

**BUY** **Sapphire Foods****Weak Q2 in-line with peers; valuations at significant bargain**Retail ▶ Result Update ▶ **November 2, 2023****TARGET PRICE (Rs): 1,550**

**In line with peers, Sapphire reported weak SSG print at 0%/-20% for KFC/PH that drove a 7% EBITDA miss on estimates. Near-term commentary was muted, on shift of veg-consumption days to Q3 and sporting events in the base as well—a negative read-through for peers, in our view. Sapphire remains confident of 20-25% EBITDA CAGR in KFC over FY23-26 and revival efforts are under way for PH, with product innovation, store refurbishments and import of kitchen management solution *Dragon Tail* from Yum! Brands (USA). Company also expects gradual normalization of the spike in competitive intensity with low RoIs for smaller pizza-franchisees. Sri-Lanka is seeing encouraging recovery from the macro-led trough. We clip FY24-26E EBITDA by 7-11%, on subdued demand trend. Stock has seen a 1M correction of ~10%. We maintain BUY, with TP pruned to Rs1,550/share, on significant valuation gap of 30-35% with peers, despite similar performance and improving growth prospects in Sri-Lanka.**

**Sapphire Foods: Financial Snapshot (Consolidated)**

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	17,216	22,656	26,857	32,919	40,656
EBITDA	3,050	4,284	4,956	6,463	8,252
Adj. PAT	460	2,332	974	1,605	2,237
Adj. EPS (Rs)	7.2	36.7	15.3	25.3	35.2
EBITDA margin (%)	17.7	18.9	18.5	19.6	20.3
EBITDA growth (%)	145.2	40.4	15.7	30.4	27.7
Adj. EPS growth (%)	0.0	407.1	(58.2)	64.8	39.3
RoE (%)	6.2	20.6	7.5	11.2	13.8
RoIC (%)	14.7	47.2	17.3	22.6	26.8
P/E (x)	182.2	35.9	86.0	52.2	37.5
EV/EBITDA (x)	26.3	19.0	16.4	12.4	9.5
P/B (x)	8.3	6.7	6.2	5.5	4.8
FCFF yield (%)	0.0	2.1	2.2	3.0	4.7

Source: Company, Emkay Research

**KFC sustains ~20% growth; weak trend persists in the pizza category:** KFC's revenue grew 19%, led by 27% growth in store-count and a flat SSG, while PH sales declined 6% owing to 25% growth in store-count and a 20% dip in SSG. KFC was helped by a weak competition, snacker traction, value combos and launch of 'Double down burger'. Efforts for digitization continued, with Kiosks implemented at 115 KFC outlets. PH introduced large pizzas in Gujarat/Kerala, with a 1+1 deal. For SL, demand improved ahead of expectations and better INR conversion aided in delivering 29% growth in Q2. Store additions were healthy, with Q2 seeing 36 net adds, of which KFC's contribution was dominant at 23 additions; PH India/SL saw 9/4 adds. Encouragingly, gross margin gained 220bps, led by improving input cost structure in PH/KFC. However, store margins declined by 60bps to 16.2%, due to a 750bps decline in PH India, while KFC/SL saw 120/30bps gain. Overall EBITDA at 10.6% dipped by 50bps.

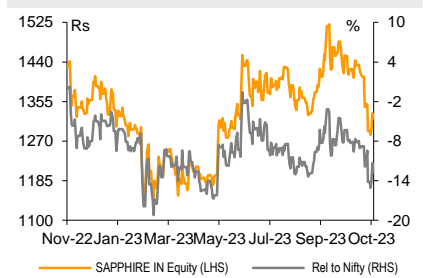
**Earnings-call KTAs:** 1) Despite a typically muted 'Shravan'/'Adhik mass' period in Q2, KFC saw flat SSG, as *Shrad/Navratri* shifted to Q3; demand environment remains subdued due to sporting events in the base and incremental veg-eating days in Q3. 2) RM inflation cooled on YoY basis, leading to GM gains; remained stable sequentially. 3) Guidance maintained to double KFC store count over 3-4 years, but PH store-count now expected to double in 4 years (vs. in 3-4 years earlier). 4) Product innovation, improved marketing, Dragon-tail integration with aggregators, and capex optimization remain key focus areas for PH revival. Sapphire is the only brand in India to have this kitchen solution. 5) SL business witnessed tailwinds with country inflation back to a single digit, currency stability and lower input cost; Utility inflation on the other hand increased. 6) Mgmt implemented Dragon Tail Tech (DTT) in PH to allow faster servicing of hot pizzas and rating improvement with aggregators. The DTT cost will be based on transaction volume; not one-time. 7) Adoption of loyalty rewards, in line with Yum! Brands (USA), remains the key medium-term agenda. 8) Per its strategy, Sapphire aims to keep store margin at ~20% for KFC and invest incremental margin towards new-store openings.

Target Price – 12M	Dec-24
<b>Change in TP (%)</b>	<b>(8.8)</b>
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	17.5
CMP (02-Nov-23) (Rs)	1,318.7

Stock Data	Ticker
52-week High (Rs)	1,568
52-week Low (Rs)	1,102
Shares outstanding (mn)	63.7
Market-cap (Rs bn)	84
Market-cap (USD mn)	1,009
Net-debt, FY24E (Rs mn)	-2,593
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	232.6
ADTV-3M (USD mn)	2.8
Free float (%)	49.0
Nifty-50	19,133
INR/USD	83.3
<b>Shareholding, Sep-23</b>	
Promoters (%)	41.7
FPIs/MFs (%)	23.7/28.0

**Price Performance**

(%)	1M	3M	12M
Absolute	(9.3)	(1.7)	(10.1)
Rel. to Nifty	(6.9)	0.3	(15.0)

**1-Year share price trend (Rs)****Devanshu Bansal**devanshu.bansal@emkayglobal.com  
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## Story in Charts

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

Key metrics (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24
<b>KFC India</b>						
Number of stores	281	301	325	341	358	381
SSG (%)	65	15	3	2	0	0
ADS (Rs)	1,44,000	1,34,000	1,36,000	1,27,000	1,38,000	1,25,000
Revenue	3,537	3,491	3,810	3,691	4,286	4,165
Gross margin (%)	67.3	65.6	66.5	66.8	68.1	67.9
Brand contribution margin (%)	20.3	17.9	20.2	19.1	20.8	19.2
<b>PH India</b>						
Number of stores	235	249	274	286	302	311
SSG (%)	47	23	-4	-4	-9	-20
ADS (Rs)	61,000	64,000	58,000	50,000	52,000	48,000
Revenue	1,219	1,410	1,364	1,221	1,362	1,330
Gross margin (%)	75.3	74.7	74.4	74.3	75.1	76.1
Brand contribution margin (%)	14.8	15.1	14.1	8.6	9.0	7.6
<b>Sri Lanka (Pizza Hut)</b>						
Number of stores	98	106	114	114	114	118
SSG (%)	53	37	18	-3	0	1
ADS (Rs)	75,000	73,000	75,000	65,000	81,000	81,000
Revenue	650	669	731	667	825	864
Gross margin (%)	58.8	55.4	57.3	61.0	60.5	62.2
Brand contribution margin (%)	15.5	15.0	14.6	14.2	13.0	15.3
<b>Others (Maldives)</b>						
Revenue	30	34	34	13	53	55
Brand contribution margin (%)	16.1	5.4	3.9	40.8	12.6	7.4
<b>Sapphire – Consolidated</b>						
Number of stores	616	658	715	743	778	814
Store additions (no. of)	37	42	57	28	35	36
Revenue	5,436	5,604	5,939	5,592	6,526	6,414
Gross margin (%)	68.2	66.7	67.3	68.1	68.7	68.9
Brand contribution margin (%)	18.5	16.8	18.0	16.3	17.3	16.2
Overhead opex/revenue (%)	5.2	5.6	5.6	6.2	5.5	5.6
Consol. EBITDA	722	624	738	563	772	678
EBITDA margin (%)	13.3	11.1	12.4	10.1	11.8	10.6

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

## Exhibit 2: Actual vs. Estimates (Q2FY24)

(Rs mn)	Actual	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net Sales	6,426	6,659	6,615	-3.5%	-2.9%	Revenue was lower led by subdued demand in the pizza category
EBITDA*	1,151	1,201	1,198	-4.1%	-3.9%	EBITDA margins were largely in-line; EBITDA was lower on account of dip in sales
EBITDA margin*	17.9%	18.0%	18.1%	-12	-19	
PAT	152	273	266	-44.4%	-42.8%	PAT was lower, due to deferred tax of Rs44mn

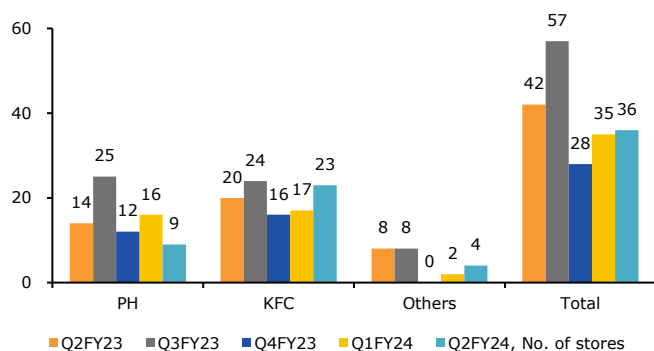
Source: Company, Emkay Research; \*Post IndAS-116 EBITDA

## Exhibit 3: Actual vs. Emkay Estimates; Segment wise (Q2FY24)

(Rs mn)	Revenue		Brand-EBITDA		Variance	
	Actual	Estimate	Actual	Estimate	Revenue	EBITDA
KFC	4,165	4,286	800	847	-2.8%	-5.6%
Pizza Hut	1,330	1,454	101	133	-8.5%	-23.9%
SL	919	920	136	116	-0.1%	17.3%
Total	6,414	6,659	1,037	1,096	-3.7%	-5.4%
HO Costs			359	365		-1.6%
<b>Total</b>			<b>678</b>	<b>731</b>		<b>-7.3%</b>

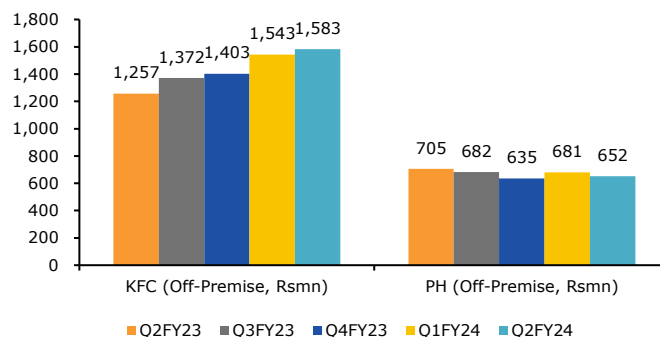
Source: Company, Emkay Research

## Exhibit 4: Sapphire added 36 stores in Q2FY24, comprising of 9/23 stores in PH/KFC, respectively



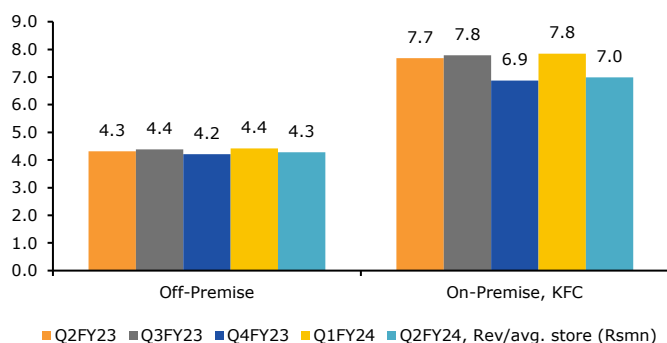
Source: Company, Emkay Research

## Exhibit 5: Channel-wise, off-premise sales grew 26% for KFC, albeit declining 8% for Pizza Hut in Q2



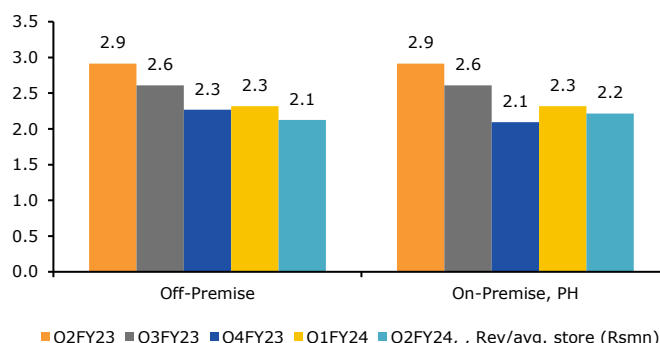
Source: Company, Emkay Research

## Exhibit 6: For KFC, On premise sales per store dipped 9% while off-premise sales per store has largely remained stable over last few quarters. both—On-premise and Off-premise sales per store—dipped 9% and 1%, respectively, amid a weak trend



Source: Company, Emkay Research

## Exhibit 7: For PH, On-premise/Off-premise sales per store plunged 24%/27%, on account of high competitive intensity in the pizza category



Source: Company, Emkay Research

## Exhibit 8: Summary of quarterly results

Y/E, Mar (Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)	FY23TD	FY24TD	Gr (%)
<b>Revenue</b>	<b>5,628</b>	<b>5,961</b>	<b>5,604</b>	<b>6,544</b>	<b>6,426</b>	<b>14.2</b>	<b>-1.8</b>	<b>11,090</b>	<b>12,970</b>	<b>17.0</b>
<b>Expenditure</b>	<b>4,596</b>	<b>4,795</b>	<b>4,623</b>	<b>5,329</b>	<b>5,275</b>	<b>14.8</b>	<b>-1.0</b>	<b>8,955</b>	<b>10,604</b>	<b>18.4</b>
Consumption of RM	1,890	1,964	1,797	2,061	2,010	6.3	-2.5	3,646	4,071	11.6
as % of sales	33.6%	32.9%	32.1%	31.5%	31.3%			32.9%	31.4%	
Employee Cost	747	731	767	850	875	17.1	2.9	1,431	1,725	20.5
as % of sales	13.3%	12.3%	13.7%	13.0%	13.6%			12.9%	13.3%	
Other expenditure	1,959	2,100	2,059	2,418	2,391	22.1	-1.1	3,878	4,809	24.0
as % of sales	34.8%	35.2%	36.7%	37.0%	37.2%			35.0%	37.1%	
<b>EBITDA</b>	<b>1,032</b>	<b>1,167</b>	<b>981</b>	<b>1,214</b>	<b>1,151</b>	<b>11.6</b>	<b>-5.2</b>	<b>2,136</b>	<b>2,366</b>	<b>10.8</b>
Depreciation	628	681	724	727	768	22.2	5.6	1,238	1,495	20.8
<b>EBIT</b>	<b>404</b>	<b>486</b>	<b>258</b>	<b>487</b>	<b>384</b>	<b>-5.0</b>	<b>-21.3</b>	<b>898</b>	<b>871</b>	<b>-3.1</b>
Other Income	71	67	114	75	75	5.2	0.1	130	150	15.1
Interest	206	217	249	226	245	19.0	8.3	403	471	16.8
<b>PBT</b>	<b>269</b>	<b>336</b>	<b>123</b>	<b>336</b>	<b>214</b>	<b>-20.6</b>	<b>-36.3</b>	<b>626</b>	<b>550</b>	<b>-12.1</b>
Total Tax	1	9	-1,232	88	62			-24	149	
<b>Reported PAT</b>	<b>269</b>	<b>327</b>	<b>1,355</b>	<b>249</b>	<b>152</b>	<b>-43.4</b>	<b>-38.8</b>	<b>650</b>	<b>401</b>	<b>-38.3</b>
Extra ordinary items	0	0	0	0	0			0	0	
<b>PAT before minority interests</b>	<b>269</b>	<b>327</b>	<b>1,355</b>	<b>249</b>	<b>152</b>	<b>-43.4</b>	<b>-38.8</b>	<b>650</b>	<b>401</b>	<b>-38.3</b>
Minority Interests	0	1	-1	-1	-1			-1	-2	
<b>PAT after MI</b>	<b>269</b>	<b>326</b>	<b>1,356</b>	<b>249</b>	<b>153</b>	<b>-43.0</b>	<b>-38.5</b>	<b>652</b>	<b>403</b>	<b>-38.2</b>
<b>EPS (Rs)</b>	<b>4.2</b>	<b>5.1</b>	<b>21.3</b>	<b>3.9</b>	<b>2.4</b>	<b>-43.1</b>	<b>-38.6</b>	<b>10.2</b>	<b>6.3</b>	<b>-38.1</b>
<b>(%)</b>	<b>Q2FY23</b>	<b>Q3FY23</b>	<b>Q4FY23</b>	<b>Q1FY24</b>	<b>Q2FY24</b>	<b>(bps)</b>	<b>(bps)</b>	<b>FY23TD</b>	<b>FY24TD</b>	<b>(bps)</b>
EBITDAM	18.3	19.6	17.5	18.6	17.9	-40	-60	19.3	18.2	-100
EBITM	7.2	8.2	4.6	7.4	6.0	-120	-150	8.1	6.7	-140
EBTM	4.8	5.6	2.2	5.1	3.3	-150	-180	5.6	4.2	-140
PATM	4.8	5.5	24.2	3.8	2.4	-240	-140	5.9	3.1	-280
Effective Tax rate	0.3	2.6	-1003.2	26.0	28.9	2860	290	-3.9	27.1	3,110

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

## Exhibit 9: Changes in estimates

(Rs mn)	FY24E			FY25E			FY26E		
	Old	New	% change	Old	New	% change	Old	New	% change
Revenue	28,180	26,857	(4.7)	36,505	32,919	(9.8)	43,844	40,656	(7.3)
EBITDA*	3,364	2,979	(11.4)	4,665	4,141	(11.2)	5,913	5,488	(7.2)
EBITDA margin (%)*	11.9	11.1	-80 bps	12.8	12.6	-20 bps	13.5	13.5	0 bps
PAT	1,401	974	(30.5)	1,974	1,605	(18.7)	2,615	2,237	(14.5)
EPS (Rs)	22.0	15.3	(30.3)	31.1	25.3	(18.8)	41.2	35.2	(14.6)

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

## Exhibit 10: Peer Comparison

Companies	CMP (Rs/sh)	Mcap (Rs bn)	Reco	TP (Rs/sh)	P/E (x)			Pre IndAS-116 EV/EBITDA (x)		
					FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Jubilant FoodWorks	502	331	Sell	380	103.7	72.0	56.0	43.5	33.0	27.0
Devyani International	185	223	Sell	190	120.3	65.6	47.1	42.4	30.5	23.2
Westlife Foodworld	813	127	Buy	1,040	123.7	80.4	53.8	40.6	30.9	23.6
<b>Sapphire Foods</b>	<b>1,319</b>	<b>84</b>	<b>Buy</b>	<b>1,550</b>	<b>86.0</b>	<b>52.2</b>	<b>37.5</b>	<b>31.0</b>	<b>22.3</b>	<b>16.8</b>

Source: Company, Emkay Research

## Sapphire Foods: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>17,216</b>	<b>22,656</b>	<b>26,857</b>	<b>32,919</b>	<b>40,656</b>
Revenue growth (%)	68.8	31.6	18.5	22.6	23.5
<b>EBITDA</b>	<b>3,050</b>	<b>4,284</b>	<b>4,956</b>	<b>6,463</b>	<b>8,252</b>
EBITDA growth (%)	145.2	40.4	15.7	30.4	27.7
Depreciation & Amortization	2,135	2,642	3,126	3,620	4,248
<b>EBIT</b>	<b>915</b>	<b>1,642</b>	<b>1,830</b>	<b>2,843</b>	<b>4,003</b>
EBIT growth (%)	0.0	79.5	11.4	55.3	40.8
Other operating income	0	0	0	0	0
Other income	380	311	310	330	350
Financial expense	781	869	988	1,166	1,371
<b>PBT</b>	<b>514</b>	<b>1,084</b>	<b>1,152</b>	<b>2,007</b>	<b>2,982</b>
Extraordinary items	0	0	0	0	0
Taxes	54	(1,248)	178	401	746
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>460</b>	<b>2,332</b>	<b>974</b>	<b>1,605</b>	<b>2,237</b>
PAT growth (%)	0.0	407.1	(58.2)	64.8	39.3
<b>Adjusted PAT</b>	<b>460</b>	<b>2,332</b>	<b>974</b>	<b>1,605</b>	<b>2,237</b>
<b>Diluted EPS (Rs)</b>	<b>7.2</b>	<b>36.7</b>	<b>15.3</b>	<b>25.3</b>	<b>35.2</b>
Diluted EPS growth (%)	0.0	407.1	(58.2)	64.8	39.3
<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 (%)	17.7	18.9	18.5	19.6	20.3
EBIT margin (%)	5.3	7.2	6.8	8.6	9.8
Effective tax rate (%)	10.5	(115.1)	15.4	20.0	25.0
<b>NOPLAT (pre-IndAS)</b>	<b>819</b>	<b>3,532</b>	<b>1,548</b>	<b>2,274</b>	<b>3,002</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)	FY22	FY23	FY24E	FY25E	FY26E
PBT	514	1,084	1,152	2,007	2,982
Others (non-cash items)	2,135	2,642	3,126	3,620	4,248
Taxes paid	(54)	1,248	(178)	(401)	(746)
Change in NWC	(312)	59	498	185	236
<b>Operating cash flow</b>	<b>2,685</b>	<b>5,591</b>	<b>5,276</b>	<b>6,246</b>	<b>7,742</b>
Capital expenditure	(2,672)	(3,915)	(3,493)	(3,833)	(4,043)
Acquisition of business	0	0	0	0	0
Interest & dividend income	380	311	310	330	350
<b>Investing cash flow</b>	<b>(2,292)</b>	<b>(3,604)</b>	<b>(3,183)</b>	<b>(3,503)</b>	<b>(3,693)</b>
Equity raised/(repaid)	5,166	0	0	0	0
Debt raised/(repaid)	(164)	(1,441)	105	506	627
Payment of lease liabilities	(1,249)	(1,696)	(1,976)	(2,322)	(2,763)
Interest paid	(126)	(74)	(50)	(40)	(20)
Dividend paid (incl tax)	0	0	0	0	0
Others	(716)	16	0	0	0
<b>Financing cash flow</b>	<b>2,911</b>	<b>(3,195)</b>	<b>(1,921)</b>	<b>(1,856)</b>	<b>(2,156)</b>
Net chg in Cash	3,304	(1,208)	172	887	1,892
OCF	2,685	5,591	5,276	6,246	7,742
Adj. OCF (w/o NWC chg.)	2,996	5,532	4,778	6,062	7,506
FCFF	13	1,676	1,783	2,413	3,699
FCFE	(388)	1,118	1,105	1,577	2,678
OCF/EBITDA (%)	88.0	130.5	106.5	96.6	93.8
FCFE/PAT (%)	(84.4)	48.0	113.4	98.3	119.7
<b>FCFF/NOPLAT (%)</b>	<b>1.6</b>	<b>47.5</b>	<b>115.2</b>	<b>106.1</b>	<b>123.2</b>

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	635	635	635	635	635
Reserves & Surplus	9,436	11,924	12,898	14,504	16,740
<b>Net worth</b>	<b>10,071</b>	<b>12,559</b>	<b>13,534</b>	<b>15,139</b>	<b>17,376</b>
Minority interests	(17)	(20)	(20)	(20)	(20)
Deferred tax liability (net)	197	(1,077)	(932)	(392)	277
<b>Total debt</b>	<b>612</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>
<b>Total liabilities &amp; equity</b>	<b>10,864</b>	<b>11,905</b>	<b>13,024</b>	<b>15,169</b>	<b>18,075</b>
Net tangible fixed assets	5,462	7,706	9,469	11,351	13,124
Net intangible assets	566	647	770	878	960
Net ROU assets	(1,032)	(1,270)	(1,751)	(2,332)	(2,980)
Capital WIP	327	550	550	550	550
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>4,071</b>	<b>2,864</b>	<b>3,036</b>	<b>3,923</b>	<b>5,815</b>
Current assets (ex-cash)	3,344	3,403	3,458	4,239	5,235
Current Liab. & Prov.	3,495	3,616	4,129	5,062	6,251
<b>NWC (ex-cash)</b>	<b>(151)</b>	<b>(213)</b>	<b>(671)</b>	<b>(823)</b>	<b>(1,016)</b>
<b>Total assets</b>	<b>10,864</b>	<b>11,905</b>	<b>13,024</b>	<b>15,169</b>	<b>18,075</b>
Net debt	(3,459)	(2,421)	(2,593)	(3,481)	(5,373)
Capital employed	10,864	11,905	13,024	15,169	18,075
<b>Invested capital</b>	<b>6,466</b>	<b>8,491</b>	<b>9,438</b>	<b>10,696</b>	<b>11,709</b>
BVPS (Rs)	158.5	197.7	213.0	238.3	273.5
Net Debt/Equity (x)	(0.3)	(0.2)	(0.2)	(0.2)	(0.3)
Net Debt/EBITDA (x)	(1.1)	(0.6)	(0.5)	(0.5)	(0.7)
Interest coverage (x)	0.6	0.4	0.5	0.4	0.3
<b>RoCE (%)</b>	<b>15.6</b>	<b>17.2</b>	<b>17.2</b>	<b>22.5</b>	<b>26.2</b>

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	182.2	35.9	86.0	52.2	37.5
P/CE(x)	32.3	16.8	20.4	16.0	12.9
P/B (x)	8.3	6.7	6.2	5.5	4.8
EV/Sales (x)	4.7	3.6	3.0	2.4	1.9
EV/EBITDA (x)	26.3	19.0	16.4	12.4	9.5
EV/EBIT(x)	87.8	49.5	44.4	28.3	19.6
EV/IC (x)	12.4	9.6	8.6	7.5	6.7
FCFF yield (%)	0.0	2.1	2.2	3.0	4.7
FCFE yield (%)	(0.5)	1.3	1.3	1.9	3.2
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
<b>DuPont-RoE split</b>					
Net profit margin (%)	2.7	10.3	3.6	4.9	5.5
Total asset turnover (x)	2.1	2.0	2.2	2.3	2.4
Assets/Equity (x)	1.1	1.0	1.0	1.0	1.0
<b>RoE (%)</b>	<b>6.2</b>	<b>20.6</b>	<b>7.5</b>	<b>11.2</b>	<b>13.8</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	4.8	15.6	5.8	6.9	7.4
IC turnover (x)	3.1	3.0	3.0	3.3	3.6
<b>RoIC (%)</b>	<b>14.7</b>	<b>47.2</b>	<b>17.3</b>	<b>22.6</b>	<b>26.8</b>
<b>Operating metrics</b>					
Core NWC days	(29.2)	(25.6)	(24.3)	(24.5)	(24.4)
<b>Total NWC days</b>	<b>(3.2)</b>	<b>(3.4)</b>	<b>(9.1)</b>	<b>(9.1)</b>	<b>(9.1)</b>
Fixed asset turnover	2.1	2.1	1.9	1.9	2.0
Opex-to-revenue (%)	51.6	48.4	50.3	49.5	49.1

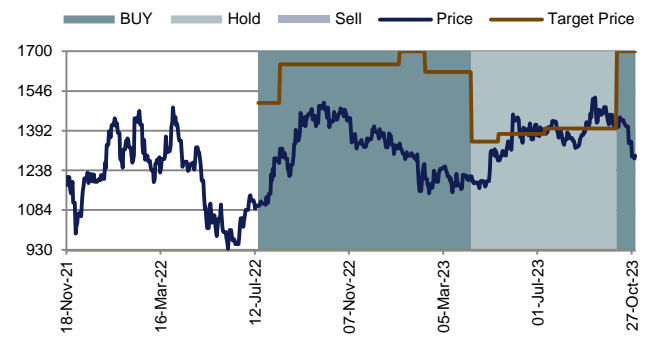
Source: Company, Emkay Research

## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
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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