

**Muted H1 trends lead to rating downgrade to ADD**

Retail ▶ Result Update ▶ **May 11, 2024**

**TARGET PRICE (Rs): 1,600**

**We downgrade Sapphire to ADD (from Buy), on expectation of muted trends in H1FY25 across formats. Mgmt commentary suggests continuation of SSG decline in the KFC/PH India formats (at least for H1FY25) vs. our expectation of earlier recovery. For PH, expansion (that is curtailed), new innovations, and superior experience are showing some initial signs of recovery, though Mgmt remains cautious on higher competition due to Pizza category’s larger size and easier kitchen operations. On the other hand, KFC continues to enjoy cost/marketing leadership in the chicken category, where it focuses on maximizing value & improving customer experience/accessibility via continued network expansion, with ~20% brand margin. But persisting weak demand trends muffle any near-term trigger, prompting our 16%/6% cut to FY25E/26E EBITDA and rating downgrade, with pruned TP of Rs1,600/sh (22x FY26E EBITDA). Faster SSG recovery remains a potential upside to our estimates.**

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	22,656	25,943	28,963	35,446	43,527
EBITDA	4,284	4,613	5,478	7,374	9,148
Adj. PAT	2,332	520	721	1,596	2,226
Adj. EPS (Rs)	36.7	8.2	11.3	25.1	35.0
EBITDA margin (%)	18.9	17.8	18.9	20.8	21.0
EBITDA growth (%)	40.4	7.7	18.7	34.6	24.0
Adj. EPS growth (%)	407.1	(77.7)	38.8	121.3	39.5
RoE (%)	20.6	4.0	5.2	10.7	13.2
RoIC (%)	47.2	10.8	12.0	18.1	21.2
P/E (x)	38.6	173.3	124.9	56.4	40.5
EV/EBITDA (x)	20.5	19.2	16.2	12.0	9.6
P/B (x)	7.2	6.7	6.4	5.7	5.0
FCFF yield (%)	1.9	0.5	1.4	2.3	3.9

Source: Company, Emkay Research

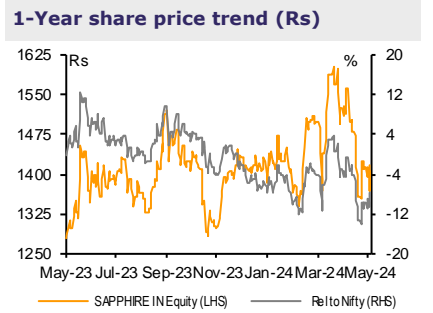
**Q4 miss amid no respite for PH; KFC EBITDA largely in-line:** KFC’s revenue grew 16% in Q4, led by 26% growth in store count and offset by a 3% SSG dip. Given weak macros, KFC is likely to have outperformed in most QSR categories, with 14%/20% brand EBITDA growth in Q4/FY24. Performance is aided by lower competition, value offering (Snacker@99/Lunch@149) and re-launches (Chizza/Rice Bowls). Efforts for digitization also continued, with Kiosks installed at 163 KFC outlets (38% of network). However, PH sales declined 3% owing to the 15% dip in SSG; impact on growth was partially offset by 12% higher store-count. Launch of Melts@169, Thin/Crispy Pizza, and the Pasta range as part of Company’s brand revival action plan aided in arresting further de-growth. Sri Lanka operating conditions are improving, with 4% SSG reported in local currency and 12.3% EBITDA margin. Overall store additions were muted, at 22 in Q4 (vs 36 on average over 8 quarters), led solely by 23 additions in KFC; PH expansion is likely to see moderation for H1 as well. Gross margin gained by 90bps, led by benign RM costs. However, store margins declined by 260bps to 13.7%, due to a 1,130bps drop in PH brand contribution, whereas KFC/SL saw a relatively lower decline at 40/190bps. Overall EBITDA at 8.6% dipped by 150bps, helped by lower HO costs (down 110bps).

**Earnings-call KTAs:** 1) The 3-Year plan (given in Dec-21) remains intact for Sales/EBITDA CAGR of 25%/30%. Doubling of stores is likely to be fulfilled for KFC; however, for PH, Mgmt aims for cautious expansion with 3-5% correction and ~10% refurbishment (5Y+ stores) in the portfolio. 2) Gross margins are likely to remain stable; KFC’S targeted brand contribution remains ~20%, as Sapphire targets re-investing additional gains in expansion. 3) Dragon-Tail solution is now integrated with 100% restaurants and all aggregators. 4) Late-night delivery implementation in PH stood at ~91% of the high street network. 5) Compared to historical trends, the Q1TD ADS is witnessing an in-line sequential pickup for KFC, but the ADS pick-up is relatively better in PH. 6) Transaction decline in KFC/PH is largely in-line, with SSG declines. 7) Capex at Rs3.8bn remained high, despite lower store adds at 129 vs 164 in FY23, due to higher refurbishments and technology investments in FY24. 8) PH store expansion will only catch up when brand ADS achieves the ~Rs55k range and SSG reaches high-single digit growth; till then, SAPPHIRE will continue to focus on brand revival via higher marketing spends (although not at cost of EBITDA loss)

Target Price – 12M	Mar-25
<b>Change in TP (%)</b>	<b>(5.9)</b>
Current Reco.	ADD
Previous Reco.	BUY
Upside/(Downside) (%)	12.9
CMP (10-May-24) (Rs)	1,417.2

Stock Data	Ticker
52-week High (Rs)	1,700
52-week Low (Rs)	1,213
Shares outstanding (mn)	63.7
Market-cap (Rs bn)	90
Market-cap (USD mn)	1,082
Net-debt, FY25E (Rs mn)	-1,178
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	330.7
ADTV-3M (USD mn)	4.0
Free float (%)	49.0
Nifty-50	22,055
INR/USD	83.5
<b>Shareholding, Mar-24</b>	
Promoters (%)	30.9
FPIs/MFs (%)	30.0/32.4

Price Performance			
(%)	1M	3M	12M
Absolute	(6.4)	2.7	8.2
Rel. to Nifty	(3.5)	1.5	(10.1)



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## Story in Charts

Exhibit 1: Performance across key metrics over the past few quarters

Key metrics (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
<b>KFC India</b>					
Number of stores	341	358	381	406	429
SSG (%)	2	0	0	(2)	(3)
ADS (Rs)	127,000	138,000	125,000	125,000	114,000
Revenue	3,691	4,286	4,165	4,421	4,285
Gross margin (%)	66.8	68.1	67.9	68.4	68.3
Brand contribution margin (%)	19.1	20.8	19.2	20.1	18.7
<b>PH India</b>					
Number of stores	286	302	311	319	319
SSG (%)	(4)	(9)	(20)	(19)	(15)
ADS (Rs)	50,000	52,000	48,000	45,000	41,000
Revenue	1,221	1,362	1,330	1,305	1,188
Gross margin (%)	74.3	75.1	76.1	75.7	75.5
Brand contribution margin (%)	8.6	9.0	7.6	4.6	-2.7
<b>Sri Lanka (Pizza Hut)</b>					
Number of stores	114	114	118	121	120
SSG (%)	(3)	0	1	1	4
ADS (Rs)	65,000	81,000	81,000	81,000	75,000
Revenue	667	825	864	892	816
Gross margin (%)	61.0	60.5	62.2	61.8	61.9
Brand contribution margin (%)	14.2	13.0	15.3	14.2	12.3
<b>Sapphire- Consol.</b>					
Number of stores	743	778	814	850	872
Store additions (no. of)	28	35	36	36	22
Revenue	5,592	6,526	6,414	6,643	6,297
Gross margin (%)	68.1	68.7	68.9	69.0	69.1
Brand contribution margin (%)	16.3	17.3	16.2	16.1	13.7
Overhead opex/revenue (%)	6.2	5.5	5.6	5.2	5.0
Consol. EBITDA	563	772	678	722	544
EBITDA margin (%)	10.1	11.8	10.6	10.9	8.6

Source: Company, Emkay Research; \*EBITDA/margins are pre IndAS-116

Exhibit 2: Actual vs. Estimates (Q4FY24)

(Rs mn)	Actual	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net Sales	6,317	6,557	6,408	-3.7%	-1.4%	Revenue was below Street/our estimates on account of higher SSG declines
EBITDA*	1,029	1,092	1,182	-5.7%	-12.9%	EBITDA margins were 40bps lower, led by weak margin in the PH/SL business
EBITDA margin*	16.3%	16.7%	18.4%	-36	-215	
PAT	20	48	107	-57.7%	-80.9%	Lower PAT was a result of topline and margin miss

Source: Company, Emkay Research; \*Post IndAS-116 EBITDA

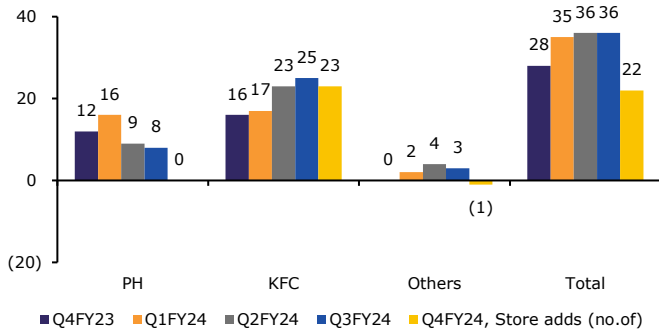
Exhibit 3: Actual vs. Emkay Estimates; Segment wise (Q4FY24)

(Rs mn)	Revenue		Brand-EBITDA		Variance	
	Actual	Estimate	Actual	Estimate	Revenue	EBITDA
KFC	4,285	4,377	801	808	-2.1%	-0.8%
Pizza Hut	1,188	1,249	-32	22	-4.9%	NA
SL	824	931	92	109	-11.5%	-15.7%
<b>Total</b>	<b>6,297</b>	<b>6,557</b>	<b>861</b>	<b>938</b>	<b>-4.0%</b>	<b>-8.2%</b>
HO Costs			317	369		-14.1%
<b>Total</b>			<b>544</b>	<b>569</b>		<b>-4.4%</b>

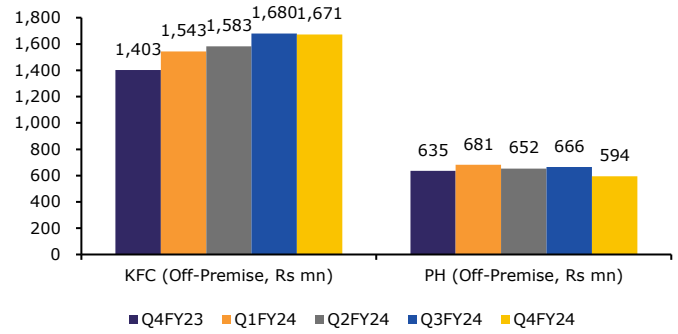
Source: Company, Emkay Research

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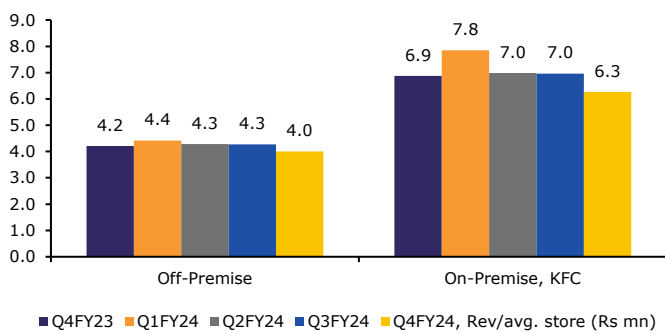
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**Exhibit 4: Sapphire added 22 stores in Q4FY24, with 23 stores opened for KFC and a store closed in SL region**

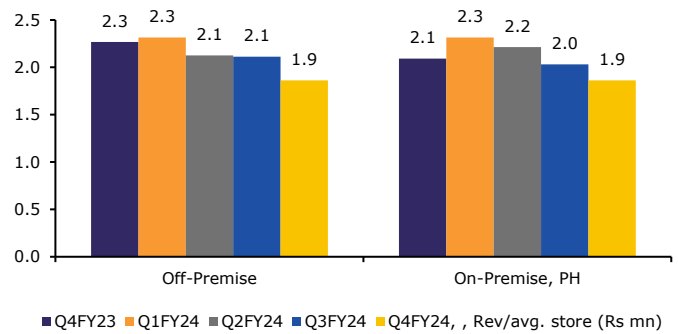
Source: Company, Emkay Research

**Exhibit 5: Channel-wise off-premise sales grew 19% for KFC, although declining 6% for Pizza Hut in Q3**

Source: Company, Emkay Research

**Exhibit 6: For KFC, On-premise/Off-premise sales per store dipped 9%/5%**

Source: Company, Emkay Research

**Exhibit 7: For PH, On-premise/Off-premise sales per store plunged 11%/18%, amid high competitive intensity in the pizza category**

Source: Company, Emkay Research

**Exhibit 8: Summary of quarterly results**

Y/E, Mar (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)	FY23	FY24	Gr (%)
<b>Revenue</b>	<b>5,604</b>	<b>6,544</b>	<b>6,426</b>	<b>6,656</b>	<b>6,317</b>	<b>12.7</b>	<b>-5.1</b>	<b>22,656</b>	<b>25,943</b>	<b>14.5</b>
<b>Expenditure</b>	<b>4,623</b>	<b>5,329</b>	<b>5,275</b>	<b>5,438</b>	<b>5,287</b>	<b>14.4</b>	<b>-2.8</b>	<b>18,372</b>	<b>21,330</b>	<b>16.1</b>
Consumption of RM	1,797	2,061	2,010	2,072	1,966	9.4	-5.1	7,407	8,109	9.5
as % of sales	32.1%	31.5%	31.3%	31.1%	31.1%			32.7%	31.3%	
Employee Cost	767	850	875	874	857	11.7	-1.9	2,929	3,456	18.0
as % of sales	13.7%	13.0%	13.6%	13.1%	13.6%			12.9%	13.3%	
Other expenditure	2,059	2,418	2,391	2,492	2,464	19.7	-1.1	8,036	9,765	21.5
as % of sales	36.7%	37.0%	37.2%	37.4%	39.0%			35.5%	37.6%	
<b>EBITDA</b>	<b>981</b>	<b>1,214</b>	<b>1,151</b>	<b>1,217</b>	<b>1,029</b>	<b>4.9</b>	<b>-15.4</b>	<b>4,284</b>	<b>4,613</b>	<b>7.7</b>
Depreciation	724	727	768	874	870	20.3	-0.4	2,642	3,239	22.6
<b>EBIT</b>	<b>258</b>	<b>487</b>	<b>384</b>	<b>344</b>	<b>159</b>	<b>-38.2</b>	<b>-53.6</b>	<b>1,642</b>	<b>1,374</b>	<b>-16.3</b>
Other Income	114	75	75	60	124	9.0	106.3	311	334	7.6
Interest	249	226	245	263	275	10.5	4.5	869	1,009	16.1
<b>PBT</b>	<b>123</b>	<b>336</b>	<b>214</b>	<b>140</b>	<b>8</b>	<b>-93.2</b>	<b>-94.0</b>	<b>1,084</b>	<b>699</b>	<b>-35.5</b>
Total Tax	-1,232	88	62	42	-12			-1,248	180	
<b>Reported PAT</b>	<b>1,355</b>	<b>249</b>	<b>152</b>	<b>98</b>	<b>20</b>	<b>-98.5</b>	<b>-79.3</b>	<b>2,332</b>	<b>520</b>	<b>-77.7</b>
Extraordinary items	0	0	0	0	0			0	0	
<b>PAT before minority interests</b>	<b>1,355</b>	<b>249</b>	<b>152</b>	<b>98</b>	<b>20</b>	<b>-98.5</b>	<b>-79.3</b>	<b>2,332</b>	<b>520</b>	<b>-77.7</b>
Minority Interests	-1	-1	-1	0	0			-2	-2	
<b>PAT after MI</b>	<b>1,356</b>	<b>249</b>	<b>153</b>	<b>98</b>	<b>20</b>	<b>-98.5</b>	<b>-79.3</b>	<b>2,334</b>	<b>522</b>	<b>-77.7</b>
<b>EPS (Rs)</b>	<b>21.3</b>	<b>3.9</b>	<b>2.4</b>	<b>1.5</b>	<b>0.3</b>	<b>-98.5</b>	<b>-79.3</b>	<b>36.7</b>	<b>8.2</b>	<b>-77.7</b>
<b>(%)</b>	<b>Q4FY23</b>	<b>Q1FY24</b>	<b>Q2FY24</b>	<b>Q3FY24</b>	<b>Q4FY24</b>	<b>(bps)</b>	<b>(bps)</b>	<b>FY23</b>	<b>FY24</b>	<b>(bps)</b>
EBITDAM	17.5	18.6	17.9	18.3	16.3	-120	-200	18.9	17.8	-110
EBITM	4.6	7.4	6.0	5.2	2.5	-210	-260	7.2	5.3	-200
EBTM	2.2	5.1	3.3	2.1	0.1	-210	-200	4.8	2.7	-210
PATM	24.2	3.8	2.4	1.5	0.3	-2,390	-120	10.3	2.0	-830
Effective Tax rate	-1003.2	26.0	28.9	30.0	-143.0			-115.1	25.7	

Source: Company, Emkay Research; \*Post IndAS-116 EBITDA

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## Exhibit 9: Changes in estimates

(Rs mn)	FY25E			FY26E			FY27
	Old	New	% change	Old	New	Change (%)	New
Revenue	31,278	28,963	(7.4)	38,225	35,446	(7.3)	43,527
<b>EBITDA</b>	<b>3,714</b>	<b>3,126</b>	<b>(15.8)</b>	<b>4,922</b>	<b>4,624</b>	<b>(6.1)</b>	<b>5,957</b>
EBITDA margin (%)	11.9	10.8	-110 bps	12.9	13.0	20 bps	13.7
Net profit	1,217	721	(40.8)	1,819	1,596	(12.3)	2,226
EPS (Rs)	19.2	11.3	(40.8)	28.6	25.1	(12.3)	35.0

Source: Company, Emkay Research

## Exhibit 10: Peer Comparison

Companies	CMP (Rs/sh)	Mcap (Rs bn)	Reco	Target Price (Rs/sh)	P/E (x)			EV/EBITDA (x) Pre IndAS-116		
					FY24	FY25E	FY26E	FY24	FY25E	FY26E
Jubilant FoodWorks	463	305	Sell	420	106.5	87.3	68.8	42.4	36.1	30.0
Devyani International	161	194	Reduce	165	243.4	106.2	69.4	49.2	35.6	26.8
Westlife Foodworld	845	132	Reduce	875	190.3	237.5	87.7	50.7	50.3	31.9
<b>Sapphire Foods</b>	<b>1,417</b>	<b>90</b>	<b>Add</b>	<b>1,600</b>	<b>173.3</b>	<b>124.9</b>	<b>56.4</b>	<b>37.8</b>	<b>31.5</b>	<b>21.3</b>

Source: Company, Emkay Research; \*Pre IndAS-116 EBITDA

## Sapphire Foods: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Revenue</b>	<b>22,656</b>	<b>25,943</b>	<b>28,963</b>	<b>35,446</b>	<b>43,527</b>
Revenue growth (%)	31.6	14.5	11.6	22.4	22.8
<b>EBITDA</b>	<b>4,284</b>	<b>4,613</b>	<b>5,478</b>	<b>7,374</b>	<b>9,148</b>
EBITDA growth (%)	40.4	7.7	18.7	34.6	24.0
Depreciation & Amortization	2,642	3,239	3,742	4,366	5,025
<b>EBIT</b>	<b>1,642</b>	<b>1,374</b>	<b>1,736</b>	<b>3,009</b>	<b>4,123</b>
EBIT growth (%)	79.5	(16.3)	26.4	73.3	37.0
Other operating income	0	0	0	0	0
Other income	311	334	386	446	500
Financial expense	869	1,009	1,185	1,383	1,655
<b>PBT</b>	<b>1,084</b>	<b>699</b>	<b>937</b>	<b>2,072</b>	<b>2,968</b>
Extraordinary items	0	0	0	0	0
Taxes	(1,248)	180	215	477	742
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>2,332</b>	<b>520</b>	<b>721</b>	<b>1,596</b>	<b>2,226</b>
PAT growth (%)	407.1	(77.7)	38.8	121.3	39.5
<b>Adjusted PAT</b>	<b>2,332</b>	<b>520</b>	<b>721</b>	<b>1,596</b>	<b>2,226</b>
<b>Diluted EPS (Rs)</b>	<b>36.7</b>	<b>8.2</b>	<b>11.3</b>	<b>25.1</b>	<b>35.0</b>
Diluted EPS growth (%)	407.1	(77.7)	38.8	121.3	39.5
<b>DPS (Rs)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Dividend payout (%)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
EBITDA margin (%)	18.9	17.8	18.9	20.8	21.0
EBIT margin (%)	7.2	5.3	6.0	8.5	9.5
Effective tax rate (%)	(115.1)	25.7	23.0	23.0	25.0
<b>NOPLAT (pre-IndAS)</b>	<b>3,532</b>	<b>1,021</b>	<b>1,337</b>	<b>2,317</b>	<b>3,092</b>
Shares outstanding (mn)	63.5	63.5	63.5	63.5	63.5

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	1,084	699	937	2,072	2,968
Others (non-cash items)	2,642	3,239	3,742	4,366	5,025
Taxes paid	1,248	(180)	(215)	(477)	(742)
Change in NWC	59	(138)	(564)	(765)	(261)
<b>Operating cash flow</b>	<b>5,591</b>	<b>4,295</b>	<b>4,699</b>	<b>6,133</b>	<b>8,144</b>
Capital expenditure	(3,915)	(3,824)	(3,418)	(4,112)	(4,703)
Acquisition of business	0	0	0	0	0
Interest & dividend income	311	334	386	446	500
<b>Investing cash flow</b>	<b>(3,604)</b>	<b>(3,490)</b>	<b>(3,032)</b>	<b>(3,666)</b>	<b>(4,203)</b>
Equity raised/(repaid)	0	2	0	0	0
Debt raised/(repaid)	(1,441)	(68)	513	627	0
Payment of lease liabilities	(1,696)	(2,001)	(2,351)	(2,751)	(3,191)
Interest paid	(74)	(63)	(50)	(20)	(20)
Dividend paid (incl tax)	0	0	0	0	0
Others	16	137	0	0	0
<b>Financing cash flow</b>	<b>(3,195)</b>	<b>(1,993)</b>	<b>(1,888)</b>	<b>(2,144)</b>	<b>(3,211)</b>
Net chg in Cash	(1,208)	(1,188)	(221)	323	730
OCF	5,591	4,295	4,699	6,133	8,144
Adj. OCF (w/o NWC chg.)	5,532	4,433	5,262	6,898	8,406
FCFF	1,676	471	1,281	2,021	3,441
FCFE	1,118	(204)	481	1,084	2,286
OCF/EBITDA (%)	130.5	93.1	85.8	83.2	89.0
FCFE/PAT (%)	48.0	(39.2)	66.7	67.9	102.7
<b>FCFF/NOPLAT (%)</b>	<b>47.5</b>	<b>46.1</b>	<b>95.8</b>	<b>87.2</b>	<b>111.3</b>

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	635	637	637	637	637
Reserves & Surplus	11,924	12,754	13,476	15,071	17,297
<b>Net worth</b>	<b>12,559</b>	<b>13,391</b>	<b>14,113</b>	<b>15,708</b>	<b>17,934</b>
Minority interests	(20)	7	7	7	7
Deferred tax liability (net)	(1,077)	(943)	(414)	248	293
<b>Total debt</b>	<b>443</b>	<b>276</b>	<b>276</b>	<b>276</b>	<b>276</b>
<b>Total liabilities &amp; equity</b>	<b>11,905</b>	<b>12,732</b>	<b>13,981</b>	<b>16,240</b>	<b>18,510</b>
Net tangible fixed assets	7,706	9,575	10,952	12,727	14,787
Net intangible assets	647	762	859	933	990
Net ROU assets	(1,270)	(1,545)	(2,126)	(2,841)	(3,724)
Capital WIP	550	681	681	681	681
Goodwill	1,622	1,622	1,622	1,622	1,622
Investments [JV/Associates]	0	0	0	0	0
<b>Cash &amp; equivalents</b>	<b>2,864</b>	<b>1,676</b>	<b>1,455</b>	<b>1,777</b>	<b>2,508</b>
Current assets (ex-cash)	3,403	3,139	3,959	5,330	6,546
Current Liab. & Prov.	3,616	3,177	3,418	3,989	4,899
<b>NWC (ex-cash)</b>	<b>(213)</b>	<b>(39)</b>	<b>540</b>	<b>1,341</b>	<b>1,647</b>
<b>Total assets</b>	<b>11,905</b>	<b>12,732</b>	<b>13,981</b>	<b>16,240</b>	<b>18,510</b>
Net debt	(2,421)	(1,400)	(1,178)	(1,501)	(2,231)
Capital employed	11,905	12,732	13,981	16,240	18,510
<b>Invested capital</b>	<b>8,491</b>	<b>10,375</b>	<b>11,846</b>	<b>13,782</b>	<b>15,321</b>
BVPS (Rs)	197.7	210.7	222.1	247.2	282.2
Net Debt/Equity (x)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Net Debt/EBITDA (x)	(0.6)	(0.3)	(0.2)	(0.2)	(0.2)
Interest coverage (x)	0.4	0.6	0.6	0.4	0.4
<b>RoCE (%)</b>	<b>17.2</b>	<b>13.9</b>	<b>15.9</b>	<b>22.9</b>	<b>26.6</b>

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	38.6	173.3	124.9	56.4	40.5
P/CE(x)	18.1	24.0	20.2	15.1	12.4
P/B (x)	7.2	6.7	6.4	5.7	5.0
EV/Sales (x)	3.9	3.4	3.1	2.5	2.0
EV/EBITDA (x)	20.5	19.2	16.2	12.0	9.6
EV/EBIT(x)	53.4	64.5	51.2	29.4	21.3
EV/IC (x)	10.3	8.5	7.5	6.4	5.7
FCFF yield (%)	1.9	0.5	1.4	2.3	3.9
FCFE yield (%)	1.2	(0.2)	0.5	1.2	2.5
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
<b>DuPont-RoE split</b>					
Net profit margin (%)	10.3	2.0	2.5	4.5	5.1
Total asset turnover (x)	2.0	2.1	2.2	2.3	2.5
Assets/Equity (x)	1.0	0.9	1.0	1.0	1.0
<b>RoE (%)</b>	<b>20.6</b>	<b>4.0</b>	<b>5.2</b>	<b>10.7</b>	<b>13.2</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	15.6	3.9	4.6	6.5	7.1
IC turnover (x)	3.0	2.8	2.6	2.8	3.0
<b>RoIC (%)</b>	<b>47.2</b>	<b>10.8</b>	<b>12.0</b>	<b>18.1</b>	<b>21.2</b>
<b>Operating metrics</b>					
Core NWC days	(25.6)	(22.8)	(21.2)	(18.1)	(16.9)
<b>Total NWC days</b>	<b>(3.4)</b>	<b>(0.5)</b>	<b>6.8</b>	<b>13.8</b>	<b>13.8</b>
Fixed asset turnover	2.1	1.8	1.7	1.7	1.8
Opex-to-revenue (%)	48.4	51.0	49.9	48.0	47.7

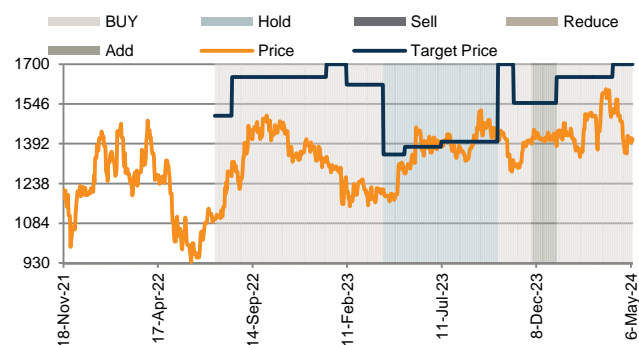
Source: Company, Emkay Research

## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
07-Apr-24	1,526	1,700	Buy	Devanshu Bansal
11-Feb-24	1,379	1,650	Buy	Devanshu Bansal
09-Feb-24	1,379	1,650	Buy	Devanshu Bansal
09-Jan-24	1,383	1,650	Buy	Devanshu Bansal
30-Nov-23	1,391	1,550	Add	Devanshu Bansal
02-Nov-23	1,319	1,550	Buy	Devanshu Bansal
08-Oct-23	1,425	1,700	Buy	Devanshu Bansal
03-Aug-23	1,337	1,400	Hold	Devanshu Bansal
10-Jul-23	1,400	1,400	Hold	Devanshu Bansal
21-May-23	1,298	1,380	Hold	Devanshu Bansal
13-May-23	1,277	1,380	Hold	Devanshu Bansal
20-Apr-23	1,195	1,350	Hold	Devanshu Bansal
09-Apr-23	1,215	1,350	Hold	Devanshu Bansal
10-Feb-23	1,205	1,620	Buy	Devanshu Bansal
09-Jan-23	1,342	1,700	Buy	Devanshu Bansal
04-Nov-22	1,431	1,650	Buy	Devanshu Bansal
12-Aug-22	1,322	1,650	Buy	Devanshu Bansal
16-Jul-22	1,101	1,500	Buy	Devanshu Bansal

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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