

**Another muted quarter**

Logistics ▶ Result Update ▶ May 10, 2024

**TARGET PRICE (Rs): 1,150**

**TCIE reported yet another muted quarter, with revenue/EBITDA/PAT declining 3%/17%/18% YoY and missing our estimates by 2%/6%/5%, respectively. Management alluded to macro headwinds in sectors like pharma, lifestyle and textile, as well as jettisoning of a few non-profitable customers impacting its volumes. With H1FY25 expected to be muted owing to seasonality and imminent central elections, double-digit volume growth is likely to be elusive even in FY25 for TCIE. We expect strong competitive intensity to impede TCIE's top-line growth in the near term. Sustained network investments in automation (Pune hub commissioned) and margin-accretive new services provide comfort on margins. We cut our PAT for FY25/26E by 4%/5%, respectively, while retaining our ADD rating on account of TCIE's efficient cost management and reasonable valuations. Our Mar-25E TP stands revised down at Rs1,150 (DCF methodology), implying FY26E EV/EBITDA of 21x and P/E of 29x.**

**TCI Express: Financial Snapshot (Consolidated)**

| Y/E Mar (Rs mn)     | FY22   | FY23   | FY24   | FY25E  | FY26E  |
|---------------------|--------|--------|--------|--------|--------|
| Revenue             | 10,815 | 12,410 | 12,538 | 13,140 | 14,200 |
| EBITDA              | 1,747  | 1,945  | 1,872  | 2,031  | 2,236  |
| Adj. PAT            | 1,289  | 1,393  | 1,317  | 1,415  | 1,544  |
| Adj. EPS (Rs)       | 33.5   | 36.4   | 34.3   | 36.9   | 40.3   |
| EBITDA margin (%)   | 16.2   | 15.7   | 14.9   | 15.5   | 15.7   |
| EBITDA growth (%)   | 30.1   | 11.3   | (3.7)  | 8.5    | 10.1   |
| Adj. EPS growth (%) | 28.1   | 8.5    | (5.6)  | 7.5    | 9.1    |
| RoE (%)             | 26.6   | 24.6   | 20.3   | 18.6   | 17.6   |
| RoIC (%)            | 34.3   | 31.8   | 25.9   | 24.4   | 24.2   |
| P/E (x)             | 33.0   | 30.4   | 32.2   | 29.9   | 27.5   |
| EV/EBITDA (x)       | 24.2   | 21.7   | 22.5   | 20.5   | 18.5   |
| P/B (x)             | 7.9    | 7.1    | 6.0    | 5.2    | 4.5    |
| FCFF yield (%)      | 1.1    | 1.0    | 2.1    | 1.7    | 1.5    |

Source: Company, Emkay Research

**Volumes continue to disappoint**

TCIE reported a revenue decline of 3% YoY despite H2 being traditionally stronger for B2B express logistics players. Volumes declined 2% YoY for the second consecutive quarter and blended realizations decreased 1% YoY. Except for auto, Company saw no growth for its pharma and engineering verticals, whereas its textile and lifestyle verticals registered a negative trajectory. Lower contribution from SME (49% this quarter vs. 52% in previous quarter) may have led to the realization dip, in our view. Gross margin decreased by 126bps YoY, as volumes disappointed. EBITDA margin decreased by 245bps to 14.1%, due to contraction in gross margins exacerbated by negative operating leverage (7% YoY increase in employee costs). Other income increased 16% YoY, negating the increase in depreciation (16% YoY), and leading to the bottom line decreasing by 182bps on YoY basis. The company has announced a final dividend of Rs2/share, taking the total dividend to Rs8/share for FY24. The net cash on books stood at Rs 1.1bn, with capex for the year at Rs461mn. NWC days for FY24 were stable at 16.

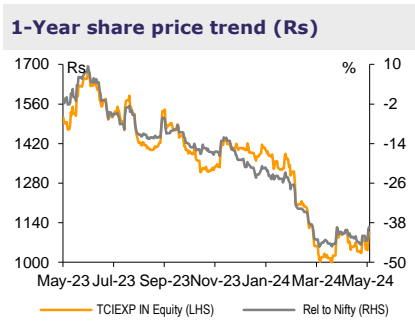
**Outlook and risks**

High competitive intensity, seasonality, and upcoming central elections are likely to plague TCIE in the near term, thereby limiting its chances to deliver double-digit volume growth in FY25, in our view. Network automation plans with 2 sorting centers (Ahmedabad and Kolkata) to be constructed by FY26E and the higher contribution of new services (Rail & Air) bode well for the margin trajectory. We expect EBITDA margins to expand by 80bps over FY24-26E and forecast 6% volume CAGR with muted realizations (1% CAGR) over the same period, as competitive intensity in the B2B express segment remains elevated with the entry of new-age express operators. Strong balance sheet (net cash of Rs1.1bn), diverse customer base (50% SME), and robust cash generation (OCF as a % of EBITDA: 73%) are likely to shield TCIE during this heightened phase of competitive intensity, in our view. **Key risks:** Slowdown in manufacturing/overall GDP growth, pricing aggression from well-funded, new-age companies entering the B2B space, competition from PTL vendors, and shortage of labor.

|                         |              |
|-------------------------|--------------|
| Target Price – 12M      | Mar-25       |
| <b>Change in TP (%)</b> | <b>(8.0)</b> |
| Current Reco.           | ADD          |
| Previous Reco.          | ADD          |
| Upside/(Downside) (%)   | 4.1          |
| CMP (10-May-24) (Rs)    | 1,105.0      |

| Stock Data                  | Ticker  |
|-----------------------------|---------|
| 52-week High (Rs)           | 1,701   |
| 52-week Low (Rs)            | 998     |
| Shares outstanding (mn)     | 38.3    |
| Market-cap (Rs bn)          | 42      |
| Market-cap (USD mn)         | 507     |
| Net-debt, FY25E (Rs mn)     | -638    |
| ADTV-3M (mn shares)         | -       |
| ADTV-3M (Rs mn)             | 81.8    |
| ADTV-3M (USD mn)            | 1.0     |
| Free float (%)              | -       |
| Nifty-50                    | 22,055  |
| INR/USD                     | 83.5    |
| <b>Shareholding, Mar-24</b> |         |
| Promoters (%)               | 69.6    |
| FPIs/MFs (%)                | 2.4/8.9 |

| Price Performance |     |        |        |
|-------------------|-----|--------|--------|
| (%)               | 1M  | 3M     | 12M    |
| Absolute          | 0.2 | (16.4) | (26.6) |
| Rel. to Nifty     | 3.4 | (17.4) | (39.0) |



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**Exhibit 1: Summary of quarterly financials**

| Particulars (Rs mn)                 | Q4FY23     | Q3FY24     | Q4FY24     | YoY         | QoQ        |
|-------------------------------------|------------|------------|------------|-------------|------------|
| Net sales                           | 3,263      | 3,119      | 3,171      | -3%         | 2%         |
| Operating Expenses                  | (2,721)    | (2,663)    | (2,723)    | 0%          | 2%         |
| Freight, handling and service costs | 2,192      | 2,143      | 2,170      | -1%         | 1%         |
| Employee Costs                      | 314        | 336        | 336        | 7%          | 0%         |
| Other operating Expenses            | 216        | 185        | 217        | 1%          | 17%        |
| Others                              |            |            |            |             |            |
| <b>EBITDA</b>                       | <b>541</b> | <b>456</b> | <b>448</b> | <b>-17%</b> | <b>-2%</b> |
| Margins                             | 16.6%      | 14.6%      | 14.1%      | -15%        | -3%        |
| Depreciation                        | (42)       | (48)       | (49)       | 16%         | 2%         |
| EBIT                                | 499        | 408        | 400        | -20%        | -2%        |
| Other Income                        | 17         | 20         | 19         | 16%         | -2%        |
| Interest                            | (7)        | (3)        | (4)        | -46%        | 21%        |
| Extra ordinary items                |            |            |            |             |            |
| PBT                                 | 509        | 424        | 415        | -18%        | -2%        |
| Tax                                 | (124)      | (103)      | (99)       | -20%        | -3%        |
| PAT                                 | 385        | 322        | 316        | -18%        | -2%        |
| Adj. PAT                            | 385        | 322        | 316        | -18%        | -2%        |
| EPS                                 | 10.00      | 8.39       | 8.24       | -18%        | -2%        |

| (%)                | Q4FY23 | Q3FY24 | Q4FY24 | YoY (bps) | QoQ (bps) |
|--------------------|--------|--------|--------|-----------|-----------|
| Gross margin       | 32.8%  | 31.3%  | 31.6%  | -126      | 26        |
| EBITDAM            | 16.6%  | 14.6%  | 14.1%  | -245      | -47       |
| EBITM              | 15.3%  | 13.1%  | 12.6%  | -270      | -48       |
| EBTM               | 15.6%  | 13.6%  | 13.1%  | -250      | -52       |
| PATM               | 11.8%  | 10.3%  | 10.0%  | -182      | -36       |
| Effective Tax rate | 24.4%  | 24.2%  | 23.9%  | -52       | -25       |

Source: Company, Emkay Research

**Exhibit 2: Actuals vs. estimates (Q4FY24)**

| (Rs mn)       | Actual | Estimate (Emkay) | Consensus estimate (Bloomberg) | Variation |           |
|---------------|--------|------------------|--------------------------------|-----------|-----------|
|               |        |                  |                                | Emkay     | Consensus |
| Revenue       | 3,171  | 3,230            | 3,484                          | -2%       | -9%       |
| EBITDA        | 448    | 479              | 651                            | -6%       | -31%      |
| EBITDA Margin | 14%    | 15%              | 19%                            | -68 bps   | -456 bps  |
| PAT           | 316    | 334              | 393                            | -5%       | -20%      |

Source: Company, Emkay Research

**Exhibit 3: Change in estimates**

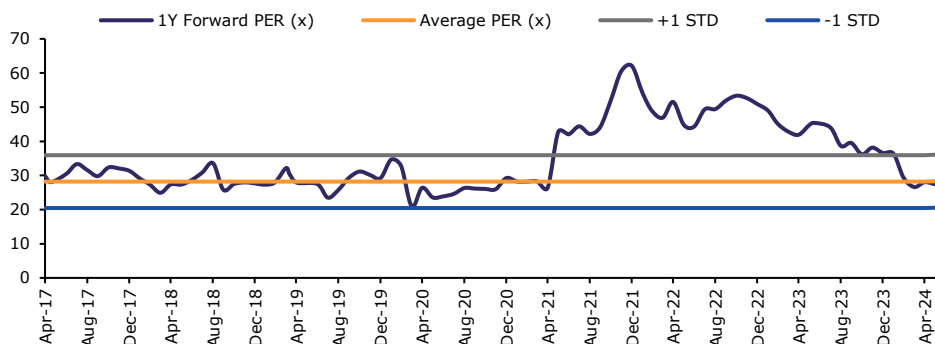
| Particulars (Rs mn) | FY25E  |        |         | FY26E  |        |         |
|---------------------|--------|--------|---------|--------|--------|---------|
|                     | Old    | New    | Change  | Old    | New    | Change  |
| Revenue             | 13,325 | 13,140 | -1.4%   | 14,535 | 14,200 | -2.3%   |
| EBITDA              | 2,081  | 2,031  | -2.4%   | 2,313  | 2,236  | -3.3%   |
| EBITDA Margin (%)   | 15.6   | 15.5   | -16 bps | 15.9   | 15.7   | -16 bps |
| PAT                 | 1,474  | 1,415  | -4.0%   | 1,620  | 1,544  | -4.7%   |

Source: Company, Emkay Research

**Exhibit 4: We value TCIE at a TP of Rs1,150/share now**

| (Rs mn)                                  | FY24         | FY25E   | FY26E   | FY30E  | FY35E  |
|--|--------------|---------|---------|--------|--------|
| Revenue                                  | 12,538       | 13,140  | 14,200  | 20,103 | 31,446 |
| NOPAT                                    | 1,274        | 1,344   | 1,466   | 2,412  | 4,698  |
| Non-cash items                           | 190          | 232     | 274     | 366    | 290    |
| Change in WC                             | (174)        | 141     | (102)   | (138)  | 16     |
| Capex                                    | (461)        | (1,000) | (1,000) | (500)  | (597)  |
| FCFF                                     | 829          | 717     | 638     | 2,141  | 4,407  |
| WACC                                     | 12.0%        |         |         |        |        |
| Terminal growth                          | 6.5%         |         |         |        |        |
| PV of CFs (FY24-35E)                     | 25,018       |         |         |        |        |
| PV of terminal value                     | 22,403       |         |         |        |        |
| Total EV                                 | 47,421       |         |         |        |        |
| Less net debt                            | (1,538)      |         |         |        |        |
| Total equity value                       | 48,959       |         |         |        |        |
| Total no. of shares (mn)                 | 38           |         |         |        |        |
| <b>Target price/share – Mar-25E (Rs)</b> | <b>1,150</b> |         |         |        |        |

Source: Company, Emkay Research

**Exhibit 5: TCIE is trading at its long-term historic one-year forward PER**

Source: Company, Emkay Research

## Concall highlights

- Freight volume during the quarter was 258,000 tons, resulting in annual volume of 1mn tons (up 1% YoY).
- Company continued to maintain a high capacity utilization in the fleet, with 83.5% for the quarter and 84% for the fiscal. Management targets improvement in utilization, with the number to go up, to 90% in the long term.
- The five major sectors (pharma, textile, auto, engineering and lifestyle) continued to contribute 55% to the topline. In terms of topline, new services (rail and air) contributed ~18% to the topline.
- Company achieved automation of its sorting center in Pune with a 40% reduction in turnaround time, which gives confidence to the management on further improvement in margins on account of two major hubs (Gurgaon, Pune). Company expects more margin improvement than anticipated, from the automation of the Gurgaon and Pune hubs and their connectivity.
- Management guided for construction of automation centers in Ahmedabad and Kolkata to commence in FY25, with completion in the subsequent fiscal, leading to margin improvements. Pipeline for automation includes Mumbai and Chennai centers as well.
- Company saw muted growth in textiles and the electronics segment owing to high inventory pile-up with B2B customers, leading to muted volumes. Barring auto, Company did not register growth in other sectors, with pharma being flat and engineering goods being muted. Company is focusing on the defence and solar sectors owing to the government push.
- Management intends to undertake 1.5-2% price hikes this year, and anticipates margin improvement of 50-100bps.
- Company garnered 97% volumes from B2B customers and 3% from B2C. In terms of customer segment, SME customers' revenue share was 49%.
- Capex during the year was Rs250mn in machinery and other construction activities, Rs150mn in branch expansion and Rs50mn in IT related expenses.
- Other expenses increased due to Rs35mn CSR expenses for the fiscal.

## TCI Express: Consolidated Financials and Valuations

| Profit & Loss               |               |               |               |               |               |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Y/E Mar (Rs mn)             | FY22          | FY23          | FY24          | FY25E         | FY26E         |
| <b>Revenue</b>              | <b>10,815</b> | <b>12,410</b> | <b>12,538</b> | <b>13,140</b> | <b>14,200</b> |
| Revenue growth (%)          | 28.1          | 14.8          | 1.0           | 4.8           | 8.1           |
| <b>EBITDA</b>               | <b>1,747</b>  | <b>1,945</b>  | <b>1,872</b>  | <b>2,031</b>  | <b>2,236</b>  |
| EBITDA growth (%)           | 30.1          | 11.3          | (3.7)         | 8.5           | 10.1          |
| Depreciation & Amortization | 100           | 153           | 190           | 232           | 274           |
| <b>EBIT</b>                 | <b>1,648</b>  | <b>1,792</b>  | <b>1,683</b>  | <b>1,800</b>  | <b>1,962</b>  |
| EBIT growth (%)             | 31.4          | 8.8           | (6.1)         | 6.9           | 9.0           |
| Other operating income      | 0             | 0             | 0             | 0             | 0             |
| Other income                | 82            | 72            | 72            | 107           | 113           |
| Financial expense           | 9             | 18            | 15            | 13            | 8             |
| <b>PBT</b>                  | <b>1,720</b>  | <b>1,845</b>  | <b>1,740</b>  | <b>1,894</b>  | <b>2,067</b>  |
| Extraordinary items         | 0             | 0             | 0             | 0             | 0             |
| Taxes                       | 432           | 453           | 423           | 479           | 523           |
| Minority interest           | 0             | 0             | 0             | 0             | 0             |
| Income from JV/Associates   | 0             | 0             | 0             | 0             | 0             |
| <b>Reported PAT</b>         | <b>1,289</b>  | <b>1,393</b>  | <b>1,317</b>  | <b>1,415</b>  | <b>1,544</b>  |
| PAT growth (%)              | 28.1          | 8.1           | (5.4)         | 7.5           | 9.1           |
| <b>Adjusted PAT</b>         | <b>1,289</b>  | <b>1,393</b>  | <b>1,317</b>  | <b>1,415</b>  | <b>1,544</b>  |
| <b>Diluted EPS (Rs)</b>     | <b>33.5</b>   | <b>36.4</b>   | <b>34.3</b>   | <b>36.9</b>   | <b>40.3</b>   |
| Diluted EPS growth (%)      | 28.1          | 8.5           | (5.6)         | 7.5           | 9.1           |
| <b>DPS (Rs)</b>             | <b>8.0</b>    | <b>8.0</b>    | <b>8.0</b>    | <b>8.0</b>    | <b>8.0</b>    |
| <b>Dividend payout (%)</b>  | <b>23.9</b>   | <b>22.1</b>   | <b>23.3</b>   | <b>21.7</b>   | <b>19.9</b>   |
| EBITDA margin (%)           | 16.2          | 15.7          | 14.9          | 15.5          | 15.7          |
| EBIT margin (%)             | 15.2          | 14.4          | 13.4          | 13.7          | 13.8          |
| Effective tax rate (%)      | 25.1          | 24.5          | 24.3          | 25.3          | 25.3          |
| <b>NOPLAT (pre-IndAS)</b>   | <b>1,234</b>  | <b>1,352</b>  | <b>1,274</b>  | <b>1,344</b>  | <b>1,466</b>  |
| Shares outstanding (mn)     | 38.5          | 38.3          | 38.4          | 38.4          | 38.4          |

Source: Company, Emkay Research

| Cash flows                   |              |              |                |              |              |
|------------------------------|--------------|--------------|----------------|--------------|--------------|
| Y/E Mar (Rs mn)              | FY22         | FY23         | FY24           | FY25E        | FY26E        |
| PBT                          | 1,720        | 1,845        | 1,740          | 1,894        | 2,067        |
| Others (non-cash items)      | 0            | 0            | 0              | 0            | 0            |
| Taxes paid                   | (432)        | (453)        | (423)          | (479)        | (523)        |
| Change in NWC                | (125)        | (71)         | (153)          | 141          | (102)        |
| <b>Operating cash flow</b>   | <b>1,275</b> | <b>1,468</b> | <b>1,360</b>   | <b>1,693</b> | <b>1,612</b> |
| Capital expenditure          | (805)        | (1,063)      | (461)          | (1,000)      | (1,000)      |
| Acquisition of business      | (283)        | 549          | (579)          | 0            | 0            |
| Interest & dividend income   | 44           | 48           | 41             | 107          | 113          |
| <b>Investing cash flow</b>   | <b>(903)</b> | <b>(653)</b> | <b>(1,051)</b> | <b>(909)</b> | <b>(905)</b> |
| Equity raised/(repaid)       | 0            | 0            | 0              | 0            | 0            |
| Debt raised/(repaid)         | (10)         | (3)          | 22             | 0            | 0            |
| Payment of lease liabilities | 0            | 0            | 0              | 0            | 0            |
| Interest paid                | (9)          | (18)         | (15)           | (13)         | (8)          |
| Dividend paid (incl tax)     | 308          | 308          | 307            | 307          | 307          |
| Others                       | (754)        | (1,118)      | (584)          | (614)        | (614)        |
| <b>Financing cash flow</b>   | <b>(465)</b> | <b>(831)</b> | <b>(270)</b>   | <b>(320)</b> | <b>(315)</b> |
| Net chg in Cash              | (92)         | (16)         | 40             | 464          | 391          |
| OCF                          | 1,275        | 1,468        | 1,360          | 1,693        | 1,612        |
| Adj. OCF (w/o NWC chg.)      | 1,150        | 1,397        | 1,207          | 1,833        | 1,510        |
| FCFF                         | 471          | 406          | 900            | 693          | 612          |
| FCFE                         | 506          | 436          | 926            | 787          | 716          |
| OCF/EBITDA (%)               | 73.0         | 75.5         | 72.6           | 83.3         | 72.1         |
| FCFE/PAT (%)                 | 39.3         | 31.3         | 70.3           | 55.6         | 46.4         |
| <b>FCFF/NOPLAT (%)</b>       | <b>38.1</b>  | <b>30.0</b>  | <b>70.6</b>    | <b>51.5</b>  | <b>41.7</b>  |

Source: Company, Emkay Research

| Balance Sheet                         |              |              |              |              |              |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Y/E Mar (Rs mn)                       | FY22         | FY23         | FY24         | FY25E        | FY26E        |
| Share capital                         | 77           | 77           | 77           | 77           | 77           |
| Reserves & Surplus                    | 5,285        | 5,887        | 6,963        | 8,071        | 9,308        |
| <b>Net worth</b>                      | <b>5,362</b> | <b>5,964</b> | <b>7,040</b> | <b>8,148</b> | <b>9,385</b> |
| Minority interests                    | 0            | 0            | 0            | 0            | 0            |
| Deferred tax liability (net)          | 79           | 105          | 135          | 135          | 135          |
| <b>Total debt</b>                     | <b>10</b>    | <b>7</b>     | <b>30</b>    | <b>30</b>    | <b>30</b>    |
| <b>Total liabilities &amp; equity</b> | <b>5,450</b> | <b>6,076</b> | <b>7,205</b> | <b>8,313</b> | <b>9,549</b> |
| Net tangible fixed assets             | 3,147        | 3,439        | 4,185        | 4,982        | 5,740        |
| Net intangible assets                 | 30           | 30           | 46           | 46           | 46           |
| Net ROU assets                        | 20           | 272          | 287          | 275          | 260          |
| Capital WIP                           | 61           | 611          | 161          | 161          | 161          |
| Goodwill                              | 0            | 0            | 0            | 0            | 0            |
| Investments [JV/Associates]           | 870          | 321          | 900          | 900          | 900          |
| <b>Cash &amp; equivalents</b>         | <b>180</b>   | <b>164</b>   | <b>204</b>   | <b>668</b>   | <b>1,059</b> |
| Current assets (ex-cash)              | 2,261        | 2,513        | 2,722        | 2,564        | 2,739        |
| Current Liab. & Prov.                 | 1,120        | 1,274        | 1,300        | 1,283        | 1,355        |
| <b>NWC (ex-cash)</b>                  | <b>1,142</b> | <b>1,239</b> | <b>1,423</b> | <b>1,282</b> | <b>1,383</b> |
| <b>Total assets</b>                   | <b>5,451</b> | <b>6,076</b> | <b>7,205</b> | <b>8,313</b> | <b>9,549</b> |
| Net debt                              | (170)        | (156)        | (174)        | (638)        | (1,029)      |
| Capital employed                      | 5,450        | 6,076        | 7,205        | 8,313        | 9,549        |
| <b>Invested capital</b>               | <b>4,340</b> | <b>4,980</b> | <b>5,940</b> | <b>6,584</b> | <b>7,429</b> |
| BVPS (Rs)                             | 139.5        | 155.7        | 183.6        | 212.5        | 244.7        |
| Net Debt/Equity (x)                   | 0.0          | 0.0          | 0.0          | (0.1)        | (0.1)        |
| Net Debt/EBITDA (x)                   | (0.1)        | (0.1)        | (0.1)        | (0.3)        | (0.5)        |
| Interest coverage (x)                 | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>RoCE (%)</b>                       | <b>35.1</b>  | <b>32.3</b>  | <b>26.3</b>  | <b>24.6</b>  | <b>23.2</b>  |

Source: Company, Emkay Research

| Valuations and key Ratios |             |             |             |             |             |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Y/E Mar                   | FY22        | FY23        | FY24        | FY25E       | FY26E       |
| P/E (x)                   | 33.0        | 30.4        | 32.2        | 29.9        | 27.5        |
| P/CE(x)                   | 30.6        | 27.4        | 28.1        | 25.7        | 23.3        |
| P/B (x)                   | 7.9         | 7.1         | 6.0         | 5.2         | 4.5         |
| EV/Sales (x)              | 3.9         | 3.4         | 3.4         | 3.2         | 2.9         |
| EV/EBITDA (x)             | 24.2        | 21.7        | 22.5        | 20.5        | 18.5        |
| EV/EBIT(x)                | 25.7        | 23.5        | 25.1        | 23.2        | 21.1        |
| EV/IC (x)                 | 9.8         | 8.5         | 7.1         | 6.3         | 5.6         |
| FCFF yield (%)            | 1.1         | 1.0         | 2.1         | 1.7         | 1.5         |
| FCFE yield (%)            | 1.2         | 1.0         | 2.2         | 1.9         | 1.7         |
| Dividend yield (%)        | 0.7         | 0.7         | 0.7         | 0.7         | 0.7         |
| <b>DuPont-RoE split</b>   |             |             |             |             |             |
| Net profit margin (%)     | 11.9        | 11.2        | 10.5        | 10.8        | 10.9        |
| Total asset turnover (x)  | 2.2         | 2.2         | 1.9         | 1.7         | 1.6         |
| Assets/Equity (x)         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         |
| <b>RoE (%)</b>            | <b>26.6</b> | <b>24.6</b> | <b>20.3</b> | <b>18.6</b> | <b>17.6</b> |
| <b>DuPont-RoIC</b>        |             |             |             |             |             |
| NOPLAT margin (%)         | 11.4        | 10.9        | 10.2        | 10.2        | 10.3        |
| IC turnover (x)           | 2.3         | 2.2         | 1.9         | 1.8         | 1.8         |
| <b>RoIC (%)</b>           | <b>34.3</b> | <b>31.8</b> | <b>25.9</b> | <b>24.4</b> | <b>24.2</b> |
| <b>Operating metrics</b>  |             |             |             |             |             |
| Core NWC days             | 38.5        | 36.4        | 41.4        | 35.6        | 35.6        |
| <b>Total NWC days</b>     | <b>38.5</b> | <b>36.4</b> | <b>41.4</b> | <b>35.6</b> | <b>35.6</b> |
| Fixed asset turnover      | 3.5         | 3.1         | 2.6         | 2.3         | 2.1         |
| Opex-to-revenue (%)       | 16.1        | 15.9        | 16.6        | 16.7        | 16.9        |

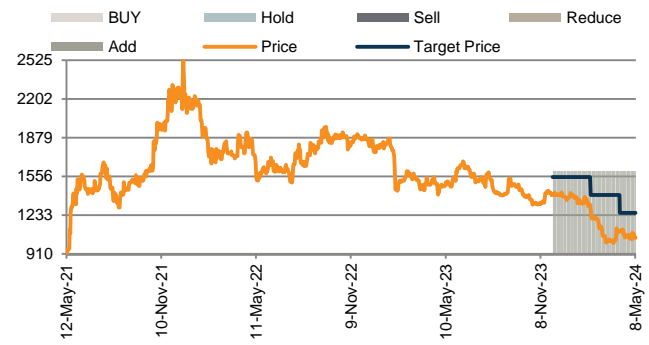
Source: Company, Emkay Research

**RECOMMENDATION HISTORY - DETAILS**

| Date      | Closing Price (INR) | TP (INR) | Rating | Analyst        |
|-----------|---------------------|----------|--------|----------------|
| 08-Apr-24 | 1,096               | 1,250    | Add    | Anshul Agrawal |
| 12-Feb-24 | 1,277               | 1,400    | Add    | Anshul Agrawal |
| 07-Jan-24 | 1,407               | 1,550    | Add    | Anshul Agrawal |
| 01-Dec-23 | 1,404               | 1,550    | Add    | Anshul Agrawal |

Source: Company, Emkay Research

**RECOMMENDATION HISTORY - TREND**



Source: Bloomberg, Emkay Research

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| <b>ADD</b>    | 5-15% upside                                  |
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| <b>SELL</b>   | <15% downside                                 |

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