

Our SELL call on Colgate has been a factor of limited visibility on earnings over the medium term, given that high margin gets into the base and structural growth remain elusive. Colgate’s differentiated strategy to drive growth has aided relatively better growth and helped the company to report the sector’s best margins. Volume slowdown has been our concern, and we see growth as the key moving ahead. Q4FY24 results stood in line, with 10% topline increase and 19% adj. earnings growth. EBITDA margin at 35.7% expanded 225bps YoY, aided by 245bps expansion in gross margin (to 69.3%). We maintain our estimates and see 8% sales and 9% earnings CAGR over FY24-26. Retain SELL on expensive valuations (forward cons. P/E at 51x, near 2x S.D.), with Mar-25E TP of Rs2,350/share based on 40x P/E (in line with last 5Y avg. fwd. PE).

Colgate-Palmolive: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	50,998	52,262	56,804	61,390	66,260
EBITDA	15,659	15,470	19,008	20,798	22,539
Adj. PAT	10,783	10,584	13,432	14,695	15,974
Adj. EPS (Rs)	39.6	38.9	49.4	54.0	58.7
EBITDA margin (%)	30.7	29.6	33.5	33.9	34.0
EBITDA growth (%)	3.7	(1.2)	22.9	9.4	8.4
Adj. EPS growth (%)	4.1	(1.9)	26.9	9.4	8.7
RoE (%)	74.4	61.3	74.8	82.0	91.3
RoIC (%)	187.2	125.9	232.3	335.5	412.5
P/E (x)	67.4	68.7	54.1	49.5	45.5
EV/EBITDA (x)	45.9	46.4	37.5	34.4	31.6
P/B (x)	41.9	42.4	38.8	42.5	40.7
FCFF yield (%)	2.1	1.5	1.5	1.8	2.2

Source: Company, Emkay Research

Price-driven topline performance sustained

Colgate India reported 10.3% revenue growth in Q4FY24, with ~10.7% growth in the domestic business. We estimate volume growth to be at ~2%, which the management refrained to disclose. Management said the thrust ahead would be on volume-driven topline growth, where it is looking to leverage the core portfolio (*Strong teeth, Max Fresh, and Active Salt*) with higher benefits and to drive premiumization in oral care (under *Total and Visible Whitening*). With most of the relaunches in place, we see price driver of growth to be limited. However, with thrust on premiumization, mix growth may remain healthy ahead. Muted volume growth is our key concern, where Management sees recovery from: a) recoup in rural demand setting, b) enhanced consumer awareness drives (to boost consumption), and c) making premium accessible. Mgmt. maintains its aspiration of diversification, where it would look to get products from the parent portfolio.

EBITDA margins at peak, focus ahead on maintaining margins

Aided by healthy gross margin expansion (245bps YoY to 69.3%), EBITDA margin saw 225bps YoY expansion to 35.7%. Management attributed margin expansion in FY24 as an opportunity aided by better mix, pricing, and cost saving initiatives. Going ahead, efficiency benefits will be redeployed for topline and the focus would be maintain current margins. We expect EBITDA margin to see moderate expansion to 34% by FY26E.

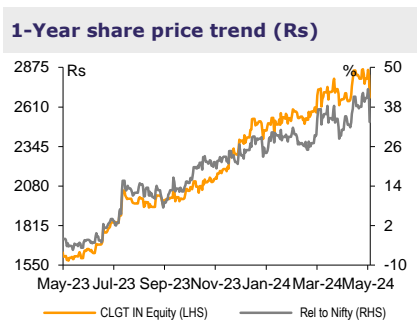
Valuations demand healthy earnings ahead, margin play to be limited; SELL

Our overall SELL rating will remain as Colgate India’s forward P/E at 51x is now near 2x S.D. Company has achieved topline growth of 8.7% for FY24, while earnings growth stood at 27%, driven by 390bps YoY EBITDA margin expansion to 33.5%. We see price-led growth to be limited ahead, which will limit margin expansion. Upside risk to our call would be: a) enhanced focus on category development, aiding conversion of non-user & driving twice brushing habit amid users, and b) scale up of adjacent businesses, with renewed focus on personal-care offerings. We maintain estimates and TP of Rs2,350/share, based on 40x P/E, in line with its last five-years’ average forward P/E.

Target Price – 12M	Mar-25
Change in TP (%)	-
Current Reco.	SELL
Previous Reco.	SELL
Upside/(Downside) (%)	(12.1)
CMP (15-May-24) (Rs)	2,672.6

Stock Data	Ticker
52-week High (Rs)	2,961
52-week Low (Rs)	1,568
Shares outstanding (mn)	272.0
Market-cap (Rs bn)	727
Market-cap (USD mn)	8,705
Net-debt, FY25E (Rs mn)	0
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	981.2
ADTV-3M (USD mn)	11.8
Free float (%)	49.0
Nifty-50	22,201
INR/USD	83.5
Shareholding, Mar-24	
Promoters (%)	51.0
FPIs/MFs (%)	24.5/6.1

Price Performance			
(%)	1M	3M	12M
Absolute	-	3.2	59.7
Rel. to Nifty	0.3	1.8	32.3



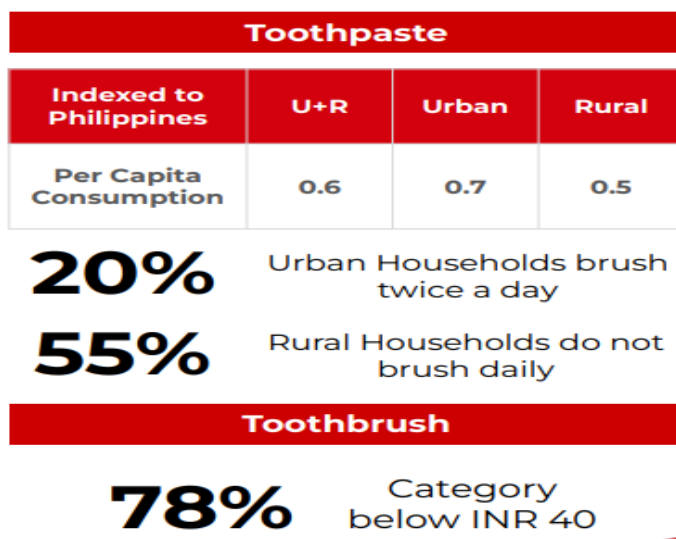
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Management commentary

- Potential of Toothpaste & Toothbrush category:** Avg. toothpaste consumption in India is under indexed, compared with emerging countries like Philippines (0.6x in India) and Brazil (0.3x in India). Despite lower penetration, India's volume is 3x compared with Brazil's. Management attributes 55% of rural households don't brush daily and 20% of urban consumers brush twice daily, signifying higher growth potential in the oral care category. In toothbrush, 78% are sold under Rs40, and the replacement cycle is of 9 months.

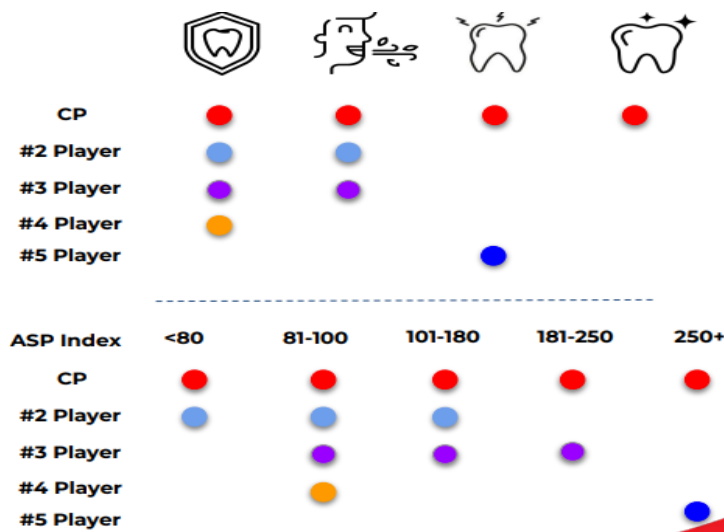
Exhibit 1: Oral care category is under-indexed compared with emerging countries



Source: Company, Emkay Research

- Strong market share:** Colgate has a wide portfolio catering to different needs of consumers, and holds 3.0/1.4x market share, when compared with nearest competitor in toothpaste/toothbrush segment.

Exhibit 2: Colgate is the undisputed market leader

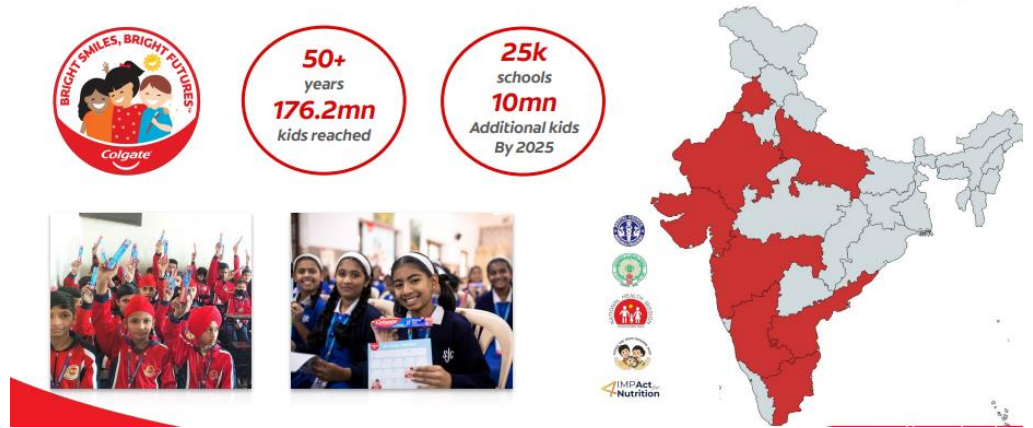


Source: Company, Emkay Research

- Strategic Pillars:** Lead toothpaste category through volume, premiumization through science-based superior innovation, toothbrush category growth, and build personal care.
- Rural now outpacing urban by ~200bps on growth.** Doubled down on execution, supported by increasing product quality, which helped the strong growth. Macro indicators suggest a sustainable recovery in rural.
- Oral care initiatives:** New TVC launched on Diwali is impressive and likely to drive twice usage per day. Further, Bright Smile and Bright Future initiatives continue to deliver oral care awareness in the country. In the last 50 years, Colgate has reached 176mn kids (5.2mn added in FY24, another 10mn kids expected in FY25, by extending initiative to 10-12 states).

Exhibit 3: Sampling across 176.2mn kids in the last 50 years

Bright Smiles, Bright Futures®, Govt. Partnerships and Public Policy



Source: Company, Emkay Research

■ **Personal care initiatives:** Palmolive is a 73-years-old brand in India and Management has targeted cleansing, body wash (sub-3% penetration in India, and the category is clocking 30-40% CAGR), and hand wash category. Palmolive launched 3 new variants in the body wash range. Management believes that personal care growth remains faster than oral care and plans to use global personal care brands in India, going forward.

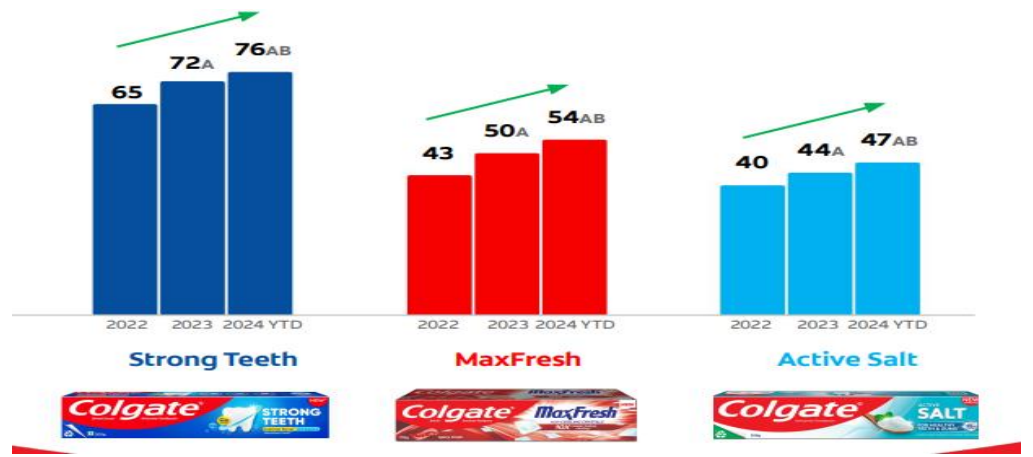
Exhibit 4: Palmolive launched 3 new variants



Source: Company, Emkay Research

■ **Core portfolio growth drivers:** Strong teeth relaunched with superior formulation (benefit of arginine technology); Max Fresh (most successful brand in the last two years) has been revamped with premium packaging, and Active salt relaunched with superior technology fighting painful dental problems.

Exhibit 5: Consideration for Key Sub-Brands



Source: Company, Emkay Research

- **Science-led premiumization:** On premiumization, oral care offers only 12% of the category, which is above Rs140 (Personal care premium contributes ~30%) implying significant scope for the premium product. Management has clear focus to grow it 2.5-3x faster than the core portfolio.

Exhibit 6: Whitening booster – new offer



Source: Company, Emkay Research

- **Toothbrush category:** Management has superior product with superior packaging in the category. Zig Zag has relaunched and Management tried to leverage strength of the brand. In the UP market, toothbrush has gained market leadership.

Exhibit 7: Zig Zag has relaunched



Source: Company, Emkay Research

- Colgate Total is the best toothpaste across the world and commands 40-50% premium on market price. Colgate Total is also a sizable player in e-commerce.
- Colgate Visible Whitening: It's the largest segment by far. The whitening booster will be launched this month, which would be complement the toothpaste and not replace it.
- Oral therapeutics: 9% of the population visits the dentist every year in India. Professional oral care is an opportunity to build strong business with 2.5mn annual touch with dentists.
- **E-commerce:** Ecommerce continues to be margin, growth, and premiumization accretive.
- **Margin:** Management's focus is to reduce non-value-adding costs, and efficiency can be seen in technology, capability, and thinking. Margin expansion would be limited ahead, FY24 margin expansion stands as a one-off.

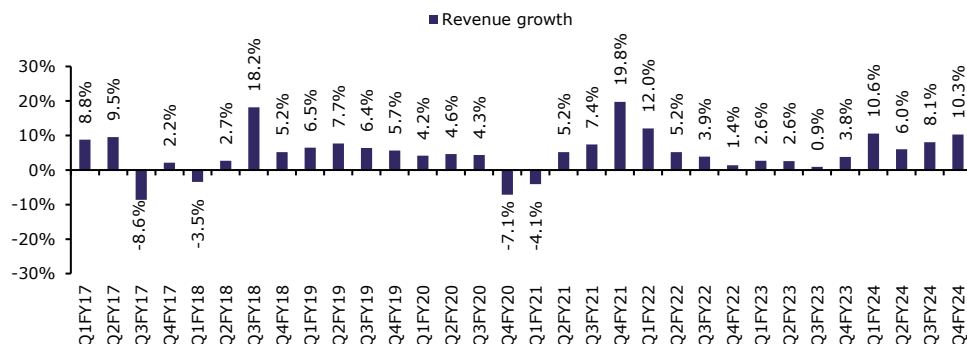
Exhibit 8: Q4FY24 performance

(Rs mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	Q4FY24E	Var. (%)	FY24	FY23	YoY (%)
Total income	14,900	13,506	10.3	13,957	6.8	15,025	(0.8)	56,804	52,262	8.7
Cost of goods	4,573	4,475	2.2	3,883	17.8	4,350	5.1	17,230	17,942	(4.0)
Employee expenses	999	898	11.2	1,098	(9.0)	1,028	(2.8)	4,117	3,770	9.2
A&P spends	1,689	1,429	18.2	2,043	(17.3)	2,116	(20.2)	7,604	6,341	19.9
Other expenses	2,317	2,185	6.0	2,248	3.1	2,261	2.5	8,845	8,740	1.2
EBITDA	5,322	4,519	17.8	4,684	13.6	5,269	1.0	19,008	15,470	22.9
EBITDA Margin (%)	35.7	33.5	230bps	33.6	220bps	35.1	60bps	33.5	29.6	390bps
Depreciation	421	431	(2.3)	414	1.8	439	(4.1)	1,715	1,748	(1.9)
EBIT	4,901	4,088	19.9	4,270	14.8	4,830	1.5	17,293	13,722	26.0
EBIT Margin (%)	32.9	30.3	260bps	30.6	230bps	32.1	70bps	30.4	26.3	420bps
Interest cost	14	11	25.9	15	(9.9)	14		50	52	(3.3)
Other income	227	204	11.3	179	26.6	237	(4.6)	765	536	42.8
PBT	5,114	4,281	19.5	4,434	15.3	5,054	1.2	18,008	14,206	26.8
Tax	1,315	1,100	19.6	1,133	16.1	1,316	(0.0)	4,577	3,649	25.4
Tax rate (%)	25.7	25.7		25.6		26.0	-30bps	25.4	25.7	-30bps
PAT	3,798	3,162	20.1	3,301	15.1	3,738	1.6	13,237	10,469	26.4
Adj. Profit	3,798	3,181	19.4	3,301	15.1	3,738	1.6	13,432	10,558	27.2
Net profit margin (%)	25.5	23.6	190bps	23.7	180bps	24.9	60bps	23.6	20.2	340bps
EPS (Rs)	14.0	11.7	19.4	12.1	15.1	13.7	1.6	49.4	38.8	27.2

Source: Company, Emkay Research

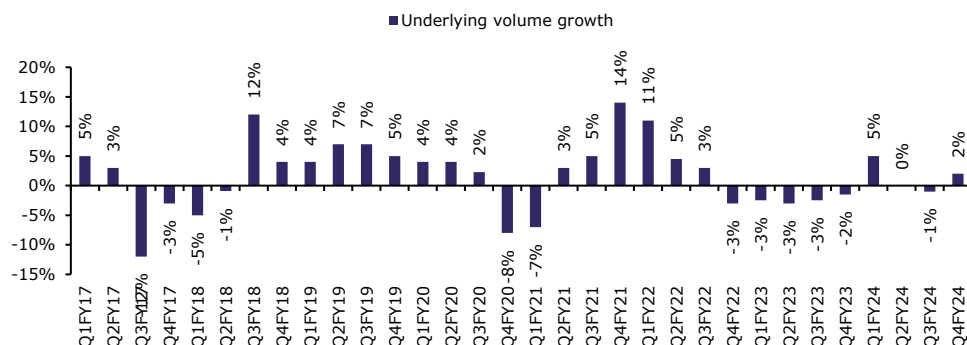
Q4 revenue grew 10%, backed by 2% volume growth

Exhibit 9: Quarterly revenue growth trends



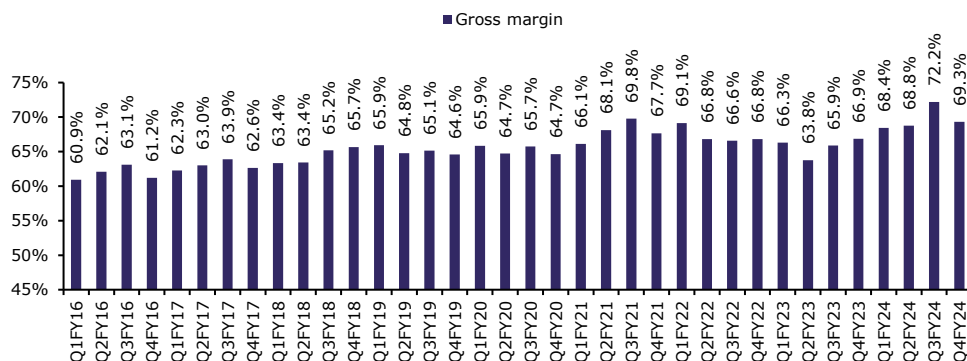
Source: Company, Emkay Research

Exhibit 10: Quarterly volume growth trends



Source: Company, Emkay Research

Exhibit 11: Quarterly gross-margin trend



Source: Company, Emkay Research

Benign raw material and high-price base, aided historic high-gross margin

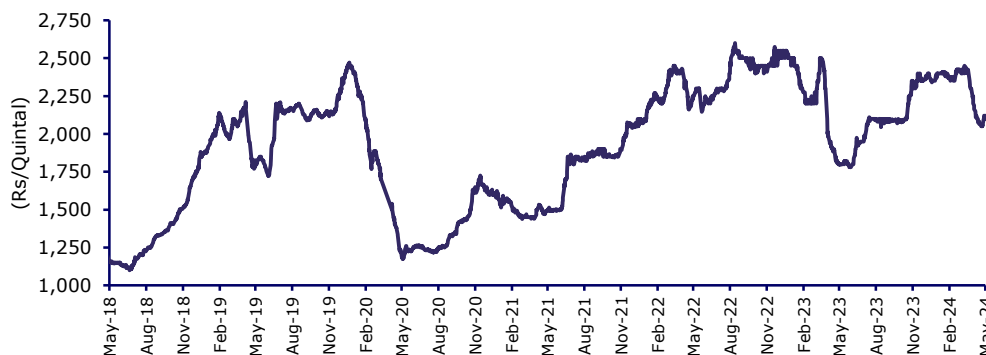
Exhibit 12: Key raw material for Colgate and the spot price trend

	RM mix	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY	QoQ	Q4FY22
Sorbitol (Maize)	20%	1,509	2,263	2,417	2,480	2,257	1,882	2,067	2,263	2,352	1,509	4.2%	3.9%
Menthe Oil	20%	1,158	1,249	1,172	1,180	1,251	1,176	1,054	1,021	1,020	1,158	-18.5%	-0.1%
Crude derivative	15%	102	114	101	89	81	78	87	84	83	102	2.3%	-1.5%
HDPE	10%	102,769	114,671	95,092	89,866	93,869	86,244	87,158	84,055	86,790	102,769	-7.5%	3.3%

Source: Bloomberg, NCDEX, Company, Emkay Research

Note: Maize price data is in Rs/Quintal; Menthe oil & HDPE are in Rs/kg, Crude is in USD/Barrel

Exhibit 13: Maize price trend



Source: NCDEX, Emkay Research

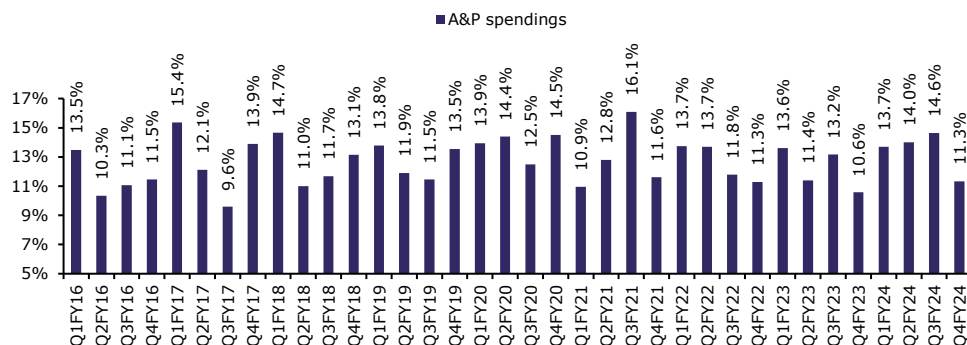
Menthe oil prices are down 15%, while Maize has inched up in the last 12 months

Exhibit 14: Menthe oil price trend



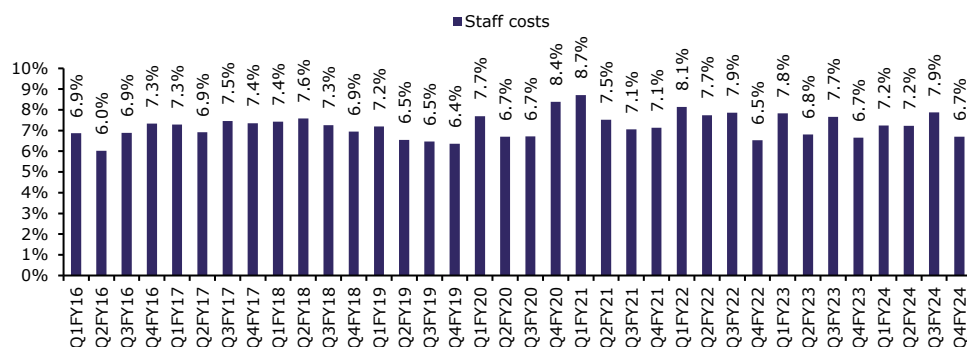
Source: Bloomberg, Emkay Research

Exhibit 15: Quarterly advertising and promotion spending as a % of sales



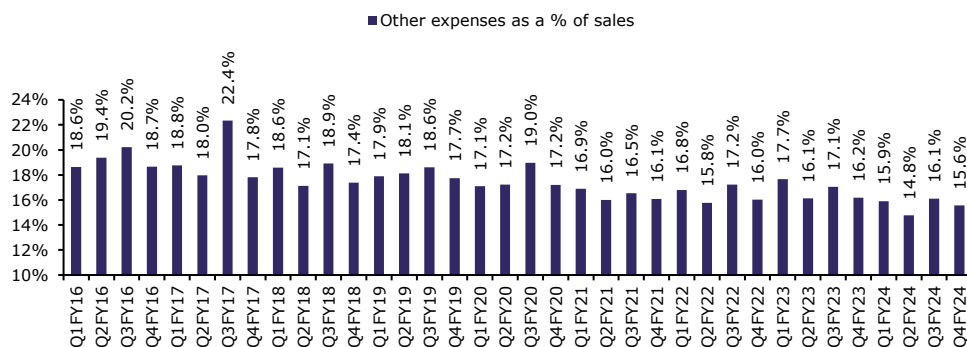
Source: Company, Emkay Research

Exhibit 16: Quarterly staff cost as a % of sales



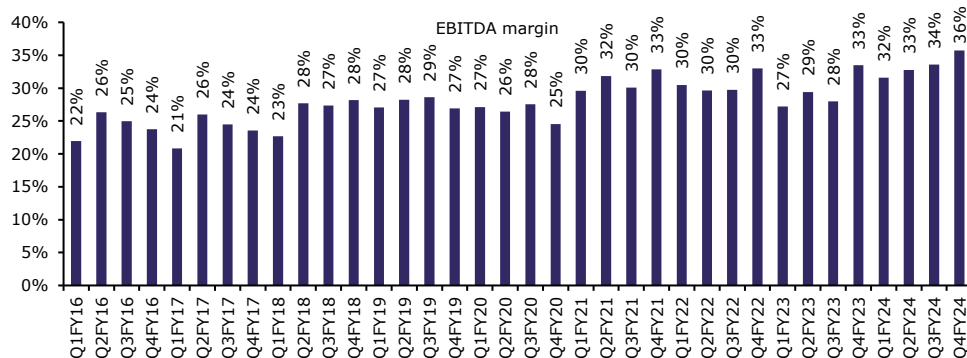
Source: Company, Emkay Research

Exhibit 17: Quarterly other expenses as a % of sales



Source: Company, Emkay Research

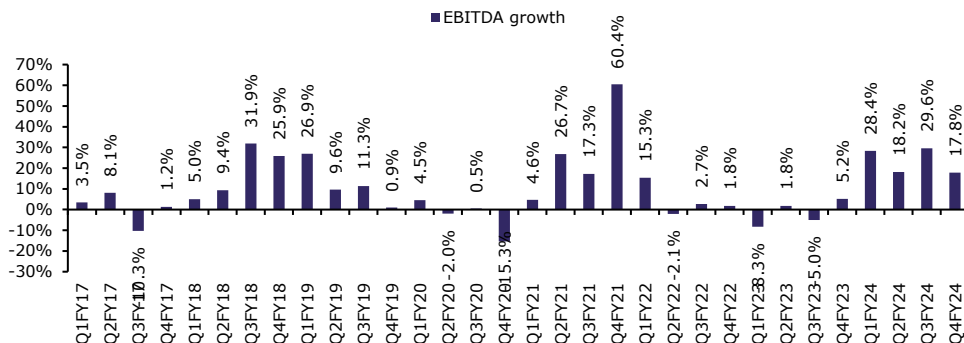
Exhibit 18: Quarterly EBITDA margin trends



Source: Company, Emkay Research

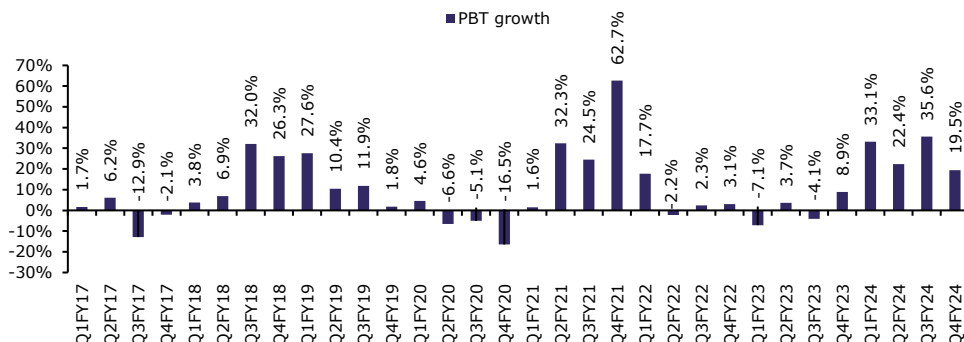
Healthy gross margin aided historic high EBITDA margin

Exhibit 19: Quarterly EBITDA growth trends



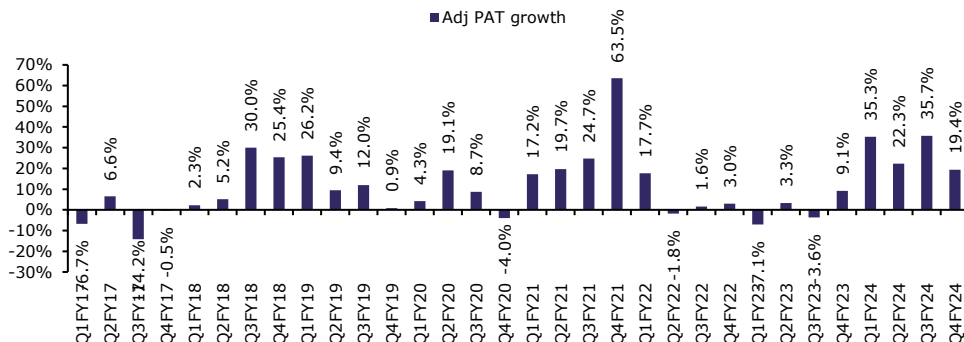
Source: Company, Emkay Research

Exhibit 20: Quarterly profit before tax growth trend



Source: Company, Emkay Research

Exhibit 21: Quarterly adjusted PAT growth trend

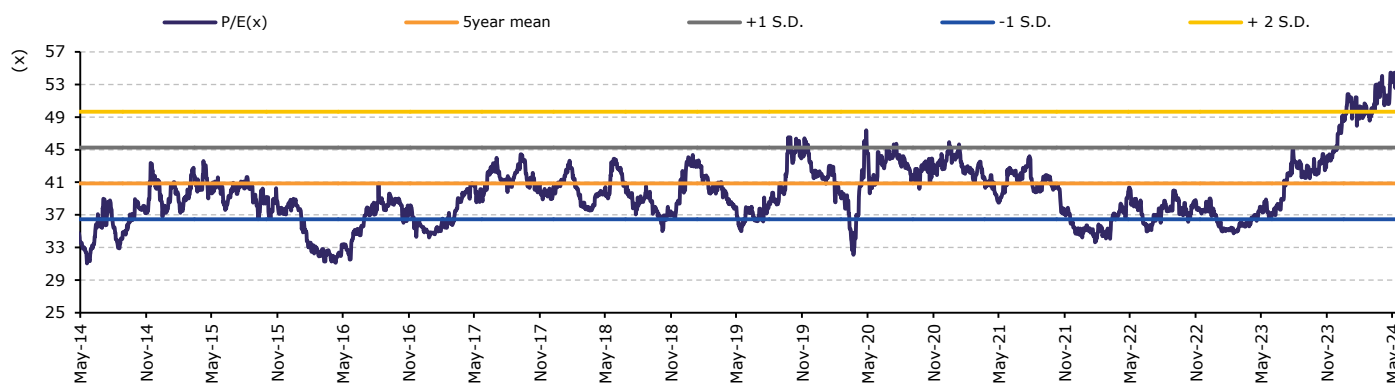


Source: Company, Emkay Research

Valuations: Sustenance of growth critical

Our overall SELL will remain as Colgate India's forward P/E at 53.5x is now near 2x S.D. The company has achieved topline growth of 8.7% for FY24, while earnings growth stood at 27%, driven by 390bps YoY EBITDA margin expansion at 33.5%. We see price-led growth to be limited ahead, which will limit margin expansion. As such, earnings delivery is to be topline dependent. We see 8% topline CAGR over FY24-26E and 9% earnings CAGR over the same period. Upside risk to our call would be: a) enhanced focus on category development, aiding conversion of non-user and driving double consumption for users, and b) scale up of adjacent businesses, with renewed thrust on personal-care offerings. We maintain estimates and TP of Rs2,350/share, based on 40x P/E, in line with its last five-years' average forward P/E.

Exhibit 22: Colgate India's one-year forward P/E



Source: Bloomberg, Emkay Research

Exhibit 23: Key assumptions

(%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net sales growth	6.6%	1.4%	7.0%	5.3%	2.5%	8.7%	8.1%	7.9%
Toothpaste volume growth	5.8%	1.0%	4.0%	3.5%	-2.5%	2.0%	4.0%	4.0%
Gross margin	65.1%	65.2%	68.0%	67.3%	65.7%	69.7%	70.0%	70.3%
A&P spends as a % of sales	12.7%	13.8%	12.9%	12.6%	12.1%	13.4%	13.7%	13.9%
Employee costs	6.6%	7.3%	7.6%	7.6%	7.2%	7.2%	7.2%	7.2%
EBITDA margin	27.7%	26.6%	31.2%	30.7%	29.6%	33.5%	33.9%	34.0%
EBITDA growth	11.1%	-2.8%	25.6%	3.7%	-1.2%	22.9%	9.4%	8.4%
EBIT growth	12.7%	-6.8%	32.2%	4.6%	-1.2%	26.0%	9.9%	8.8%
PBT growth	11.8%	-6.2%	29.4%	4.4%	0.8%	26.7%	9.8%	8.7%
Effective tax rate	35.4%	21.7%	23.3%	23.5%	25.5%	25.4%	25.7%	25.7%
Adjusted PAT growth	10.4%	13.7%	26.8%	4.1%	-1.9%	26.9%	9.4%	8.7%
EPS (Rs)	26.4	30.0	38.1	39.6	38.9	49.4	54.0	58.7
DPS (Rs)	23.0	29.0	38.0	40.0	39.0	58.0	54.0	58.0
Dividend payout	87%	97%	100%	101%	100%	117%	100%	99%
Avg. ROE	48%	54%	75%	74%	61%	75%	82%	91%
Avg. ROCE	71%	62%	90%	90%	76%	93%	102%	113%

Source: Company, Emkay Research

Exhibit 24: Changes to our estimates

(Rs mn)	New estimates			Old estimates			Changes to our estimates		
	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Net sales	56,442	61,002	65,845	56,564	61,136	65,992	0%	0%	0%
growth (%)	8.7%	8.1%	7.9%	8.9%	8.1%	7.9%			
EBITDA	19,008	20,798	22,539	18,906	20,674	22,398	1%	1%	1%
growth (%)	22.9%	9.4%	8.4%	22.2%	9.4%	8.3%			
EBITDA margin (%)	33.5%	33.9%	34.0%	33.4%	33.8%	33.9%			
Adj. PAT	13,432	14,695	15,974	13,372	14,680	15,951	0%	0%	0%
growth (%)	26.9%	9.4%	8.7%	26.3%	9.8%	8.7%			
EPS (Rs)	49.4	54.0	58.7	49.2	54.0	58.6	0%	0%	0%

Source: Company, Emkay Research

Exhibit 25: Emkay vs. Consensus estimates

(Rs mn)	Emkay estimates			Consensus estimates			Emkay estimate vs. consensus		
	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Net sales	56,442	61,002	65,845	56,480	61,039	66,058	0%	0%	0%
growth (%)	8.7%	8.1%	7.9%	8.7%	8.1%	8.2%			
EBITDA	19,008	20,798	22,539	18,620	20,252	22,030	2%	3%	2%
growth (%)	22.9%	9.4%	8.4%	20.4%	8.8%	8.8%			
EBITDA margin (%)	33.5%	33.9%	34.0%	33.0%	33.2%	33.3%			
Adj. PAT	13,432	14,695	15,974	13,016	14,177	15,447	3%	4%	3%
growth (%)	26.9%	9.4%	8.7%	23.0%	8.9%	9.0%			
EPS (Rs)	49.4	54.0	58.7	49.2	54.0	58.6	0%	0%	0%

Source: Company, Emkay Research

Colgate-Palmolive: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	50,998	52,262	56,804	61,390	66,260
Revenue growth (%)	5.3	2.5	8.7	8.1	7.9
EBITDA	15,659	15,470	19,008	20,798	22,539
EBITDA growth (%)	3.7	(1.2)	22.9	9.4	8.4
Depreciation & Amortization	1,773	1,748	1,715	1,792	1,867
EBIT	13,886	13,722	17,293	19,006	20,672
EBIT growth (%)	4.6	(1.2)	26.0	9.9	8.8
Other operating income	289	320	363	388	415
Other income	263	536	765	821	877
Financial expense	59	49	50	51	52
PBT	14,090	14,209	18,008	19,776	21,497
Extraordinary items	0	0	0	0	0
Taxes	3,307	3,625	4,577	5,081	5,523
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	10,783	10,471	13,237	14,695	15,974
PAT growth (%)	4.1	(2.9)	26.4	11.0	8.7
Adjusted PAT	10,783	10,584	13,432	14,695	15,974
Diluted EPS (Rs)	39.6	38.9	49.4	54.0	58.7
Diluted EPS growth (%)	4.1	(1.9)	26.9	9.4	8.7
DPS (Rs)	39.0	39.0	43.0	60.0	56.0
Dividend payout (%)	98.4	101.3	88.4	111.1	95.4
EBITDA margin (%)	30.7	29.6	33.5	33.9	34.0
EBIT margin (%)	27.2	26.3	30.4	31.0	31.2
Effective tax rate (%)	23.5	25.5	25.4	25.7	25.7
NOPLAT (pre-IndAS)	10,627	10,221	12,898	14,123	15,361
Shares outstanding (mn)	272.0	272.0	272.0	272.0	272.0

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	14,090	14,209	18,008	19,776	21,497
Others (non-cash items)	103	65	99	0	0
Taxes paid	(3,699)	(3,809)	(4,686)	(5,081)	(5,523)
Change in NWC	4,151	(89)	(2,272)	(1,305)	568
Operating cash flow	16,257	11,763	11,990	14,413	17,584
Capital expenditure	(495)	(695)	(755)	(915)	(988)
Acquisition of business	0	0	0	0	0
Interest & dividend income	1,018	1,014	1,252	1,355	1,414
Investing cash flow	(1,076)	(75)	792	(94)	(111)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(225)	(191)	(190)	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(109)	(102)	(93)	(51)	(52)
Dividend paid (incl tax)	(10,572)	(10,575)	(11,670)	(16,320)	(15,232)
Others	0	0	0	0	0
Financing cash flow	(10,906)	(10,867)	(11,953)	(16,371)	(15,284)
Net chg in Cash	4,275	820	829	(2,052)	2,189
OCF	16,257	11,763	11,990	14,413	17,584
Adj. OCF (w/o NWC chg.)	12,107	11,852	12,079	15,717	17,016
FCFF	15,762	11,068	11,234	13,498	16,596
FCFE	16,721	12,033	12,437	14,802	17,958
OCF/EBITDA (%)	103.8	76.0	63.1	69.3	78.0
FCFE/PAT (%)	155.1	113.7	92.6	100.7	112.4
FCFF/NOPLAT (%)	148.3	108.3	87.1	95.6	108.0

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	272	272	272	272	272
Reserves & Surplus	17,075	16,892	18,472	16,847	17,588
Net worth	17,347	17,164	18,744	17,119	17,860
Minority interests	0	0	0	0	0
Deferred tax liability (net)	(173)	(288)	(648)	(648)	(648)
Total debt	987	942	950	986	1,024
Total liabilities & equity	18,161	17,817	19,046	17,457	18,237
Net tangible fixed assets	9,630	8,618	7,941	7,064	6,184
Net intangible assets	0	0	0	0	0
Net ROU assets	0	0	0	0	0
Capital WIP	1,218	1,141	1,103	1,103	1,103
Goodwill	0	0	0	0	0
Investments [JV/Associates]	281	325	257	270	283
Cash & equivalents	7,547	9,230	13,702	11,649	13,839
Current assets (ex-cash)	10,169	9,228	8,279	10,151	10,517
Current Liab. & Prov.	10,684	10,724	12,236	12,779	13,688
NWC (ex-cash)	(515)	(1,496)	(3,956)	(2,628)	(3,172)
Total assets	18,161	17,817	19,046	17,457	18,237
Net debt	(7,530)	(9,214)	(13,685)	(11,633)	(13,822)
Capital employed	17,191	16,892	18,113	16,488	17,229
Invested capital	9,114	7,122	3,984	4,435	3,013
BVPS (Rs)	63.8	63.1	68.9	62.9	65.7
Net Debt/Equity (x)	(0.4)	(0.5)	(0.7)	(0.7)	(0.8)
Net Debt/EBITDA (x)	(0.5)	(0.6)	(0.7)	(0.6)	(0.6)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	98.2	83.7	103.2	114.6	127.8

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
P/E (x)	67.4	68.7	54.1	49.5	45.5
P/CE(x)	61.1	62.2	50.6	46.5	43.0
P/B (x)	41.9	42.4	38.8	42.5	40.7
EV/Sales (x)	14.2	13.8	12.6	11.7	10.8
EV/EBITDA (x)	45.9	46.4	37.5	34.4	31.6
EV/EBIT(x)	54.7	55.2	43.6	39.7	36.4
EV/IC (x)	83.3	106.4	189.1	170.3	250.0
FCFF yield (%)	2.1	1.5	1.5	1.8	2.2
FCFE yield (%)	2.2	1.6	1.6	1.9	2.3
Dividend yield (%)	1.5	1.5	1.6	2.2	2.1
DuPont-RoE split					
Net profit margin (%)	21.1	20.3	23.6	23.9	24.1
Total asset turnover (x)	3.5	3.1	3.2	3.5	3.9
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	74.4	61.3	74.8	82.0	91.3
DuPont-RoIC					
NOPLAT margin (%)	20.8	19.6	22.7	23.0	23.2
IC turnover (x)	9.0	6.4	10.2	14.6	17.8
RoIC (%)	187.2	125.9	232.3	335.5	412.5
Operating metrics					
Core NWC days	(71.2)	(49.9)	(52.4)	(53.2)	(51.1)
Total NWC days	(3.7)	(10.5)	(25.4)	(15.6)	(17.5)
Fixed asset turnover	2.5	2.5	2.6	2.7	2.8
Opex-to-revenue (%)	36.6	36.1	36.2	36.1	36.2

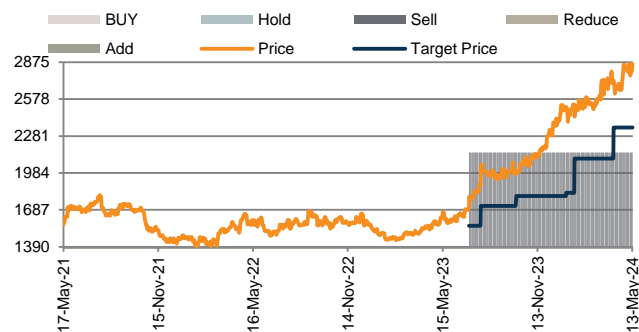
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
13-May-24	2,859	2,350	Sell	Nitin Gupta
08-May-24	2,825	2,350	Sell	Nitin Gupta
15-Apr-24	2,673	2,350	Sell	Nitin Gupta
07-Apr-24	2,729	2,350	Sell	Nitin Gupta
14-Mar-24	2,687	2,100	Sell	Nitin Gupta
23-Jan-24	2,438	2,100	Sell	Nitin Gupta
07-Jan-24	2,515	1,825	Sell	Nitin Gupta
12-Dec-23	2,336	1,800	Sell	Nitin Gupta
30-Nov-23	2,196	1,800	Sell	Nitin Gupta
24-Nov-23	2,195	1,800	Sell	Nitin Gupta
26-Oct-23	2,034	1,800	Sell	Nitin Gupta
24-Oct-23	2,076	1,800	Sell	Nitin Gupta
20-Oct-23	2,111	1,800	Sell	Nitin Gupta
03-Oct-23	1,978	1,800	Sell	Nitin Gupta
28-Aug-23	1,936	1,720	Sell	Nitin Gupta
22-Aug-23	1,940	1,720	Sell	Nitin Gupta
15-Aug-23	1,963	1,720	Sell	Nitin Gupta
27-Jul-23	2,002	1,720	Sell	Nitin Gupta
04-Jul-23	1,705	1,560	Sell	Nitin Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
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SELL	<15% downside

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