

Healthy Q3; robust tractor growth to continue

Auto & Auto Ancillaries ▶ Result Update ▶ February 8, 2025

TARGET PRICE (Rs): 2,700

M&M registered a strong Q3, on expected lines, with ~20%/21% revenue growth in the auto/farm segments, respectively. M&M logged auto volume growth of 16% YoY to 245K units, wherein it saw 20%/7% YoY growth in SUVs/LCVs to 142K/67.5K units, respectively. Also, Auto/Farm EBIT margins improved by ~120bps/260bps YoY to 9.7%/18.1%, on operating leverage. M&M has given guidance to a strong 15% growth in the domestic tractor industry for Q4FY25 (~7% in FY25), to be supported by positive macros. M&M reiterated its stance of combined sales of ~5K units per month for BEVs, with bookings commencing from 14-Feb. Revenue from BEVs would be booked under a separate subsidiary (MEAL), while M&M will book only the contract manufacturing/conversion margins. During the ramp-up phase, MEAL's profitability is likely to be impacted by heavy depreciation (on product development spends), though variable margins for BEVs are likely to eventually reach ICE margin levels as volumes scale-up. We raise FY25E EPS ~2% to factor in the stronger tractor industry; FY26E/27E EPS is maintained. We retain REDUCE and keep our SoTP-based TP of Rs2,700 unchanged, as the ICE-SUV product cycle has largely played out and given the intense launch action in the E-SUV space.

Mahindra & Mahindra: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	849,603	987,634	1,151,791	1,248,256	1,337,068
EBITDA	104,424	129,194	167,353	178,057	193,105
Adj. PAT	79,782	107,178	125,217	127,270	135,227
Adj. EPS (Rs)	64.2	86.2	100.7	102.4	108.8
EBITDA margin (%)	12.3	13.1	14.5	14.3	14.4
EBITDA growth (%)	48.6	23.7	29.5	6.4	8.5
Adj. EPS growth (%)	34.5	63.7	16.8	1.6	6.3
RoE (%)	19.6	22.4	22.0	19.2	17.7
RoIC (%)	41.4	47.0	57.7	48.9	42.0
P/E (x)	49.8	37.1	31.8	31.2	29.4
EV/EBITDA (x)	37.2	29.9	22.8	21.3	19.4
P/B (x)	9.2	7.6	6.4	5.6	4.9
FCFF yield (%)	1.8	1.6	1.8	2.0	2.5

Source: Company, Emkay Research

Strong operational performance with margin expansion across segments

Standalone operating revenue grew ~20% YoY to Rs306bn (broadly in line), driven by a 17% YoY volume growth to 367.3K units, though realizations dipped ~2% QoQ to Rs833K/unit. EBITDA rose ~32% YoY to Rs44.4bn with EBITDA margins stable at 14.5% QoQ. The Auto segment revenue grew ~20% YoY to Rs224bn, while Farm segment revenue rose ~21% YoY to Rs81.7bn, though tractor ASPs were ~4% below expectations. EBIT margins expanded in both segments — Auto was up by 20bps QoQ to 9.7% and Farm was up by 60bps QoQ to 18.1%. APAT was up ~19% YoY to Rs29.6bn and was below estimates on higher-than-expected tax and depreciation.

Earnings Call KTA

Auto (PVs): 1) M&M expects to clock a combined sales volume of 5K units per month for BE6 and XEV9, irrespective of the variant; there are two to three key building blocks essential to breaking the barrier: achieving a real-world range of over 500km and providing a strong battery warranty, both of which have been proactively addressed by M&M; the BEVs are attracting a lot of non-M&M customers owing to the feature-rich offerings and the aspirational positioning of the vehicles. 2) The ramp-up is being approached cautiously, prioritizing quality over volume. Current production is well below capacity, despite having a highly automated factory. 3) As a part of the de-bottlenecking activity and to reduce the supply constraints surrounding volume mix of petrol and diesel variants (petrol is 80-85% of demand), production capacity of 3XO would be expanded from the existing 9K units per month by ~1.5K-2K units over the next 3-4 months. 4) Demand for the Thar 3-door remains resilient, despite roll back of discounts offered during the Roxx launch. However, owing to the longer waiting list, M&M would prioritize production of Thar Roxx. 5) EV profitability per vehicle is comparable to ICE after factoring in PLI. As cost competitiveness improves over time, variable margins are expected to remain at par with ICE in the mid-to-long term; MEAL will initially face a significant depreciation burden, leading to EBIT-level losses, though not excessively. Substantial investments are being made, but no vehicle is priced to operate at a loss on a per-unit basis. 6) M&M has taken a ~0.7% price hike in 9MFY25YTD and an additional 0.8% in Jan-25. **Auto (CVs):** 1) The sub-1 ton LCV segment saw slower growth, allowing M&M to gain market share despite higher ASPs than competitors, M&M has retained the number 2 position in volumes terms. 2) E-3W penetration has risen to 25% from 9% a few quarters ago, with increasing competition driving category growth. 3) The ~Rs1bn PLI attributable to FY24 has been fully received. 4) Lower-tonnage LCVs, especially in the 2-2.5 ton segment, have shown only single-digit growth and supportive economic factors point toward growth on a low base. **Farm Segment:** 1) Per M&M management, the farm industry is expected to grow 15% in Q4 and 7% in FY25, supported by good reservoir levels (16% above LPA), strong Rabi sowing, and higher MSP-driven output inflation. Additionally, benefits from Navratra in Q4 (absent last year) could further aid growth; M&M is facing challenges in international Farm business owing to macro challenges. 2) M&M expects positive momentum in FY26; however, performance during Q4 remains a key monitorable owing to the volatility of the segment. 3) The Farm division is seeing renewed growth in the South and West after a prolonged downturn, with a positive geographic shift. Inventory corrections at M&M are now largely complete. 4) Swaraj's transformation has been successful, with several white spaces in its portfolio being addressed (introduced a sub-20-30hp tractor), coupled with a strong focus on product development strategy.

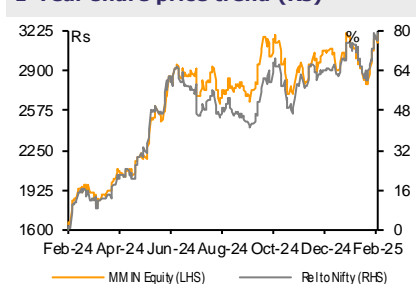
Target Price – 12M	Dec-25
Change in TP (%)	-
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(15.6)
CMP (07-Feb-25) (Rs)	3,198.5

Stock Data	Ticker
52-week High (Rs)	3,271
52-week Low (Rs)	1,623
Shares outstanding (mn)	1,243.5
Market-cap (Rs bn)	3,977
Market-cap (USD mn)	45,493
Net-debt, FY25E (Rs mn)	-153,326
ADTV-3M (mn shares)	3
ADTV-3M (Rs mn)	8,911.9
ADTV-3M (USD mn)	101.9
Free float (%)	77.8
Nifty-50	23,560
INR/USD	87.4
Shareholding, Dec-24	
Promoters (%)	18.1
FPIs/MFs (%)	38.2/28.7

Price Performance

(%)	1M	3M	12M
Absolute	2.9	10.6	85.8
Rel. to Nifty	3.5	13.6	73.0

1-Year share price trend (Rs)



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Exhibit 1: Q3FY25 Results snapshot – Revenue rose 20% YoY, with EBITDA up 32% YoY; margins fell sequentially on lower gross margins

(Rs mn)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	YoY (%)	QoQ (%)
Revenue	2,25,714	2,44,029	2,44,336	2,54,391	2,54,338	2,70,828	2,77,065	3,05,917	20.3	10.4
Expenditure	1,97,740	2,08,517	2,14,020	2,20,879	2,20,058	2,30,166	2,36,491	2,61,540	18.4	10.6
as % of sales	87.6	85.4	87.6	86.8	86.5	85.0	85.4	85.5		
Consumption of RM	1,69,219	1,81,152	1,83,724	1,90,725	1,84,348	1,99,394	2,04,440	2,27,268	19.2	11.2
as % of sales	75.0	74.2	75.2	75.0	72.5	73.6	73.8	74.3		
Employee costs	9,490	10,564	11,384	11,461	11,223	11,753	11,526	12,850	12.1	11.5
as % of sales	4.2	4.3	4.7	4.5	4.4	4.3	4.2	4.2		
Other expenditure	19,031	16,802	18,912	18,692	24,487	19,018	20,525	21,422	14.6	4.4
as % of sales	8.4	6.9	7.7	7.3	9.6	7.0	7.4	7.0		
EBITDA	27,974	35,511	30,316	33,512	34,279	40,662	40,574	44,378	32.4	9.4
Depreciation	8,385	8,404	8,282	8,312	9,882	9,146	9,614	10,451	25.7	8.7
EBIT	19,589	27,108	22,034	25,201	24,397	31,516	30,960	33,927	34.6	9.6
Other Income	3,339	6,633	21,517	6,850	2,243	3,076	18,901	6,366	(7.1)	(66.3)
Interest	698	327	333	348	397	529	551	614	76.5	11.4
PBT	22,229	33,414	43,218	31,702	26,244	34,062	49,310	39,679	25.2	(19.5)
Total Tax	1,621	5,819	9,288	6,805	6,243	7,936	10,901	10,036	47.5	(7.9)
Adjusted PAT	20,608	27,594	33,931	24,897	20,001	26,126	38,409	29,643	19.1	(22.8)
Extraordinary items	(5,118)	-	-	-	-	-	-	-		
Reported PAT	15,490	27,594	33,931	24,897	20,001	26,126	38,409	29,643	19.1	(22.8)
(%)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	YoY (%)	QoQ (%)
EBITDAM	12.4	14.6	12.4	13.2	13.5	15.0	14.6	14.5	133	-14
EBITM	8.7	11.1	9.0	9.9	9.6	11.6	11.2	11.1	118	-8
EBTM	9.8	13.7	17.7	12.5	10.3	12.6	17.8	13.0	51	-483
PATM	9.1	11.3	13.9	9.8	7.9	9.6	13.9	9.7	-10	-417
Effective Tax rate	7.3	17.4	21.5	21.5	23.8	23.3	22.1	25.3	383	319

Source: Company, Emkay Research

Exhibit 2: Segmental performance – ASPs improved for Autos QoQ with Farm segment ASPs down 4%. Auto and Farm margins expanded on YoY and QoQ basis

Segmental details (Rs mn)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	YoY (%)	QoQ (%)
Farm Equipment										
Tractor (no of units)	89,731	115,009	90,061	101,672	71,644	121,467	93,382	121,774	19.8	30.4
Net Sales (Rs mn)	60,117	74,556	59,195	67,346	52,270	81,442	64,968	81,673	21.3	25.7
Avg realization	669,969	648,262	657,278	662,380	729,573	670,483	695,724	670,697	1.3	(3.6)
EBIT (Rs mn)	9,848	13,027	9,463	10,415	8,254	15,058	11,362	14,787	42.0	30.1
- Margin (%)	16.4	17.5	16.0	15.5	15.8	18.5	17.5	18.1	264 bps	62 bps
Automotive (including MVML)										
Auto (no of units)	189,227	186,138	212,078	211,443	215,280	211,603	233,629	245,499	16.1	5.1
Net Sales (Rs mn)	165,876	167,539	185,147	186,913	200,158	189,471	211,103	224,101	19.9	6.2
Avg realization (Rs)	876,600	900,078	873,016	883,985	929,757	895,407	903,581	912,837	3.3	1.0
EBIT (Rs mn)	11,761	12,921	17,091	15,795	17,973	17,983	20,060	21,670	37.2	8.0
- Margin (%)	7.1	7.7	9.2	8.5	9.0	9.5	9.5	9.7	122 bps	17 bps

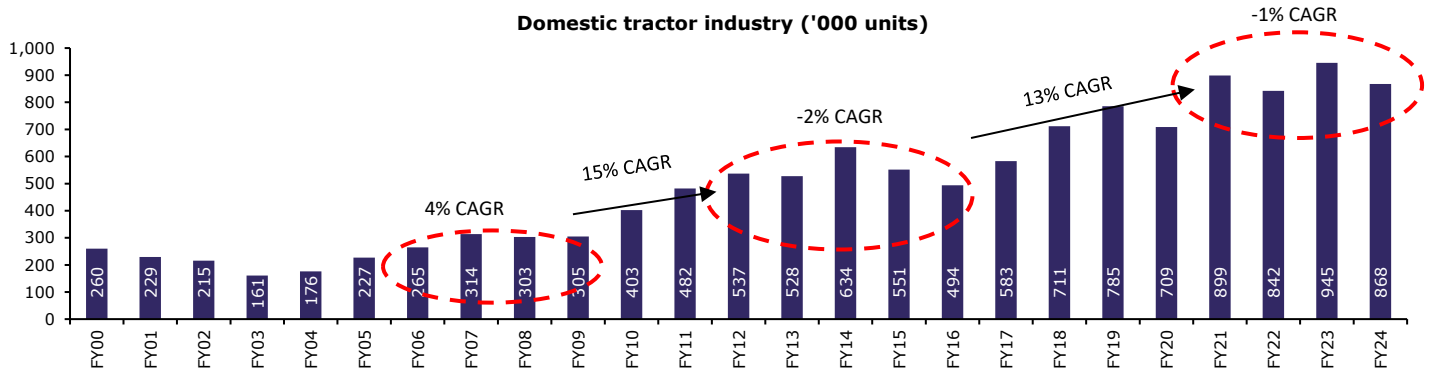
Source: Company, Emkay Research

Exhibit 3: Actual vs Estimates

(Rs mn)	Actual	Emkay estimates	Variance (%)	Consensus estimates	Variance (%)
Net sales	305,917	312,253	(2.0)	308,372	(0.8)
EBITDA	44,378	44,652	(0.6)	44,875	(1.1)
EBITDA Margin (%)	14.5	14.3	21 bps	14.6	(5) bps
Adj net income	29,643	31,319	(5.4)	30,404	(2.5)

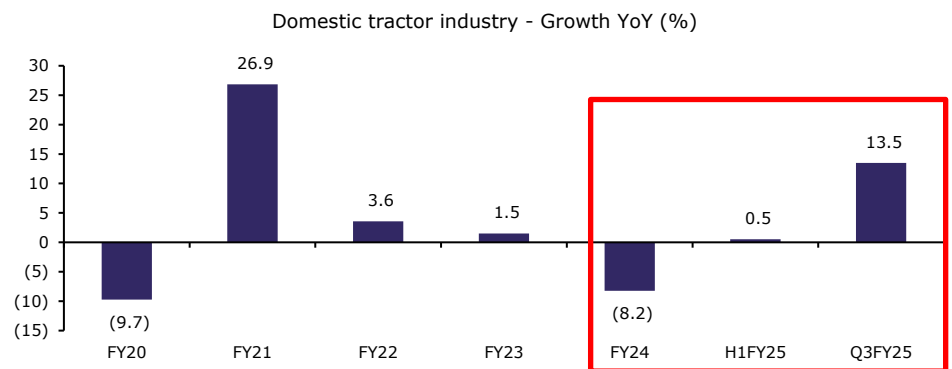
Source: Company, Emkay Research

Exhibit 4: Domestic tractor industry volumes flattish since FY21; in the past, the industry grew well, following periods of extended consolidation



Source: Industry, Emkay Research

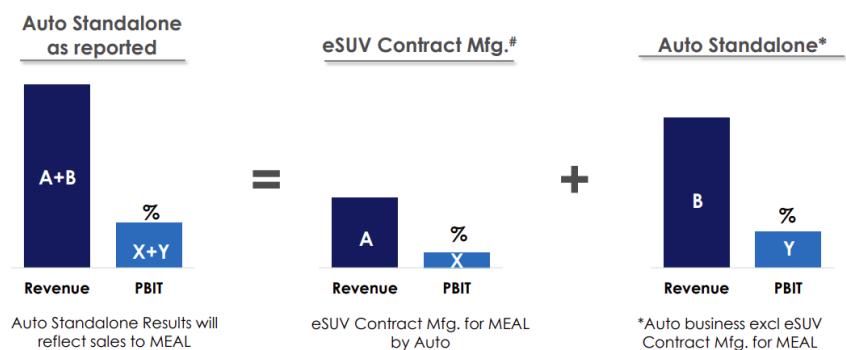
Exhibit 5: Domestic tractor industry volumes have shown healthy traction in Q3FY25



Source: Tractor Manufacturers Association, Emkay Research

Exhibit 6: The reported Auto PBIT would contain some impact from the manufacturing of BEVs for MEAL (Mahindra Electric Automotive Limited)

AUTO STANDALONE : WHAT IS THE CHANGE



- Auto PBIT% will be diluted to the extent of eSUV contract manufacturing for MEAL in the mix
- BEV products on Rs per vehicle basis may have similar NVM as ICE products on a matured basis. However, on % terms, it will always be lower due to higher denominator

#Incl. Product Development Expense Recovery

Source: Company, Emkay Research

Exhibit 7: M&M would disclose the below details pertaining to its contract manufacturing agreement with MEAL

BEV : UNDERSTANDING END-TO-END MARGINS

eSUV Contract Mfg.# in Auto Standalone			MEAL Ltd as a Company		
	Previous Year	Current Year		Previous Year	Current Year
Revenue			Revenue		
EBITDA			EBITDA		
EBITDA %			EBITDA %		
PBIT			PBIT		
PBIT %			PBIT %		
Part of Auto Standalone			Auto Subsidiary; part of Auto Conso		

BEV = MEAL Ltd + eSUV Contract Mfg.		
	Previous Year	Current Year
Revenue		
EBITDA		
EBITDA %		
PBIT		
PBIT %		

We will start showing the tables with numbers from Q4 F25 onwards

*Incl. Product Development Expense Recovery

Source: Company, Emkay Research

Exhibit 8: Revenue model – We build-in ~5% CAGR in core EPS over FY24-27E

(Rs mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Volume (no of units)	937,983	773,094	703,119	820,299	1,106,001	1,203,325	1,351,942	1,437,373	1,511,431
Growth (%)	8.0	-17.6	-9.1	16.7	34.8	8.8	12.4	6.3	5.2
Segmental volume									
Automotive	607,547	471,179	348,621	465,601	698,456	824,939	934,536	990,301	1,032,569
Growth (%)	11	(22)	(26)	34	50	18	13	6	4
SUVs	245,855	189,758	161,457	233,400	367,474	470,758	564,228	602,892	627,235
Growth (%)	2	(23)	(15)	45	57	28	20	7	4
Tractors	330,436	301,915	354,498	354,698	407,545	378,386	417,406	447,073	478,862
Growth (%)	3	(9)	17	0	15	(7)	10	7	7
Volume mix (%)									
Automotive	65	61	50	57	63	69	69	69	68
Tractors	35	39	50	43	37	31	31	31	32
ASP (Rs/unit)	563,424	580,337	634,741	704,462	768,175	820,754	851,953	868,429	884,637
Growth (%)	3	3	9	11	9	7	4	2	2
Revenue	528,482	448,655	446,299	577,869	849,603	987,634	1,151,791	1,248,256	1,337,068
Growth (%)	11.1	(15.1)	(0.5)	29.5	47.0	16.2	16.6	8.4	7.1
Revenue mix (%)									
Automotive	65.0	61.6	54.8	61.9	67.8	72.6	73.1	72.9	72.4
Tractors	31.7	34.1	41.1	34.1	29.4	25.0	25.0	25.2	25.7
EBITDA	75,301	63,506	69,575	70,275	104,424	129,194	167,353	178,057	193,105
EBITDA margin (%)	14.2	14.2	15.6	12.2	12.3	13.1	14.5	14.3	14.4
EBITDA growth (%)	6.9	(15.7)	9.6	1.0	48.6	23.7	29.5	6.4	8.5
EBITDA/vehicle	80,279	82,145	98,952	85,670	94,416	107,364	123,787	123,877	127,763
EBIT	55,271	39,875	45,876	45,291	72,879	94,806	128,677	131,157	138,357
EBIT margin (%)	10.5	8.9	10.3	7.8	8.6	9.6	11.2	10.5	10.3
Segmental margins (%)									
Automotive	8.0	6.1	3.4	3.6	4.8	8.4	9.6	9.0	8.7
Tractors	19.3	19.0	22.7	18.1	16.2	16.2	18.0	18.0	18.0
EBIT mix (%)									
Automotive	45.6	35.9	16.5	25.6	36.1	49.4	52.2	58.2	56.7
Tractors	53.5	62.5	83.0	71.7	53.4	32.8	33.6	40.2	41.6
Core EPS (Rs)	36.5	20.5	28.2	29.9	51.2	71.3	85.8	87.4	93.8

Source: Company, Emkay Research

Exhibit 9: Our estimates are largely unchanged

(Rs mn)	FY25E				FY26E				FY27E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Volume (no of units)	1,346,838	1,351,942	0.4	12.4	1,431,913	1,437,373	0.4	6.3	1,505,588	1,511,431	0.4	5.2
Revenue	1,148,274	1,151,791	0.3	16.6	1,244,418	1,248,256	0.3	8.4	1,332,879	1,337,068	0.3	7.1
EBITDA	164,448	167,353	1.8	29.5	177,234	178,057	0.5	6.4	192,202	193,105	0.5	8.5
EBITDA margin (%)	14.3	14.5	21bps	145bps	14.2	14.3	2bps	(27)bps	14.4	14.4	2bps	18bps
Adj PAT	122,967	125,217	1.8	16.8	126,640	127,270	0.5	1.6	134,536	135,227	0.5	6.3
Core EPS (Rs)	84.0	85.8	2.2	17.5	86.9	87.4	0.6	1.9	93.3	93.8	0.6	7.3

Source: Emkay Research

Exhibit 10: Emkay Vs Consensus Estimates

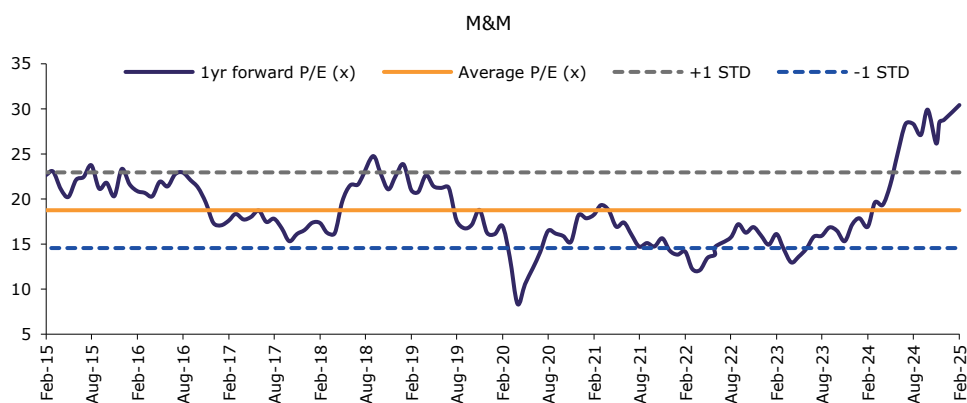
(Rs mn)	Emkay Estimates			Bloomberg estimates			Difference		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net revenue	1,151,791	1,248,256	1,337,068	1,144,299	1,307,703	1,464,503	0.7%	-4.5%	-8.7%
EBITDA	167,353	178,057	193,105	164,057	189,006	213,076	2.0%	-5.8%	-9.4%
EBITDA margin (%)	14.5	14.3	14.4	14.3	14.5	14.5	19bps	(19)bps	(11)bps

Source: Bloomberg, Emkay Research

Exhibit 11: We retain our SoTP-based TP of Rs2,700

Particulars	Rs
Core business EPS (Dec-26E)	92
Target core multiple (x)	24
Core value/share	2,168
Add: Value of investments & subsidiaries	581
Target price (Rs)	2,748
Rounded-off (Rs)	2,700

Source: Bloomberg, Emkay Research

Exhibit 12: M&M trades well over 1SD from LTA, on one-year forward PER basis

Source: Bloomberg, Emkay Research

Mahindra & Mahindra: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	849,603	987,634	1,151,791	1,248,256	1,337,068
Revenue growth (%)	47.0	16.2	16.6	8.4	7.1
EBITDA	104,424	129,194	167,353	178,057	193,105
EBITDA growth (%)	48.6	23.7	29.5	6.4	8.5
Depreciation & Amortization	31,545	34,389	38,676	46,900	54,749
EBIT	72,879	94,806	128,677	131,157	138,357
EBIT growth (%)	60.9	30.1	35.7	1.9	5.5
Other operating income	0	0	0	0	0
Other income	25,452	41,412	34,763	36,614	39,655
Financial expense	2,728	1,388	1,868	1,838	1,705
PBT	95,603	134,830	161,571	165,932	176,307
Extraordinary items	(14,295)	0	0	0	0
Taxes	15,821	27,652	36,353	38,662	41,079
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	65,486	107,178	125,217	127,270	135,227
PAT growth (%)	34.5	63.7	16.8	1.6	6.3
Adjusted PAT	79,782	107,178	125,217	127,270	135,227
Diluted EPS (Rs)	64.2	86.2	100.7	102.4	108.8
Diluted EPS growth (%)	34.5	63.7	16.8	1.6	6.3
DPS (Rs)	15.9	20.4	25.2	25.6	28.3
Dividend payout (%)	30.2	23.6	25.0	25.0	26.0
EBITDA margin (%)	12.3	13.1	14.5	14.3	14.4
EBIT margin (%)	8.6	9.6	11.2	10.5	10.3
Effective tax rate (%)	16.5	20.5	22.5	23.3	23.3
NOPLAT (pre-IndAS)	60,818	75,362	99,724	100,597	106,120
Shares outstanding (mn)	1,243.2	1,243.2	1,243.2	1,243.2	1,243.2

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	95,603	134,830	161,571	165,932	176,307
Others (non-cash items)	19,194	6,837	42,675	50,376	58,034
Taxes paid	(19,380)	(28,509)	(36,847)	(39,169)	(41,618)
Change in NWC	(4,125)	(366)	1,237	(1,144)	(1,125)
Operating cash flow	91,293	112,792	168,637	175,996	191,598
Capital expenditure	(21,597)	(49,619)	(100,000)	(100,000)	(100,000)
Acquisition of business	(32,350)	(27,242)	(65,000)	(35,000)	(25,000)
Interest & dividend income	2,747	0	0	0	0
Investing cash flow	(34,819)	(53,116)	(165,000)	(135,000)	(125,000)
Equity raised/(repaid)	8	6	0	0	0
Debt raised/(repaid)	(20,330)	(29,891)	788	(1,456)	(1,499)
Payment of lease liabilities	(1,138)	0	0	0	0
Interest paid	(2,728)	(1,388)	(1,868)	(1,838)	(1,705)
Dividend paid (incl tax)	(19,769)	(25,304)	(31,304)	(31,818)	(35,159)
Others	6,119	1,202	6,000	513	3,342
Financing cash flow	(37,838)	(55,375)	(26,384)	(34,598)	(35,022)
Net chg in Cash	18,637	4,301	(22,748)	6,398	31,576
OCF	91,293	112,792	168,637	175,996	191,598
Adj. OCF (w/o NWC chg.)	95,418	113,157	167,399	177,140	192,723
FCFF	69,696	63,173	68,637	75,996	91,598
FCFE	69,716	61,785	66,768	74,158	89,892
OCF/EBITDA (%)	87.4	87.3	100.8	98.8	99.2
FCFE/PAT (%)	106.5	57.6	53.3	58.3	66.5
FCFF/NOPLAT (%)	114.6	83.8	68.8	75.5	86.3

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	5,991	5,996	5,996	5,996	5,996
Reserves & Surplus	427,577	516,769	610,683	706,135	806,203
Net worth	433,567	522,766	616,679	712,131	812,199
Minority interests	0	0	0	0	0
Deferred tax liability (net)	14,703	15,551	15,057	14,551	14,013
Total debt	50,255	20,365	21,152	19,697	18,198
Total liabilities & equity	498,525	558,681	652,889	746,379	844,410
Net tangible fixed assets	130,501	136,020	159,208	212,308	257,559
Net intangible assets	39,261	39,261	39,261	39,261	39,261
Net ROU assets	0	0	0	0	0
Capital WIP	27,846	37,558	75,693	75,693	75,693
Goodwill	0	0	0	0	0
Investments [JV/Associates]	175,391	215,487	222,987	230,487	237,987
Cash & equivalents	140,298	139,726	174,478	208,376	257,452
Current assets (ex-cash)	244,502	270,062	311,285	337,356	361,358
Current Liab. & Prov.	259,273	279,433	330,024	357,102	384,901
NWC (ex-cash)	(14,771)	(9,371)	(18,739)	(19,746)	(23,542)
Total assets	498,525	558,681	652,889	746,379	844,410
Net debt	(90,042)	(119,361)	(153,326)	(188,679)	(239,254)
Capital employed	498,525	558,681	652,889	746,379	844,410
Invested capital	154,991	165,910	179,730	231,822	273,278
BVPS (Rs)	348.8	420.5	496.0	572.8	653.3
Net Debt/Equity (x)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)
Net Debt/EBITDA (x)	(0.9)	(0.9)	(0.9)	(1.1)	(1.2)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	15.2	19.3	20.2	18.0	16.8

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	49.8	37.1	31.8	31.2	29.4
P/CE(x)	35.7	28.1	24.3	22.8	20.9
P/B (x)	9.2	7.6	6.4	5.6	4.9
EV/Sales (x)	4.6	3.9	3.3	3.0	2.8
EV/EBITDA (x)	37.2	29.9	22.8	21.3	19.4
EV/EBIT(x)	53.3	40.7	29.7	28.9	27.0
EV/IC (x)	25.1	23.2	21.3	16.3	13.7
FCFF yield (%)	1.8	1.6	1.8	2.0	2.5
FCFE yield (%)	1.8	1.6	1.7	1.9	2.3
Dividend yield (%)	0.5	0.6	0.8	0.8	0.9
DuPont-RoE split					
Net profit margin (%)	9.4	10.9	10.9	10.2	10.1
Total asset turnover (x)	1.8	1.9	1.9	1.8	1.7
Assets/Equity (x)	1.2	1.1	1.1	1.1	1.0
RoE (%)	19.6	22.4	22.0	19.2	17.7
DuPont-RoIC					
NOPLAT margin (%)	7.2	7.6	8.7	8.1	7.9
IC turnover (x)	5.5	6.0	6.4	5.4	4.9
RoIC (%)	41.4	47.0	57.7	48.9	42.0
Operating metrics					
Core NWC days	(6.3)	(3.5)	(5.9)	(5.8)	(6.4)
Total NWC days	(6.3)	(3.5)	(5.9)	(5.8)	(6.4)
Fixed asset turnover	2.5	2.6	2.7	2.4	2.2
Opex-to-revenue (%)	11.7	12.0	11.5	11.7	11.6

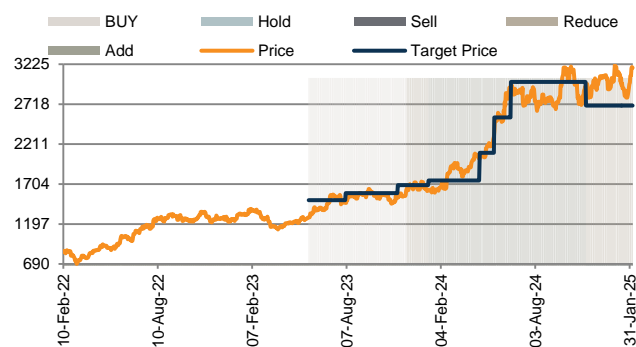
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
10-Jan-25	3,093	2,700	Reduce	Chirag Jain
18-Dec-24	3,051	2,700	Reduce	Chirag Jain
27-Nov-24	3,005	2,700	Reduce	Chirag Jain
08-Nov-24	2,975	2,700	Reduce	Chirag Jain
01-Aug-24	2,828	3,000	Add	Chirag Jain
10-Jul-24	2,732	3,000	Add	Chirag Jain
17-Jun-24	2,929	3,000	Add	Chirag Jain
16-May-24	2,372	2,550	Add	Chirag Jain
18-Apr-24	2,025	2,100	Add	Chirag Jain
14-Feb-24	1,657	1,750	Add	Chirag Jain
11-Jan-24	1,629	1,750	Add	Chirag Jain
30-Nov-23	1,648	1,690	Reduce	Chirag Jain
13-Nov-23	1,540	1,690	Buy	Chirag Jain
05-Aug-23	1,465	1,590	Buy	Chirag Jain
26-May-23	1,282	1,500	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
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