

## Sapphire Foods

### Intense competition, muted demand cuts SSSG

Sapphire Foods' Q3 print was in-line with our estimates; consol. revenue/EBITDA grew at 11.6%/4.3%, while PAT declined 69.9%. KFC India revenue grew at 16%, yet SSG declines 2% PH revenue/SSG declined by 4.3%/19.0%. However Sri Lanka revenues/SSG grew 22%/1.0% led by stability in economy. In Q3 SF added 25/8 stores under KFC/PH format (total stores count KFC/PH/Sri Lanka at 406/325/125). SF's gross margin inched up to 68.9% (+180bp), with KFC at 68.4% (+190bp) and PH at 75.7% (+130bp). However higher employee cost (+19.5%) and other expenses (+18.7%) ensued post-IndAS EBITDA margins at 18.3% (-128bp). Management priority remain to rejuvenate brands through (1) seamless customer experience using digital kiosks, (2) operational initiative (Dragoon tail), (3) building consumption occasions, and (4) innovation supported by marketing investment. Though demand remain softer, management maintained store expansion guidance. With lower 9MFY24 performance we cut our earnings and change rating to ADD, with a revised DCF-based TP Rs1,500 (implying EV/EBITDA of 12.7x avg. FY25E/FY25E EPS).

**Persistent weakness in Pizza demand coupled with local competition cut PH SSSG by 19.0%** SF reported consol. revenue at Rs6.7bn (+11.6%) YoY driven by persistent weakness in Pizza demand and local competition. With -2.0% SSSG, KFC India revenue grew at +16%, while PH saw 19% decline in SSSG and 4.3% decline in revenue. However Sri Lanka revenues/SSG grew 22%/1.0% led by stability in economy. SF added 25/8 stores under KFC/PH format (total stores count KFC/PH/Sri Lanka at 406/325/125) taking store count to 850 in Q3. Management attributed weak revenues and SSSG to, (1) intense local competition, (2) negative operating leverage due to higher scale of store addition, (3) cut in ADS for KFC/PH by 8.1%/22.5%, and (4) rising cloud kitchens/delivery aggregator. That said, SF upped media spends and also launched value meal/Snackers priced at Rs149/Rs99+. SF's priority remained to rejuvenate brands through: (1) seamless customer experience using digital kiosks, (2) operational initiative (Dragoon tail), (3) building consumption occasions, and (4) innovation supported by marketing investments. Though demand remain softer management maintained store expansion guidance and on track to double store count for KFC ~3 years (base Dec'21).

#### Gross margins inched up to 68.9% (+180bp), EBITDA margin 18.3% (-128bp)

SF's gross margin inched up to 68.9% (+180bp), with KFC at 68.4% (+190bp) and PH at 75.7% (+130bp). However higher employee cost (+19.5%) and other expenses (+18.7%) ensued post-IndAS EBITDA margins at 18.3% (-128bp). Nonetheless PAT declined by 69.9% to Rs98.0mn on the back of higher depreciation and interest cost by 28.4%/21.3% respectively. Management guided for lowering input inflation coupled with fast track store expansion for KFC franchise indicate further room for margin expansion for the company.

#### Valuation and risks

As argued in our recent [QSR Thematic report](#), with strong management, besides sharp improvement in its execution capabilities we expect turnaround in SF's performance. However weak consumption demand, incremental competition in chicken QSR, and lower discretionary spending pose short term challenges in our view. We reckon the management has reworked store expansion strategy and also launched variety of lunch and limited period offers could ensure margin trajectory. With lower than 9MFY24 performance, we cut earnings for FY24E/FY25E by 6.5%/5.0% and change out rating to ADD with a revised DCF-based TP of Rs1,500 (implying EV/EBITDA of 12.7x FY25E). Key risks: prolonged weakness in demand, rising inflation in key RM/PM and severe competition in chicken portfolio from organized/ unorganized players.

#### Financial and valuation summary

YE Mar (Rs mn)	3QFY24A	3QFY23A	YoY (%)	2QFY24A	QoQ (%)	FY24E	FY25E	FY26E
Revenues	6,643	5,939	11.9	6,414	3.6	26,611	31,449	37,714
EBITDA	1,217	1,167	4.3	1,151	5.7	4,941	6,010	7,333
EBITDA margin (%)	18.3	19.6	(128bp)	17.9	40bp	18.6	19.1	19.4
Adj. Net profit	98	327	(69.9)	152	(35.4)	1,159	1,657	2,596
Adj. EPS (Rs)	1.5	5.1	(69.9)	2.4	(35.4)	18.2	26.1	40.9
EPS growth (%)						(50.3)	42.9	56.7
PE (x)						75.5	52.8	33.7
EV/EBITDA (x)						16.8	13.3	10.1
PBV (x)						6.4	5.7	4.9
RoE (%)						8.8	11.4	15.6
RoCE (%)						15.7	17.4	21.3

Source: Company, Centrum Broking

#### Result Update

India I Retail

11 February, 2024

#### ADD

Price: Rs1,379

Target Price: Rs1,500

Forecast return: 9%

Institutional Research

#### Market Data

Bloomberg:	SAPPHIRE IN
52 week H/L:	1,568/1,120
Market cap:	Rs87.9bn
Shares Outstanding:	63.7mn
Free float:	55.3%
Avg. daily vol. 3mth:	2,10,739

Source: Bloomberg

#### Changes in the report

Rating:	ADD from BUY
Target price:	Rs1,500 from Rs1,521
EPS:	FY24E: Rs18.2; Down 6.5% FY25E: Rs26.1; Down 5.0%

Source: Centrum Broking

#### Shareholding pattern

	Dec-23	Sep-23	Jun-23	Mar-23
Promoter	31.3	41.7	44.9	44.9
FII	30.0	23.7	18.7	15.5
DII	31.7	28.0	29.6	27.5
Public/other	7.0	6.6	6.9	12.2

Source: BSE

#### Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q3FY24	Actual Q3FY24	Variance (%)
Revenue	6,866	6,656	3.1
EBITDA	1,246	1,217	(2.3)
EBITDA margin %	18.2	18.3	14 bps
Other Income	71	60	(15.2)
Interest	258	263	2.1
Depreciation	743	874	17.6
PBT	316	140	(55.6)
Tax	82	42	(48.7)
Rep. PAT	234	98	(58.0)
Adj. PAT	234	98	(58.0)

Source: Bloomberg, Centrum Broking



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Retail

## Thesis Snapshot

### Estimate revision

YE Mar (Rs mn)	FY24E New	FY24E Old	% chg	FY25E New	FY25E Old	% chg
Revenue	26,611	27,429	(3.0)	31,449	32,255	(2.5)
EBITDA	4,941	5,198	(4.9)	6,010	6,279	(4.3)
EBITDA margin %	18.6	19.0	(38bp)	19.1	19.5	(36bp)
Adj. PAT	1,159	1,240	(6.5)	1,657	1,745	(5.0)
Diluted EPS (Rs)	18.2	19.5	(6.5)	26.1	27.5	(5.0)

Source: Centrum Broking

### Sapphire Foods versus NIFTY Midcap 100

	1m	6m	1 year
SAPPHIRE IN	(0.3)	0.2	9.2
NIFTY Midcap 100	4.1	28.5	57.9

Source: Bloomberg, NSE

### Key assumptions

Y/E Mar	FY24E	FY25E
No. of store	872	1002
Gross Margin%	68.6	68.7
Store Margin (%) (Pre-INDAS)	16.7	17.3
Store Margin (%) (Post-INDAS)	24.1	24.6
EBITDA (%) (Pre-INDAS)	11.2	11.8
EBITDA (%) (Post-INDAS)	18.6	19.1

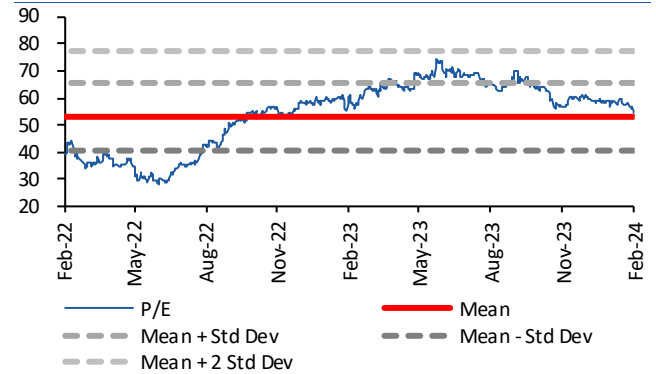
Source: Centrum Broking

### Valuations

As argued in our recent [QSR Thematic report](#), with strong management, besides sharp improvement in its execution capabilities we expect turnaround in SF's performance. However weak consumption demand, incremental competition in chicken QSR, and lower discretionary spending pose short term challenges in our view. We reckon the management has reworked store expansion strategy and also launched variety of lunch and limited period offers could ensure margin trajectory. With lower than 9MFY24 performance, we cut earnings for FY24E/ FY25E by 6.5%/5.0% and change out rating to ADD with a revised DCF-based TP of Rs1,500 (implying EV/EBITDA of 12.7x FY25E). Key risks: prolonged weakness in demand, rising inflation in key RM/PM and severe competition in chicken portfolio from organized/ unorganized players.

Valuations	Rs/share
DCF-based target price	Rs1,500
WACC (%)	11.8
Terminal growth (%)	5.2

### P/E mean and standard deviation



Source: Bloomberg, Centrum Broking

### Peer comparison

Company	Mkt Cap (Rs Bn)	CAGR (FY23-26E)			EV/EBITDA(x) Pre-INDAS			EV/EBITDA (x) - Post			RoE(%)		
		Sales	EBITDA	EPS	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Jubilant Foods	334.4	20.4	26.1	41.3	44.7	45.8	32.7	30.3	28.9	22.5	19.0	15.6	20.8
Devyani International	212.8	21.0	28.4	55.9	47.9	47.2	33.6	31.8	30.5	22.6	34.1	14.3	18.9
Westlife Foodworld	129.6	19.3	22.5	49.5	46.7	44.1	35.3	35.7	32.8	26.5	24.2	20.7	25.3
<b>Sapphire Foods</b>	<b>91.7</b>	<b>19.0</b>	<b>218</b>	<b>49.8</b>	<b>32.4</b>	<b>28.0</b>	<b>21.6</b>	<b>20.0</b>	<b>16.8</b>	<b>13.3</b>	<b>20.6</b>	<b>8.8</b>	<b>11.4</b>
RBA	57.1	15.4	21.5	N/A	70.6	42.9	29.4	24.5	17.8	13.3	-2.7	-0.7	2.6

Source: Company, Centrum Broking

## Conference call highlights

### Demand

- Consol. revenues grew 11.6% to Rs6.7bn India Restaurant sales grew 11% YoY; demand across all categories remain weak in Q3FY24 despite long festival season and Cricket World cup
- In Q3 Sapphire added 36 restaurants (25 KFC, 8 Pizza Hut in India and 3 Pizza Hut in Sri Lanka) taking store count to 850
- KFC sales grew by 16.0%, while SSSG declined 2%, ADS declined by 8.1% to Rs125K
- Pizza Hut sales dropped by 4.0% and SSSG declined by 19.0% and ADS declined by 22.5% to Rs45K
- KFC shown resilient performance , priority for KFC remain (1)building relevance for fried chicken, (2) operating in all day part, snacking /lunch, (3)Reintroduction of Chizza as limited time offer, (4) frictionless customer experience through digital kiosk, and (5) operational excellence 7 Minutes express pickup
- Company focus on improving dine/takeaway sales through various offers
- Though brand revival take few quarters for PH, company remain focus on driving growth through: (1) adding more occasion, (2) operation innovation via dragon tail, (3) operating in all day parts (91% stores open for late night delivery), (4) portfolio correction, and (5) limited time offers
- Overall softness was seen in QSR demand and similar trend was witnesses even in aggregator platform
- Company expect to double KFC restaurants count in ~3 years, while remain cautious on PH store expansion
- SF management said cloud kitchen impacting sales due to low capex requirement but its short term challenge
- Company taken accelerated depreciation on PH store, might impact ~0.7%-1.0% PAT

### KFC India

- KFC sales grew by 16.0%, while SSSG declined 2%, ADS declined by 8.1% to Rs125K
- KFC's gross margin stood at 68.4% (+190bp) while Restaurant EBITDA decline by 10bp to 20.1%
- KFC reintroduce 'Chizza' as limited time offer also launch 15 Pcs at Rs399 on Wednesday. Also launch variety of lunch at Rs149/ Snacker range Rs99
- 7 minutes express, Continuous improvement of consumer ratings on aggregator platform
- Channel mix: Delivery 38%, Takeaway 19%, Dine-in 43%

### PH India

- Pizza Hut sales dropped by 4.0% and SSSG declined by 19.0% and ADS declined by 22.5% to Rs45K
- PH gross Margin stood at 75.7% (+130bp) whereas Restaurant EBITDA cut by 950bp to 4.6%
- Major slowdown has been observed for Pizza category while higher competition seen higher driven by discounts players
- PH brand priorities would be – Top-of mind awareness, Taste leadership Pizza Category, Value
- Dragon Tail (kitchen planning tool) rolled out in 100% restaurants including integration with Aggregators

- 91% of High Street restaurants now open for late night deliveries

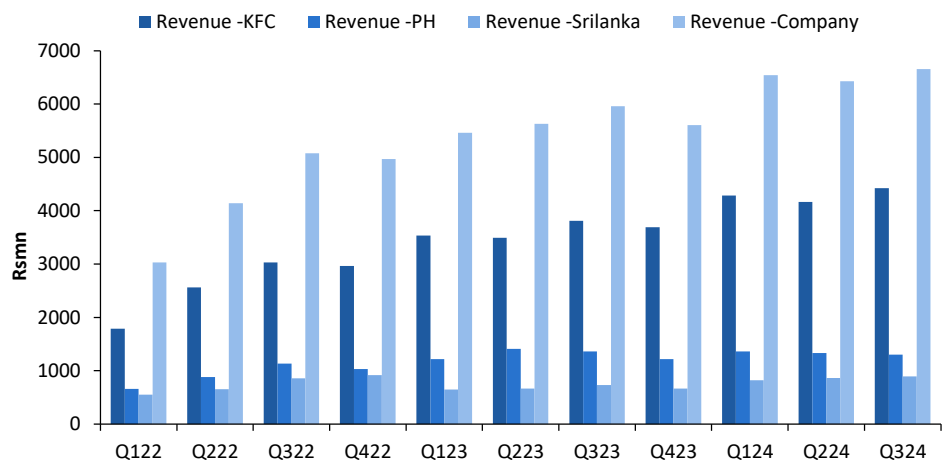
## Sri Lanka Business

- Sri Lanka – Sales increased by 22.0% to Rs892.0mn, with 1% SSSG while ADS declined by 5.1% to Rs81k
- Sri Lanka gross Margin stood at 61.8% (+450bp) whereas Restaurant EBITDA stood at 14.2% (-40bp)

## Margin

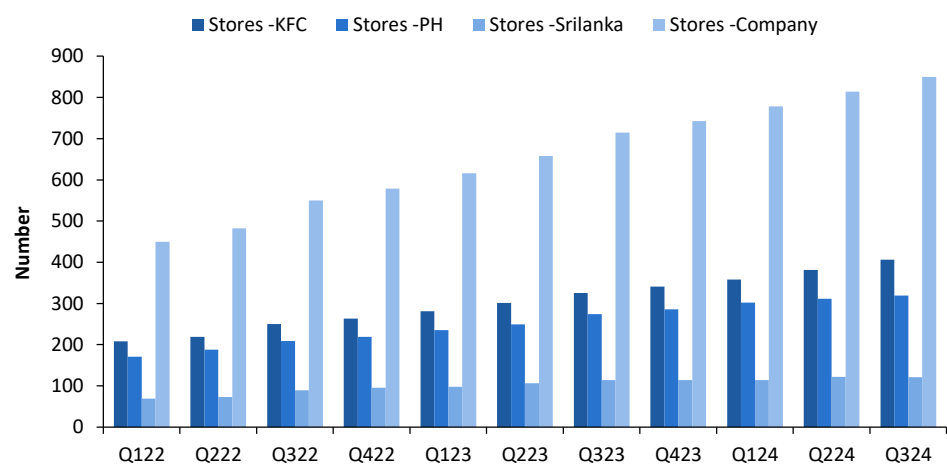
- Overall Gross margins inched up to 68.9% (+180bp) on the back of lower input RM/PM
- Overall company EBITDA increased by 4.3% resulting in EBITDA margin at 18.3% (-128bp) due to higher other expenses (+18.7%) and employee cost (+19.5%)
- PAT declined by 69.9% to Rs98.0mn on the back of higher depreciation & interest cost by 28.4%/21.3% respectively

### Exhibit 1: Quarterly consol. net revenue growth – YoY



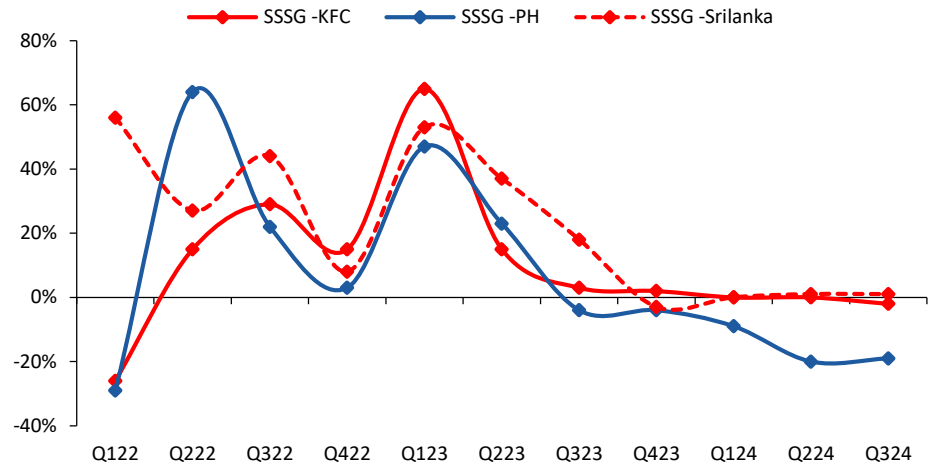
Source: Company Data, Centrum Broking

### Exhibit 2: Quarterly Store Growth trend



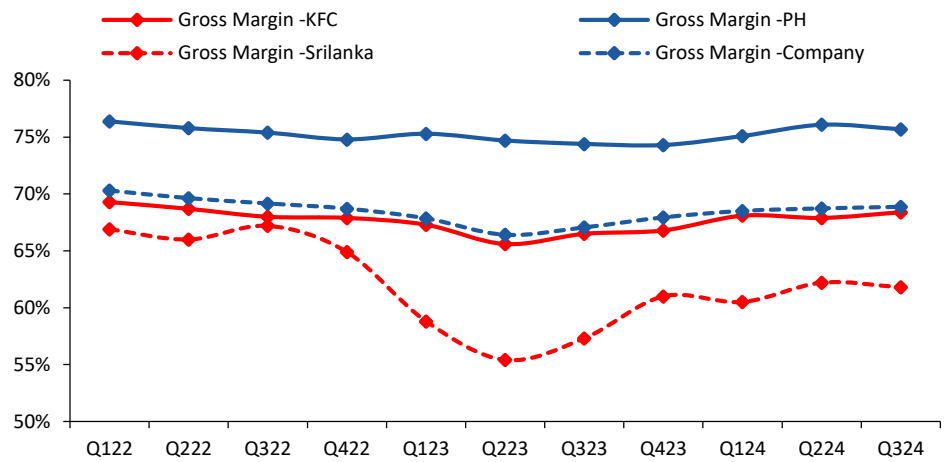
Source: Company Data, Centrum Broking

**Exhibit 3: Brand wise SSSG on a declining trend**



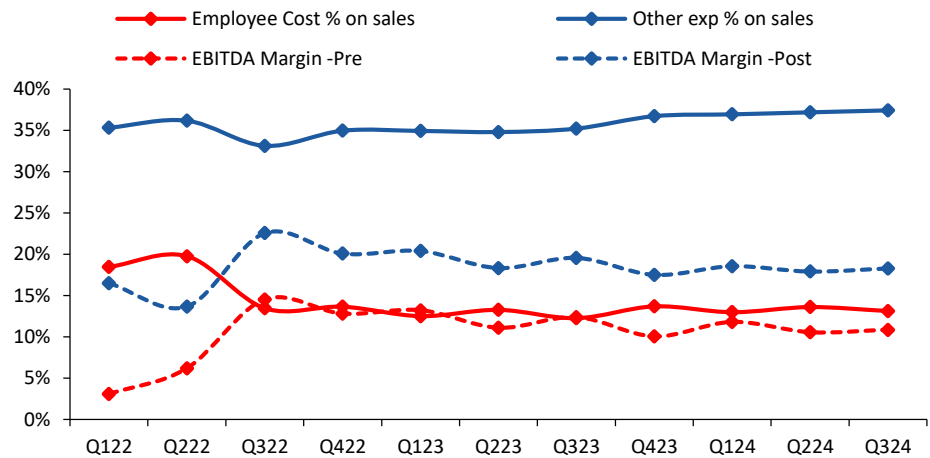
Source: Company Data, Centrum Broking

**Exhibit 4: Brand wise Gross Margin – PH on higher side while KFC expanded steadily**



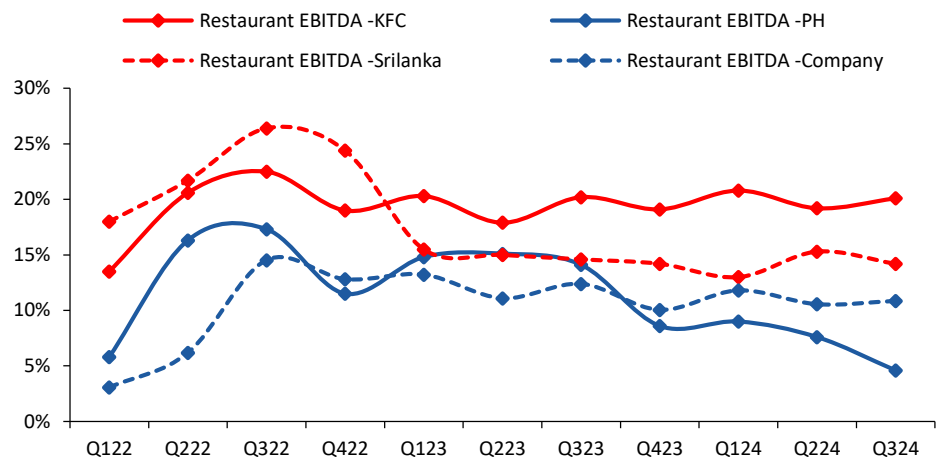
Source: Company Data, Centrum Broking

**Exhibit 5: EBITDA margin trend , Employee & Other expenses as a % on sales**



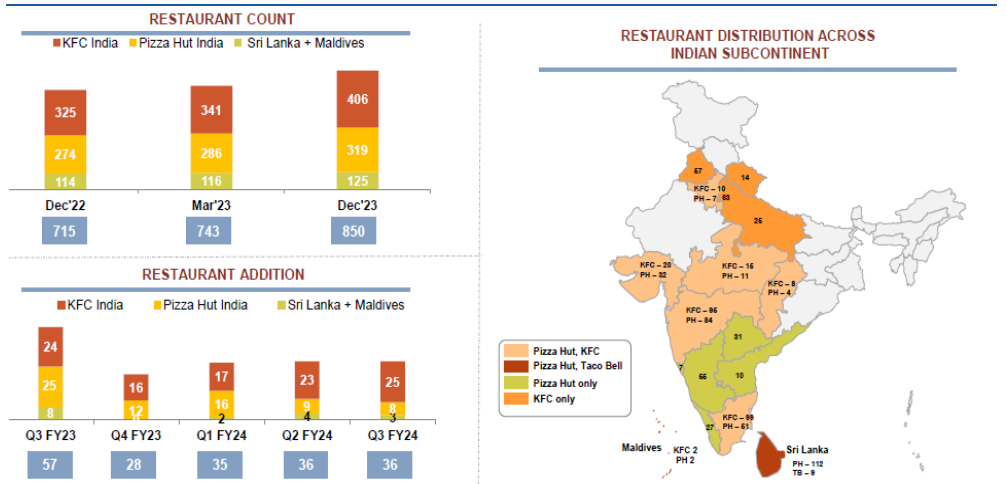
Source: Company Data, Centrum Broking

**Exhibit 6: Restaurant EBITDA trend YoY**



Source: Company Data, Centrum Broking

**Exhibit 7: Sapphire geographical presence**



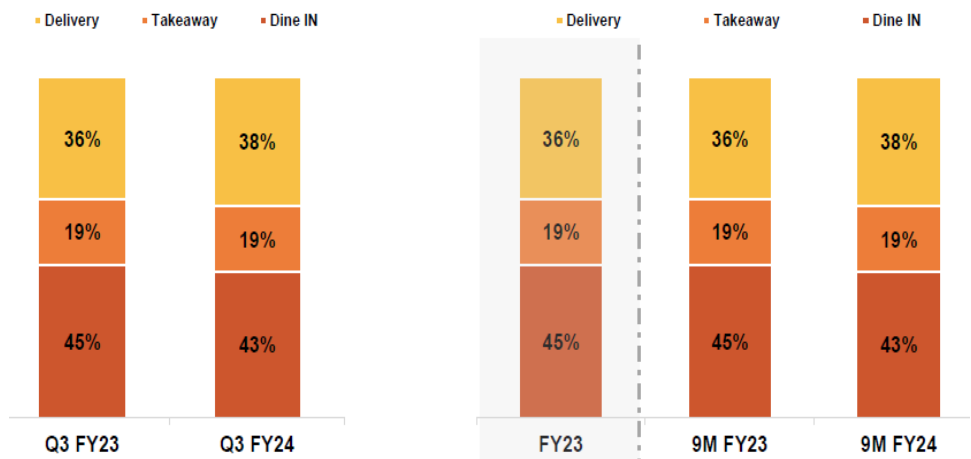
Source: Company

**Exhibit 8: KFC brand priorities**



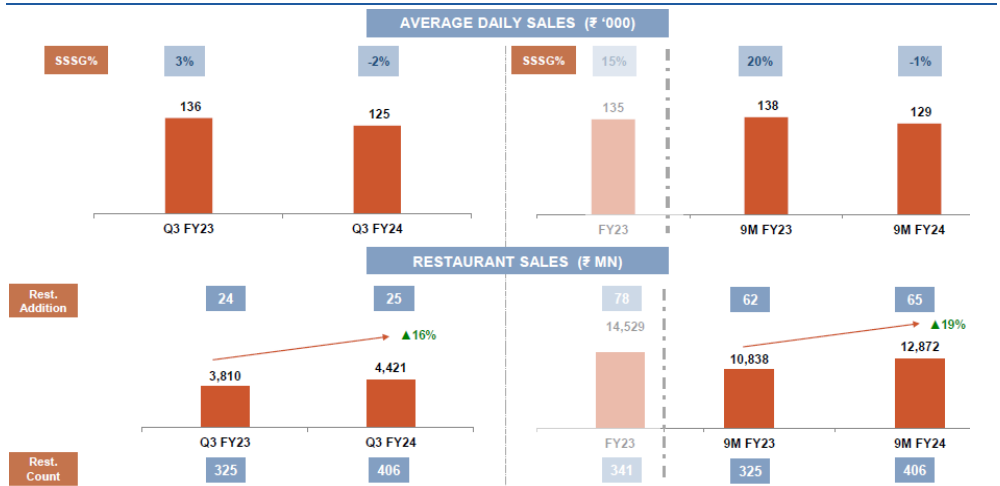
Source: Company

**Exhibit 9: KFC channel sales contributions**








Source: Company

**Exhibit 10: KFC operational metrics**



Source: Company

**Exhibit 11: Pizza hut action plan**

Actionable	Status	Comment
<b>A. Build Brand:</b>		
- Product Innovation 	●	Innovation to start rolling out over the <u>next 2 quarters</u>
- Enhanced Marketing Investments 	●	Additional Investments to back product innovation
<b>B. Grow Dine In / Home Service:</b>		
- Operations 	●	Dragon Tail (kitchen planning tool) <u>rolled out in 100%</u> restaurants including integration with Aggregators
	●	Aggregators Customer ratings seeing <u>steady improvement</u> QoQ
- Building Occasions 	●	Lunch day part activation rolled out
	●	<u>91%</u> of High Street restaurants now open for late <u>night deliveries</u>
<b>C. Real Estate</b> 	●	<u>~3-5% Portfolio corrections in next 2 quarters</u> & <u>~10% Refurbs</u> in 2024
Brand revival will take a few quarters. The action we are taking are fundamental in nature & with persistence will deliver results.		

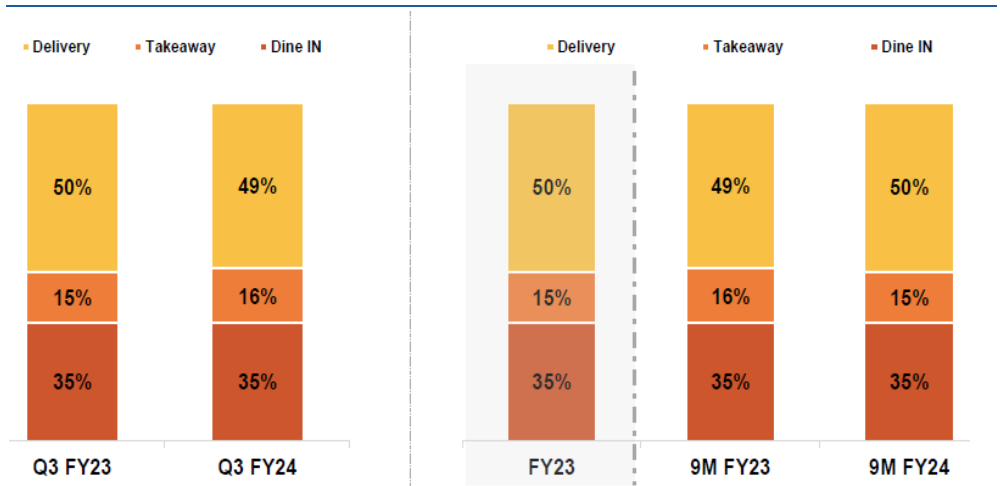
Source: Company

**Exhibit 12: Pizza hut brand priorities**



Source: Company

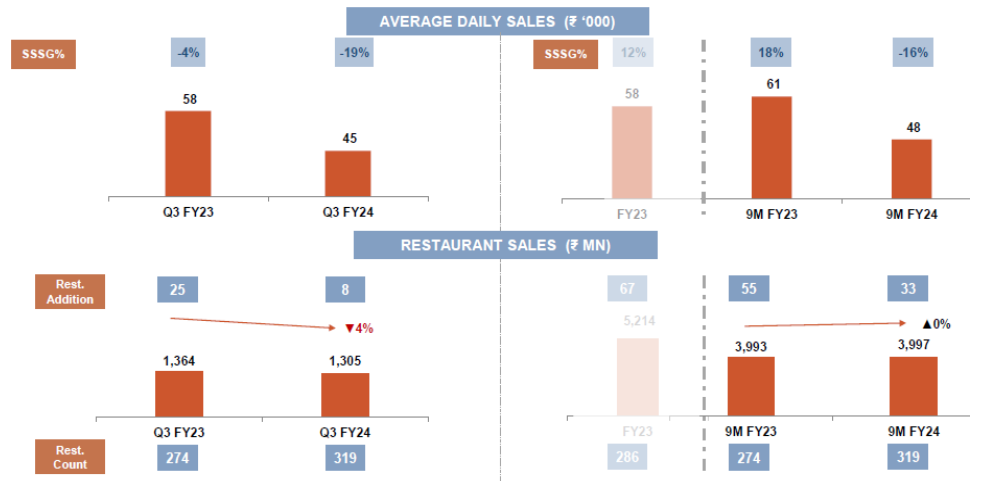
**Exhibit 13: Channel sales contribution**



Source: Company



Exhibit 14: Pizza hut operational metrics



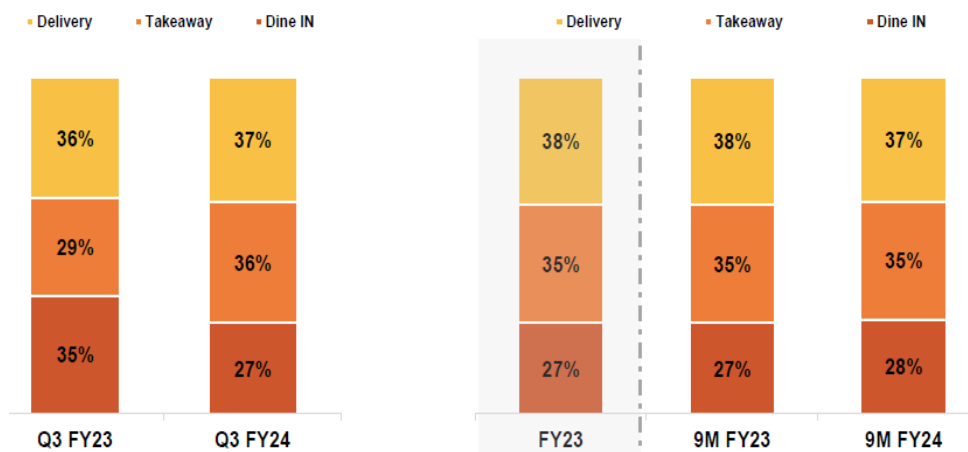
Source: Company

Exhibit 15: Sri Lanka brand innovation



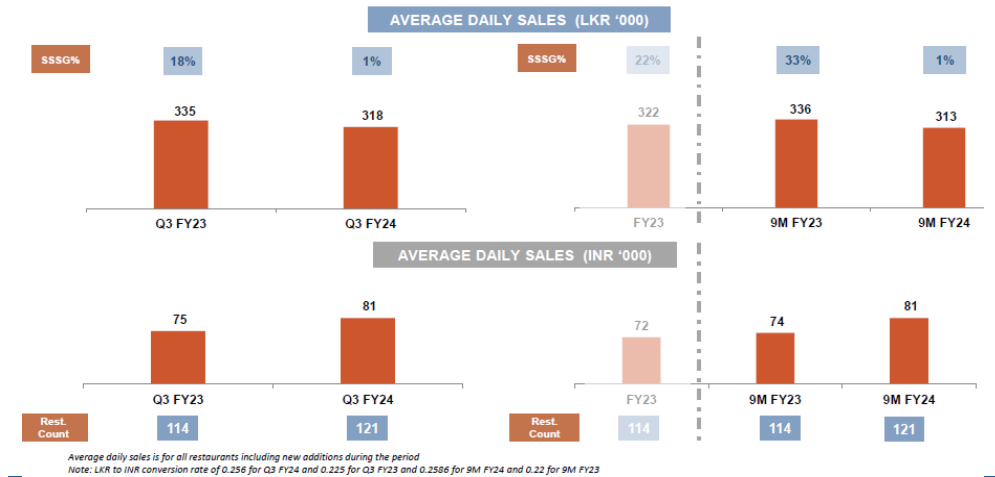
Source: Company

Exhibit 16: Sri Lanka sales contribution



Source: Company

## Exhibit 17: Sri Lanka store metrics



Source: Company

## Exhibit 18: Quarterly financials

Particulars (Rs mn)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Net Sales	4,142	5,055	4,943	5,436	5,604	5,939	5,592	6,526	6,413	6,643
Other Operating Income	-	20	25	27	24	23	12	18	13	13
Total Income	4,142	5,075	4,968	5,463	5,628	5,961	5,604	6,544	6,426	6,656
Cost of materials	1,258	1,565	1,555	1,756	1,890	1,964	1,797	2,061	2,010	2,072
Gross Profit	2,884	3,510	3,414	3,707	3,737	3,998	3,807	4,483	4,417	4,583
Employee Expenses	819	684	678	684	747	731	767	850	875	874
Other Exp	1,499	1,681	1,737	1,909	1,959	2,100	2,059	2,418	2,391	2,492
Operating Profit (Core EBITDA)	566	1,145	998	1,114	1,032	1,167	981	1,214	1,151	1,217
Depreciation	512	513	576	609	628	681	724	727	768	874
EBIT	55	632	421	505	404	486	258	487	384	344
Interest	190	185	233	197	206	217	249	226	245	263
Other Income	95	78	98	49	71	67	114	75	75	60
Profit Before Tax	(41)	525	286	356	269	336	123	336	214	140
Tax	10	16	21	(25)	1	9	(1,232)	88	62	42
Tax rate (%)	(24.4)	2.9	7.3	(7.1)	0.3	2.6	(1,003)	26.0	28.9	30.0
Profit After Tax	(51)	510	265	382	269	327	1,355	249	152	98
Margin (%)										
Gross Margin	69.6	69.2	68.7	67.9	66.4	67.1	67.9	68.5	67.9	68.9
EBITDA	13.7	22.6	20.1	20.4	18.3	19.6	17.5	18.6	17.9	18.3
EBIT	1.3	12.4	8.5	9.2	7.2	8.2	4.6	7.4	6.0	5.2
Adj. PAT	(1.2)	10.0	5.3	7.0	4.8	5.5	24.2	3.8	2.4	1.5

Source: Company, Centrum Broking

**Exhibit 19: Brand financials**

Particulars (Rs mn)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
<b>KFC</b>										
ADS (Rs. in 000')	134000	144000	132000	144000	134000	136000	127000	138000	125000	125000
SSSG	15%	29%	15%	65%	15%	3%	2%	0%	0%	-2%
Restaurant Sales	2565	3031	2966	3537	3491	3810	3691	4286	4165	4421
Total Restaurant	219	250	263	281	301	325	341	358	381	406
Gross Margin	68.70%	68.0%	67.9%	67.3%	65.6%	66.5%	66.8%	68.1%	67.9%	68.4%
Restaurant EBITDA –Pre	20.6%	22.5%	19.0%	20.3%	17.9%	20.2%	19.1%	20.8%	19.2%	20.1%
<b>PH</b>										
ADS (Rs. in 000')	57000	64000	55000	61000	64000	58000	50000	52000	48000	45000
SSSG	64%	22%	3%	47%	23%	-4%	-4%	-9%	--20%	-19%
Restaurant Sales	883	1134	1032	1219	1410	1364	1221	1362	1330	1305
Total Restaurant	188	209	219	235	249	274	286	302	311	319
Gross Margin	75.8%	75.4%	74.8%	75.3%	74.7%	74.4%	74.3%	75.1%	76.1%	75.7%
Restaurant EBITDA –Pre	16.3%	17.3%	11.5%	14.8%	15.1%	14.1%	8.6%	9.0%	7.6%	4.6%
<b>Srilanka</b>										
ADS (Rs. in 000')	105000	121000	97000	75000	73000	75000	65000	81000	81000	81000
SSSG	27%	44%	8%	53%	37%	18%	-3%	0%	1%	1%
Restaurant Sales	653	858	917	650	669	731	667	825	864	892
Total Restaurant	73	89	95	98	106	114	114	114	118	121
Gross Margin	66.0%	67.2%	64.9%	58.8%	55.4%	57.3%	61.0%	60.5%	62.2%	61.8%
Restaurant EBITDA –Pre	21.7%	26.4%	24.4%	15.5%	15.0%	14.6%	14.2%	13.0%	15.3%	14.2%

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Revenues</b>	<b>17,216</b>	<b>22,656</b>	<b>26,611</b>	<b>31,449</b>	<b>37,714</b>
Operating Expense	6,163	7,407	9,719	11,435	13,672
Employee cost	2,740	2,929	3,486	4,078	4,771
Others	5,262	8,036	8,465	9,926	11,938
<b>EBITDA</b>	<b>3,050</b>	<b>4,284</b>	<b>4,941</b>	<b>6,010</b>	<b>7,333</b>
Depreciation & Amortisation	2,135	2,642	3,127	3,470	3,702
<b>EBIT</b>	<b>915</b>	<b>1,642</b>	<b>1,815</b>	<b>2,540</b>	<b>3,631</b>
Interest expenses	781	869	960	1,034	1,115
Other income	380	311	305	335	369
<b>PBT</b>	<b>514</b>	<b>1,084</b>	<b>1,159</b>	<b>1,841</b>	<b>2,884</b>
Taxes	54	(1,248)	0	184	288
Effective tax rate (%)	10.5	115.1	0.0	10.0	10.0
<b>PAT</b>	<b>460</b>	<b>2,332</b>	<b>1,159</b>	<b>1,657</b>	<b>2,596</b>
Minority/Associates	0	0	0	0	0
<b>Recurring PAT</b>	<b>460</b>	<b>2,332</b>	<b>1,159</b>	<b>1,657</b>	<b>2,596</b>
Extraordinary items	0	0	0	0	0
<b>Reported PAT</b>	<b>460</b>	<b>2,332</b>	<b>1,159</b>	<b>1,657</b>	<b>2,596</b>

Ratios					
YE Mar	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Growth (%)</b>					
Revenue	68.8	31.6	17.5	18.2	19.9
EBITDA	145.2	40.4	15.3	21.6	22.0
Adj. EPS	nm	376.4	(50.3)	42.9	56.7
<b>Margins (%)</b>					
Gross	69.3	67.3	68.6	68.7	68.8
EBITDA	17.7	18.9	18.6	19.1	19.4
EBIT	5.3	7.2	6.8	8.1	9.6
Adjusted PAT	2.7	10.3	4.4	5.3	6.9
<b>Returns (%)</b>					
ROE	6.2	20.6	8.8	11.4	15.6
ROCE	14.5	14.9	15.7	17.4	21.3
ROIC	6.7	(1.5)	9.9	12.7	19.8
<b>Turnover (days)</b>					
Gross block turnover ratio (x)	0.8	0.8	0.8	0.9	1.0
Debtors	2	3	2	2	2
Inventory	39	41	47	47	47
Creditors	119	103	103	103	103
Net working capital	25	(1)	24	48	91
<b>Solvency (x)</b>					
Net debt-equity	(0.2)	(0.1)	(0.3)	(0.5)	(0.8)
Interest coverage ratio	3.9	4.9	5.1	5.8	6.6
Net debt/EBITDA	(0.6)	(0.4)	(0.9)	(1.2)	(1.8)
<b>Per share (Rs)</b>					
Adjusted EPS	7.7	36.7	18.2	26.1	40.9
BVPS	168.7	197.7	215.9	242.0	282.8
CEPS	43.5	78.3	67.4	80.7	99.1
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>					
P/E	178.9	37.5	75.5	52.8	33.7
P/BV	8.2	7.0	6.4	5.7	4.9
EV/EBITDA	28.1	20.0	16.8	13.3	10.1
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity share capital	635	635	635	635	635
Reserves & surplus	9,436	11,924	13,083	14,740	17,336
Shareholders fund	10,071	12,559	13,719	15,376	17,972
Minority Interest	(17)	(20)	(20)	(20)	(20)
Total debt	612	443	363	283	203
Non Current Liabilities	6,496	7,713	8,870	9,757	10,732
Def tax liab. (net)	87	36	39	43	47
<b>Total liabilities</b>	<b>17,250</b>	<b>20,730</b>	<b>22,970</b>	<b>25,438</b>	<b>28,934</b>
Gross block	22,799	29,671	32,543	36,018	37,808
Less: acc. Depreciation	(8,575)	(11,217)	(14,343)	(17,813)	(21,516)
Net block	14,224	18,454	18,199	18,204	16,292
Capital WIP	320	550	556	561	567
Net fixed assets	14,224	18,454	18,755	18,766	16,859
Non Current Assets	314	450	495	544	599
Investments	1,525	659	725	798	878
Inventories	652	993	1,166	1,378	1,653
Sundry debtors	141	179	146	172	207
Cash & Cash Equivalents	2,546	2,204	4,720	7,661	13,731
Loans & advances	2,131	1,578	1,709	1,940	2,219
Other current assets	107	203	146	172	207
Trade payables	1,991	2,170	2,549	3,012	3,612
Other current liab.	2,222	2,864	3,364	3,975	4,767
Provisions	176	177	200	226	258
Net current assets	1,187	(53)	1,775	4,110	9,378
<b>Total assets</b>	<b>17,250</b>	<b>20,730</b>	<b>22,970</b>	<b>25,438</b>	<b>28,934</b>

Cashflow					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Profit Before Tax	514	1,084	1,159	1,841	2,884
Depreciation & Amortisation	2,135	2,642	3,127	3,470	3,702
Net Interest	781	869	960	1,034	1,115
Net Change – WC	(571)	(669)	646	560	751
Direct taxes	(54)	(21)	0	(184)	(288)
<b>Net cash from operations</b>	<b>2,805</b>	<b>3,904</b>	<b>5,892</b>	<b>6,722</b>	<b>8,165</b>
Capital expenditure	(5,211)	(3,825)	(3,428)	(3,481)	(1,796)
Acquisitions, net	0	0	0	0	0
Investments	(1,258)	1,656	(66)	(73)	(80)
Others	0	133	0	0	0
<b>Net cash from investing</b>	<b>(6,469)</b>	<b>(2,035)</b>	<b>(3,494)</b>	<b>(3,553)</b>	<b>(1,875)</b>
<b>FCF</b>	<b>(3,664)</b>	<b>1,869</b>	<b>2,399</b>	<b>3,169</b>	<b>6,289</b>
Issue of share capital	6,399	0	1,157	887	976
Increase/(decrease) in debt	92	(1,084)	(80)	(80)	(80)
Dividend paid	0	0	0	0	0
Interest paid	(781)	(864)	(960)	(1,034)	(1,115)
Others	0	0	0	0	0
<b>Net cash from financing</b>	<b>5,710</b>	<b>(1,948)</b>	<b>117</b>	<b>(227)</b>	<b>(220)</b>
Net change in Cash	2,046	(80)	2,515	2,942	6,070

Source: Company, Centrum Broking

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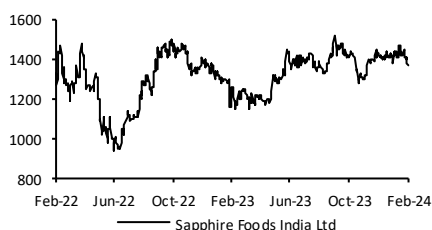
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#### Sapphire Foods India Ltd



Source: Bloomberg

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