps YoY to 11%. Overall, adjusted PAT from continuing operations (excluding RED division) grew 7.7% YoY to Rs2.9bn.

### Earnings Call KTAs

1) The management has guided to a robust growth of 14-15% in Q4FY25 and 6-7% for FY25 for the domestic tractor industry, with similar momentum anticipated in Q1FY26, driven by a sharp upturn in the domestic industry since Sep-24. 2) EKL has been addressing the white spaces in its product portfolio during Q3FY25 (has launched the Prod Maxx series tractors in the 37-47hp range under the *Farmtrac* brand in western markets and in other markets where EKL did not have presence earlier) to strengthen and expand its geographical presence beyond its strong markets, and expects improvement in overall domestic market share (vs 11.8% currently) including in the southern regions in the next couple of quarters. 3) Dealer inventory rationalization is now largely behind after calibrated reduction to ~4 weeks (vs 5-6 weeks earlier) during Q3FY25, for aiding dealer profitability. 4) Kubota's exports to Europe have commenced, and EKL expects a high double-digit growth (20-25%) in these export volumes, given the demand improvement in Kubota's global markets. 5) The captive financing arm is currently in the pilot phase (undergoing trials), and is expected to commence operations from H2FY26. 6) With the CE industry transitioning to BS-5 emission norms from Jan-25, EKL has launched BS-5 compliant products during the quarter (has also showcased an entry level hydra crane and new backhoe loader product), and expects relatively flattish segmental revenue with flat-to-positive segmental profitability in FY25. 7) Although EKL foresees some negative volume impact in the near term for the CE segment (owing to the 5-10% compliance related price escalation), it remains optimistic about the mid-to-long term aspects of the industry, driven by several government initiatives, and public and private capex activities. EKL aims to pass on the price increase to customers in a calibrated manner over the next 3-4 months. 8) The implements business is on traded basis now and so remains margin dilutive for the agri machinery segment; EKL expects segmental margins to be aided by localization of these products vs imports now. 9) EKL remains hopeful of acquiring land for a greenfield expansion in UP.

| | |
|---|---|
| Target Price – 12M | Dec-25 |
| **Change in TP (%)** | **-** |
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Upside/(Downside) (%) | 21.1 |
| CMP (10-Feb-25) (Rs) | 3,303.1 |

| Stock Data | Ticker |
|---|---|
| 52-week High (Rs) | 4,422 |
| 52-week Low (Rs) | 2,671 |
| Shares outstanding (mn) | 111.9 |
| Market-cap (Rs bn) | 370 |
| Market-cap (USD mn) | 4 |
| Net-debt, FY25E (Rs mn) | -35,298 |
| ADTV-3M (mn shares) | - |
| ADTV-3M (Rs mn) | 703.3 |
| ADTV-3M (USD mn) | 8.0 |
| Free float (%) | 32.0 |
| Nifty-50 | 23,382 |
| INR/USD | 87.5 |
| **Shareholding, Dec-24** | |
| Promoters (%) | 68.0 |
| FPIs/MFs (%) | 5.9/10.2 |

**Price Performance**

| (%) | 1M | 3M | 12M |
|---|---|---|---|
| Absolute | (3.0) | (9.1) | 17.7 |
| Rel. to Nifty | (2.8) | (6.2) | 9.6 |

**1-Year share price trend (Rs)**

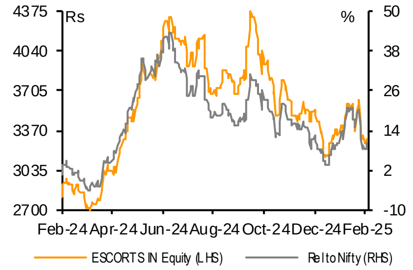



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**Exhibit 1: Quarterly results – Standalone revenues from continued operations were up 8.5% YoY at Rs29.4bn; EBITDA margin was up by ~110bps QoQ to 11.4%**

| (Rs mn) | Q3FY24 | Q2FY25 | Q3FY25 | YoY (bps) | QoQ (bps) |
|---|---|---|---|---|---|
| **Revenue** | **27,064** | **22,649** | **29,354** | **8.5** | **29.6** |
| Expenditure | 23,826 | 20,321 | 26,001 | 9.1 | 28.0 |
| as % of sales | 88.0 | 89.7 | 88.6 | | |
| Consumption of RM | 19,617 | 15,766 | 21,444 | 9.3 | 36.0 |
| as % of sales | 72.5 | 69.6 | 73.1 | | |
| Employee Cost | 1,742 | 1,861 | 1,983 | 13.8 | 6.5 |
| as % of sales | 6.4 | 8.2 | 6.8 | | |
| Other expenditure | 2,467 | 2,694 | 2,575 | 4.4 | (4.4) |
| as % of sales | 9.1 | 11.9 | 8.8 | | |
| EBITDA | 3,238 | 2,328 | 3,353 | 3.5 | 44.0 |
| **EBITDA margin (%)** | **12.0** | **10.3** | **11.4** | | |
| Depreciation | 565 | 610 | 612 | 8.4 | 0.5 |
| EBIT | 2,673 | 1,718 | 2,741 | 2.5 | 59.5 |
| Other Income | 1,004 | 1,152 | 1,092 | 8.8 | (5.2) |
| Interest | 104 | 92 | 31 | (70.6) | (66.8) |
| PBT | 3,573 | 2,779 | 3,802 | 6.4 | 36.8 |
| Total Tax | 876 | (248) | 897 | 2.5 | (461.6) |
| Adjusted PAT | 2,698 | 3,027 | 2,905 | 7.7 | (4.0) |
| **Adjusted EPS (Rs)** | **23.8** | **27.1** | **26.0** | **8.9** | **(4.0)** |
| Profit/(Loss) from Discontinued operations | 281 | 240 | 327 | | |
| Extra ordinary items Loss/(Gain) | 0 | 0 | 0 | | |
| Reported PAT | 2,979 | 3,267 | 3,232 | 8.5 | (1.1) |

| (%) | Q3FY24 | Q2FY25 | Q3FY25 | YoY (bps) | QoQ (bps) |
|---|---|---|---|---|---|
| EBITDAM | 12.0 | 10.3 | 11.4 | (54) | 114 |
| EBITM | 9.9 | 7.6 | 9.3 | (54) | 175 |
| EBTM | 13.2 | 12.3 | 13.0 | (25) | 68 |
| PATM | 10.0 | 13.4 | 9.9 | (7) | (347) |
| Effective Tax rate | 24.5 | (8.9) | 23.6 | (90) | 3,253 |

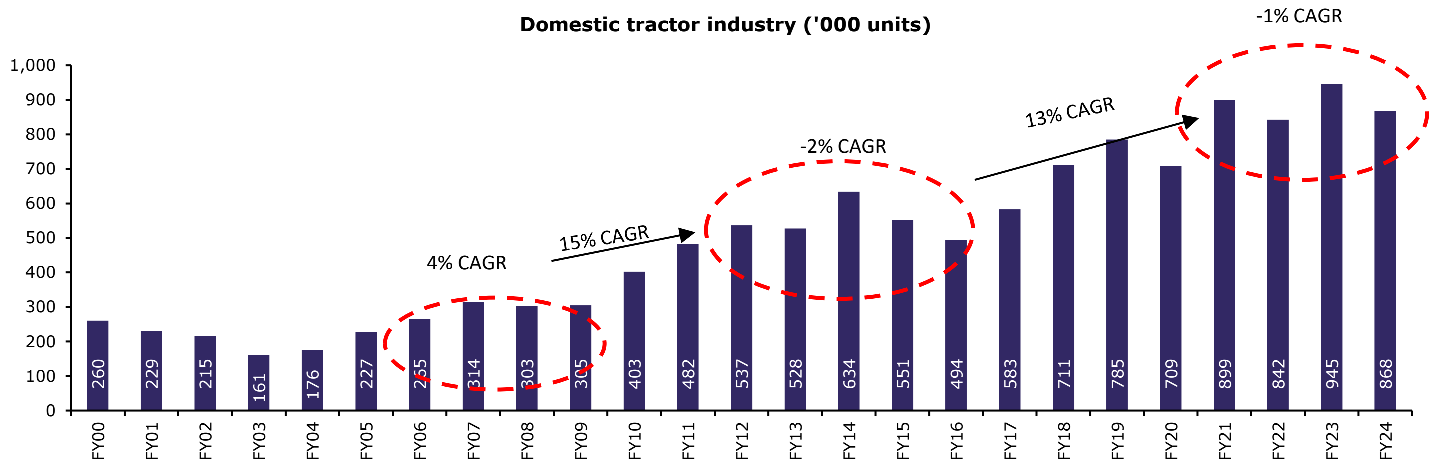
*Source: Company, Emkay Research*

**Exhibit 2: Margins expanded sequentially across both the business segments in Q3FY25**

| Segment EBIT (Rs mn) | Q3FY24 | Q2FY25 | Q3FY25 |
|---|---|---|---|
| Agri Machinery Products (EBIT) | 2,295.8 | 1,723.2 | 2,523.7 |
| **Agri Machinery Products (EBITM)** | **13.8** | **9.1** | **10.4** |
| Agri Machinery Products (EBIT Contribution) | 75.2 | 71.9 | 71.5 |
| Construction Equipment (EBIT) | 379.8 | 352.0 | 565.7 |
| **Construction Equipment (EBITM)** | **8.3** | **9.3** | **11.0** |
| Construction Equipment (EBIT Contribution) | 12.4 | 14.7 | 16.0 |

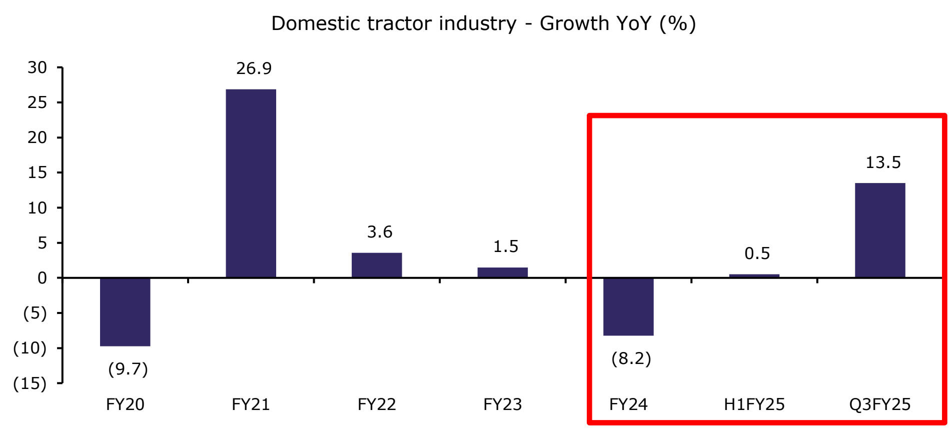
*Source: Company, Emkay Research*

**Exhibit 3: Domestic tractor industry volumes**




*Source: Industry, Emkay Research*

**Exhibit 4: Domestic tractor industry volumes have shown a healthy traction in Q3FY25**




*Source: Tractor Manufacturers Association, Emkay Research*

**Exhibit 5: Revenue model – We build in 21%/22% revenue/EPS CAGR, respectively, over FY25E-27E**

| Revenue Model (Rs mn) | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|---|
| Tractor volumes (no of units) | 94,228 | 103,290 | 114,396 | 113,523 | 132,415 | 156,966 |
| Growth (%) | (11.7) | 9.6 | 10.8 | (0.8) | 16.6 | 18.5 |
| Construction Equipment volumes (no of units) | 4,117 | 4,620 | 6,964 | 6,645 | 7,433 | 8,177 |
| YoY (%) | 5.2 | 12.2 | 50.7 | (4.6) | 11.9 | 10.0 |
| Tractor capacity (no of units) | 120,000 | 120,000 | 120,000 | 170,000 | 170,000 | 170,000 |
| Tractor capacity utilization (%) | 78.5 | 86.1 | 95.3 | 66.8 | 77.9 | 92.3 |
| **Segmental revenues** | | | | | | |
| Tractors | 56,293 | 63,161 | 61,101 | 83,399 | 104,446 | 133,551 |
| Growth (%) | (0.7) | 12.2 | (3.3) | 36.5 | 25.2 | 27.9 |
| Escorts | 56,293 | 63,161 | 61,101 | 56,935 | 73,316 | 96,932 |
| Kubota JVs | | 29,415 | 28,276 | 26,464 | 31,130 | 36,619 |
| Railway revenues | 6,362 | 8,419 | 9,504 | 9,029 | - | - |
| Growth (%) | 32.8 | 32.3 | 12.9 | (5.0) | (100.0) | #DIV/0! |
| Construction equipment | 9,868 | 11,790 | 17,097 | 18,276 | 20,941 | 23,604 |
| Growth (%) | 27.1 | 19.5 | 45.0 | 6.9 | 14.6 | 12.7 |
| Escorts | 9,868 | 11,790 | 17,097 | 17,126 | 19,756 | 22,384 |
| Kubota JVs | | 886 | 1,085 | 1,150 | 1,185 | 1,220 |
| Component exports from Escorts | | | | - | 4,000 | 6,000 |
| Growth (%) | | | | | | 50.0 |
| **Segmental EBIT margins (%)** | | | | | | |
| Tractors | 15.3 | 9.3 | 12.7 | 10.2 | 12.3 | 12.8 |
| Escorts | 15.3 | 9.3 | 12.7 | 13.6 | 15.0 | 15.0 |
| Kubota JVs | | | | 3.0 | 6.0 | 7.0 |
| Railways | 14.8 | 13.8 | 18.9 | 18.0 | - | - |
| Construction equipment | 2.4 | 2.9 | 9.3 | 10.0 | 10.7 | 11.3 |
| Escorts | 2.4 | 2.9 | 9.3 | 10.5 | 11.0 | 11.5 |
| Kubota JVs | | | | 3.0 | 6.0 | 7.0 |
| Component exports from Escorts | | | | - | 3.0 | 5.0 |
| **Total revenues** | **71,969** | **83,450** | **106,811** | **110,703** | **129,387** | **163,155** |
| Growth (%) | 3.9 | 16.0 | 28.0 | 3.6 | 16.9 | 26.1 |
| EBITDA | 9,955 | 7,804 | 13,203 | 12,786 | 15,591 | 20,476 |
| **EBITDA margin (%)** | **13.8** | **9.4** | **12.4** | **11.6** | **12.1** | **12.6** |
| EBITDA growth (%) | (11.8) | (21.6) | 69.2 | (3.2) | 21.9 | 31.3 |
| EBITDA/unit (Rs) | 105,651 | 75,556 | 115,417 | 112,632 | 117,745 | 130,448 |
| EBIT | 8,658 | 6,320 | 10,876 | 10,343 | 13,370 | 18,052 |
| Weighted segmental EBIT margin (%) | 13.5 | 8.8 | 12.7 | 10.8 | 11.8 | 12.3 |
| PBT | 10,219 | 9,023 | 14,409 | 14,257 | 17,546 | 22,858 |
| PAT | 7,656 | 7,041 | 10,816 | 11,762 | 13,511 | 17,600 |
| Growth (%) | (12.4) | (8.0) | 53.6 | 8.7 | 14.9 | 30.3 |
| **EPS (Rs)** | **58.0** | **53.4** | **96.7** | **103.9** | **119.4** | **155.5** |

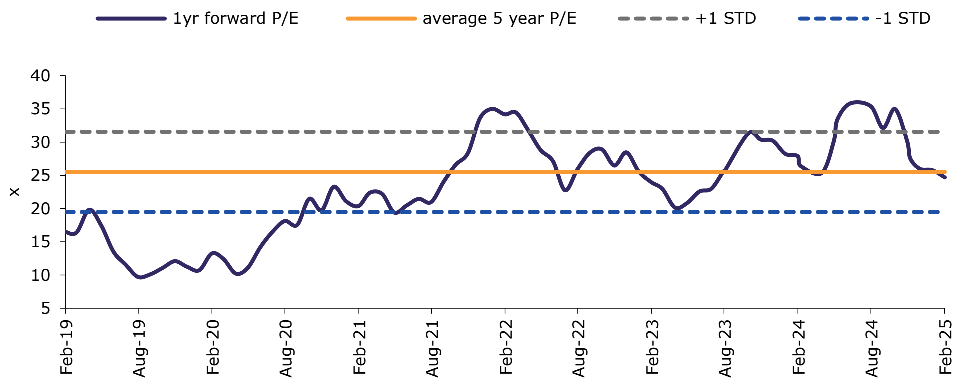
*Source: Emkay Research*

**Exhibit 6: Our estimates are largely unchanged**

| Particulars (Rs mn) | FY25E | | | | FY26E | | | | FY27E | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Earlier | Revised | % Change | % YoY | Earlier | Revised | % Change | % YoY | Earlier | Revised | %Change | %YoY |
| Tractor Volumes (incl Kubota) | 114,425 | 113,523 | (0.8) | 18.4 | 129,564 | 132,415 | 2.2 | 16.6 | 149,124 | 156,966 | 5.3 | 18.5 |
| Net Sales | 113,699 | 110,703 | (2.6) | 3.6 | 127,061 | 129,387 | 1.8 | 16.9 | 156,752 | 163,155 | 4.1 | 26.1 |
| EBITDA | 13,075 | 12,786 | (2.2) | (3.2) | 15,501 | 15,591 | 0.6 | 21.9 | 20,064 | 20,476 | 2.1 | 31.3 |
| Margin (%) | 11.5 | 11.6 | 5bps | (81)bps | 12.2 | 12.1 | (15)bps | 50bps | 12.8 | 12.6 | (25)bps | 50bps |
| APAT | 11,805 | 11,762 | (0.4) | 8.7 | 13,413 | 13,511 | 0.7 | 14.9 | 17,290 | 17,600 | 1.8 | 30.3 |
| Adj EPS (Rs) | 104.3 | 103.9 | (0.4) | 7.5 | 118.5 | 119.4 | 0.7 | 14.9 | 152.8 | 155.5 | 1.8 | 30.3 |

*Source: Company, Emkay Research*

**Exhibit 7: Escorts currently trades slightly below its LTA, based on 1-year fwd PER**




*Source: Company, Emkay Research*

# Escorts: Standalone Financials and Valuations

## Profit & Loss

| Y/E Mar (Rs mn) | FY23 | FY24 | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|
| **Revenue** | **83,450** | **106,811** | **110,703** | **129,387** | **163,155** |
| Revenue growth (%) | 16.0 | 28.0 | 3.6 | 16.9 | 26.1 |
| **EBITDA** | **7,804** | **13,203** | **12,786** | **15,591** | **20,476** |
| EBITDA growth (%) | (21.6) | 69.2 | (3.2) | 21.9 | 31.3 |
| Depreciation & Amortization | 1,484 | 2,328 | 2,444 | 2,221 | 2,424 |
| **EBIT** | **6,320** | **10,876** | **10,343** | **13,370** | **18,052** |
| EBIT growth (%) | (27.0) | 72.1 | (4.9) | 29.3 | 35.0 |
| Other operating income | 0 | 0 | 0 | 0 | 0 |
| Other income | 2,806 | 3,926 | 4,248 | 4,494 | 5,113 |
| Financial expense | 103 | 393 | 334 | 317 | 308 |
| **PBT** | **9,023** | **14,409** | **14,257** | **17,546** | **22,858** |
| Extraordinary items | (972) | 0 | 0 | 0 | 0 |
| Taxes | 1,982 | 3,592 | 2,495 | 4,036 | 5,257 |
| Minority interest | 0 | 0 | 0 | 0 | 0 |
| Income from JV/Associates | 0 | 0 | 0 | 0 | 0 |
| **Reported PAT** | **6,070** | **10,816** | **11,762** | **13,511** | **17,600** |
| PAT growth (%) | (20.7) | 78.2 | 8.7 | 14.9 | 30.3 |
| **Adjusted PAT** | **7,041** | **10,816** | **11,762** | **13,511** | **17,600** |
| **Diluted EPS (Rs)** | **53.4** | **96.7** | **103.9** | **119.4** | **155.5** |
| Diluted EPS growth (%) | (20.7) | 110.1 | 7.5 | 14.9 | 30.3 |
| **DPS (Rs)** | **7.0** | **18.0** | **20.8** | **23.9** | **38.9** |
| **Dividend payout (%)** | **15.2** | **18.6** | **20.0** | **20.0** | **25.0** |
| EBITDA margin (%) | 9.4 | 12.4 | 11.6 | 12.1 | 12.6 |
| EBIT margin (%) | 7.6 | 10.2 | 9.3 | 10.3 | 11.1 |
| Effective tax rate (%) | 22.0 | 24.9 | 17.5 | 23.0 | 23.0 |
| **NOPLAT (pre-IndAS)** | **4,932** | **8,164** | **8,533** | **10,295** | **13,900** |
| Shares outstanding (mn) | 131.9 | 111.9 | 113.2 | 113.2 | 113.2 |

*Source: Company, Emkay Research*

## Balance Sheet

| Y/E Mar (Rs mn) | FY23 | FY24 | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|
| Share capital | 1,319 | 1,119 | 1,132 | 1,132 | 1,132 |
| Reserves & Surplus | 83,029 | 93,046 | 106,056 | 116,865 | 130,065 |
| **Net worth** | **84,348** | **94,165** | **107,188** | **117,997** | **131,197** |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Deferred tax liability (net) | 651 | 987 | 973 | 955 | 932 |
| **Total debt** | **0** | **4,443** | **3,941** | **2,941** | **1,941** |
| **Total liabilities & equity** | **84,999** | **99,594** | **112,102** | **121,893** | **134,071** |
| Net tangible fixed assets | 17,299 | 20,850 | 27,223 | 25,227 | 29,553 |
| Net intangible assets | 284 | 284 | 284 | 284 | 284 |
| Net ROU assets | 502 | 502 | 502 | 502 | 502 |
| Capital WIP | 1,137 | 1,602 | 600 | 1,200 | 700 |
| Goodwill | 0 | 0 | 0 | 0 | 0 |
| Investments [JV/Associates] | 33,154 | 29,824 | 30,324 | 30,824 | 31,324 |
| **Cash & equivalents** | **22,634** | **32,817** | **39,239** | **47,549** | **52,177** |
| Current assets (ex-cash) | 27,896 | 38,047 | 39,434 | 46,089 | 58,117 |
| Current Liab. & Prov. | 18,082 | 24,507 | 25,679 | 29,957 | 38,763 |
| **NWC (ex-cash)** | **9,814** | **13,540** | **13,754** | **16,131** | **19,355** |
| **Total assets** | **84,999** | **99,594** | **112,102** | **121,893** | **134,071** |
| Net debt | (22,634) | (28,374) | (35,298) | (44,608) | (50,236) |
| Capital employed | 84,824 | 99,419 | 111,927 | 121,718 | 133,895 |
| **Invested capital** | **27,899** | **35,177** | **41,764** | **42,145** | **49,694** |
| BVPS (Rs) | 638.0 | 840.1 | 945.5 | 1,041.0 | 1,157.6 |
| Net Debt/Equity (x) | (0.3) | (0.3) | (0.3) | (0.4) | (0.4) |
| Net Debt/EBITDA (x) | (2.9) | (2.1) | (2.8) | (2.9) | (2.5) |
| Interest coverage (x) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **RoCE (%)** | **8.3** | **12.0** | **10.3** | **11.5** | **13.6** |

*Source: Company, Emkay Research*

## Cash flows

| Y/E Mar (Rs mn) | FY23 | FY24 | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|
| PBT | 9,023 | 14,409 | 14,257 | 17,546 | 22,858 |
| Others (non-cash items) | 0 | 0 | 0 | 0 | 0 |
| Taxes paid | (1,864) | (2,340) | (2,509) | (4,053) | (5,280) |
| Change in NWC | (3,447) | (4,609) | (606) | (2,857) | (5,155) |
| **Operating cash flow** | **(442)** | **7,630** | **9,724** | **8,811** | **10,275** |
| Capital expenditure | (2,110) | (6,344) | (7,815) | (825) | (6,250) |
| Acquisition of business | (26,840) | 3,331 | (500) | (500) | (500) |
| Interest & dividend income | 114 | 0 | 0 | 0 | 0 |
| **Investing cash flow** | **2,130** | **(5,406)** | **(5,067)** | **(16,831)** | **(8,637)** |
| Equity raised/(repaid) | 0 | (201) | 13 | 0 | 0 |
| Debt raised/(repaid) | 0 | 4,443 | (501) | (1,000) | (1,000) |
| Payment of lease liabilities | (70) | 0 | 0 | 0 | 0 |
| Interest paid | (103) | (393) | (334) | (317) | (308) |
| Dividend paid (incl tax) | (924) | (2,014) | (2,352) | (2,702) | (4,400) |
| Others | 326 | (3,542) | 3,940 | 350 | 1,698 |
| **Financing cash flow** | **(700)** | **(1,707)** | **765** | **(3,670)** | **(4,010)** |
| Net chg in Cash | 988 | 518 | 5,422 | (11,690) | (2,372) |
| OCF | (442) | 7,630 | 9,724 | 8,811 | 10,275 |
| Adj. OCF (w/o NWC chg.) | 3,005 | 12,239 | 10,330 | 11,668 | 15,430 |
| FCFF | (2,552) | 1,286 | 1,909 | 7,986 | 4,025 |
| FCFE | (2,541) | 893 | 1,575 | 7,669 | 3,717 |
| OCF/EBITDA (%) | (5.7) | 57.8 | 76.1 | 56.5 | 50.2 |
| FCFE/PAT (%) | (41.9) | 8.3 | 13.4 | 56.8 | 21.1 |
| **FCFF/NOPLAT (%)** | **(51.7)** | **15.8** | **22.4** | **77.6** | **29.0** |

*Source: Company, Emkay Research*

## Valuations and key Ratios

| Y/E Mar | FY23 | FY24 | FY25E | FY26E | FY27E |
|---|---|---|---|---|---|
| P/E (x) | 61.9 | 34.2 | 31.8 | 27.7 | 21.2 |
| P/CE(x) | 52.5 | 28.9 | 27.0 | 24.4 | 19.2 |
| P/B (x) | 5.2 | 3.9 | 3.5 | 3.2 | 2.9 |
| EV/Sales (x) | 5.0 | 3.2 | 3.1 | 2.5 | 2.0 |
| EV/EBITDA (x) | 52.9 | 25.8 | 26.5 | 21.1 | 15.8 |
| EV/EBIT(x) | 67.2 | 32.3 | 33.7 | 25.4 | 18.5 |
| EV/IC (x) | 15.2 | 10.0 | 8.3 | 8.0 | 6.7 |
| FCFF yield (%) | (0.6) | 0.4 | 0.5 | 2.4 | 1.2 |
| FCFE yield (%) | (0.6) | 0.2 | 0.4 | 2.0 | 1.0 |
| Dividend yield (%) | 0.2 | 0.5 | 0.6 | 0.7 | 1.2 |
| **DuPont-RoE split** | | | | | |
| Net profit margin (%) | 8.4 | 10.1 | 10.6 | 10.4 | 10.8 |
| Total asset turnover (x) | 1.0 | 1.2 | 1.0 | 1.1 | 1.3 |
| Assets/Equity (x) | 1.0 | 1.0 | 1.1 | 1.0 | 1.0 |
| **RoE (%)** | **8.6** | **12.1** | **11.7** | **12.0** | **14.1** |
| **DuPont-RoIC** | | | | | |
| NOPLAT margin (%) | 5.9 | 7.6 | 7.7 | 8.0 | 8.5 |
| IC turnover (x) | 3.0 | 3.0 | 2.7 | 3.1 | 3.3 |
| **RoIC (%)** | **19.2** | **25.9** | **22.2** | **24.5** | **30.3** |
| **Operating metrics** | | | | | |
| Core NWC days | 42.9 | 46.3 | 45.3 | 45.5 | 43.3 |
| **Total NWC days** | **42.9** | **46.3** | **45.3** | **45.5** | **43.3** |
| Fixed asset turnover | 2.7 | 3.1 | 2.6 | 2.8 | 3.3 |
| Opex-to-revenue (%) | 17.9 | 17.2 | 17.0 | 16.7 | 16.4 |

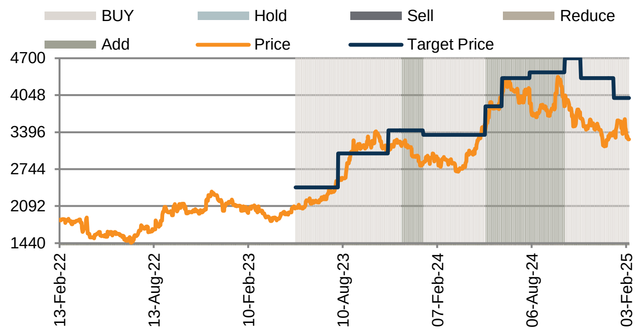
*Source: Company, Emkay Research*

## RECOMMENDATION HISTORY - DETAILS

| Date | Closing Price (INR) | TP (INR) | Rating | Analyst |
|---|---|---|---|---|
| 10-Jan-25 | 3,406 | 4,000 | Buy | Chirag Jain |
| 08-Nov-24 | 3,636 | 4,350 | Buy | Chirag Jain |
| 08-Oct-24 | 3,855 | 4,700 | Buy | Chirag Jain |
| 02-Aug-24 | 3,905 | 4,450 | Add | Chirag Jain |
| 10-Jun-24 | 4,052 | 4,350 | Add | Chirag Jain |
| 09-May-24 | 3,445 | 3,850 | Add | Chirag Jain |
| 08-Feb-24 | 2,933 | 3,350 | Buy | Chirag Jain |
| 11-Jan-24 | 2,863 | 3,350 | Buy | Chirag Jain |
| 30-Nov-23 | 3,150 | 3,430 | Add | Chirag Jain |
| 05-Nov-23 | 3,076 | 3,430 | Buy | Chirag Jain |
| 01-Aug-23 | 2,564 | 3,020 | Buy | Chirag Jain |
| 11-May-23 | 2,070 | 2,420 | Buy | Chirag Jain |

*Source: Company, Emkay Research*

## RECOMMENDATION HISTORY - TREND




*Source: Company, Bloomberg, Emkay Research*

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