

Capacities with capability make structural outlook firm

Consumer Goods ▶ Analyst Meet Update ▶ December 13, 2023

TARGET PRICE (Rs): 525

Our positive stance on ITC was fortified with the management advocating its institutional strengths. Investing ahead of time in capacity and capability builds the case for strong structural growth across businesses with a promising economic outlook. In core cigarettes, rational taxation and a dip in illicit volume will help, while in other FMCG, profitable growth is expected (100bps annual margin and 300bps annual ROCE expansion ahead). In non-FMCG, agri is scouting for a value-added play (nicotine and derivative), paper is addressing sustainability needs, and hotels remain on a strong footing with an asset-light approach. Strategic thrust in the last 5 years aided non-cigarettes EBITDA contribution growth of 900bps to 27% in FY23 and ROCE by 11%pts to 22% in FY23. We maintain BUY with an SoTP-based TP of Rs525.

ITC: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	563,413	660,023	696,517	762,396	837,897
EBITDA	189,337	239,035	255,939	287,661	317,232
Adj. PAT	150,578	186,394	204,169	225,918	250,105
Adj. EPS (Rs)	12.2	15.0	16.3	18.0	19.8
EBITDA margin (%)	33.6	36.2	36.7	37.7	37.9
EBITDA growth (%)	22.0	26.2	7.1	12.4	10.3
Adj. EPS growth (%)	15.4	22.7	9.0	10.1	10.1
RoE (%)	25.3	29.2	30.3	32.0	32.8
RoIC (%)	47.7	56.5	57.9	62.5	65.2
P/E (x)	37.1	30.2	27.7	25.2	22.9
EV/EBITDA (x)	28.0	22.1	20.8	18.4	16.7
P/B (x)	9.2	8.4	8.3	7.8	7.2
FCFF yield (%)	2.5	3.1	3.2	3.4	3.7

Source: Company, Emkay Research

Cigarette volume recovery is decent; illegal shift continues to pave growth

Post COVID-19, ITC has geared well to reenergize its portfolio, where on account of its distribution reach (7mn outlets with 120 SKUs), innovation in key brands (overall new launches – ~17% of vol.; with 4 launches in *Classic* brand in the last 5 years representing 25% of the portfolio; for *Gold Flake*, launches now contribute 19% of the portfolio), and regulatory actions to curb illegal volumes, ITC has strengthened its market standing (vol. recovered to 0.96x of FY13 base). ITC's institutional competencies enhance its capability to drive the shift from non-cig tobacco, depending on economic growth.

Other FMCG to benefit from premium play

With the bulk of investments in place (60% utilization at ICMLs, capacity can be doubled), the company has been calculative with growth, where its focus is to create brand equity with value-added offerings. Going ahead, management maintains its guidance of 100bps margin expansion (on a base of ~10% margin in FY23; broken down into 30-40bps from premiumization, ~20bps from scale, and 30bps from cost optimization). Similarly, management has guided ROCE expansion of 300bps ahead (on a base of 18% ROCE adj. for intangibles; a similar feat achieved in the last 3 years).

Non-FMCG sees enhanced structural opportunities

In the agribusiness, ITC sees structural opportunities in 1) value-added portfolio – particularly in nicotine and derivatives in tobacco (high margin; big export opportunity for ITC worth ~US\$500mn, where, with farm linkages, ITC has 99.9% purity) and spices and 2) ITC MAARS (reaching 1.1mn farmers in 9 states). In the paper business, management noted, with capabilities built over the years, ITC has a structural 500bps better margin vs. the industry's margin. While business is through a down cycle, a competitive edge provides better growth opportunities in the upcycle. Hotels continue to follow the asset-right strategy, where it sees demand and supply gap, making case for a strong business. Gestated hotels have 72% occupancies and have ~16% ROCE.

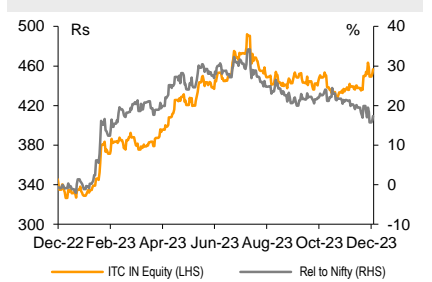
Target Price – 12M	Sep-24
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	15.9
CMP (12-Dec-23) (Rs)	453.1

Stock Data	Ticker
52-week High (Rs)	500
52-week Low (Rs)	323
Shares outstanding (mn)	12,473.0
Market-cap (Rs bn)	5,652
Market-cap (USD mn)	67,774
Net-debt, FY24E (Rs mn)	0
ADTV-3M (mn shares)	10
ADTV-3M (Rs mn)	4,345.6
ADTV-3M (USD mn)	52.1
Free float (%)	-
Nifty-50	20,906
INR/USD	83.4
Shareholding, Sep-23	
Promoters (%)	-
FPIs/MFs (%)	43.3/41.9

Price Performance

(%)	1M	3M	12M
Absolute	3.3	0.4	32.8
Rel. to Nifty	(3.5)	(4.0)	17.5

1-Year share price trend (Rs)



Nitin Gupta

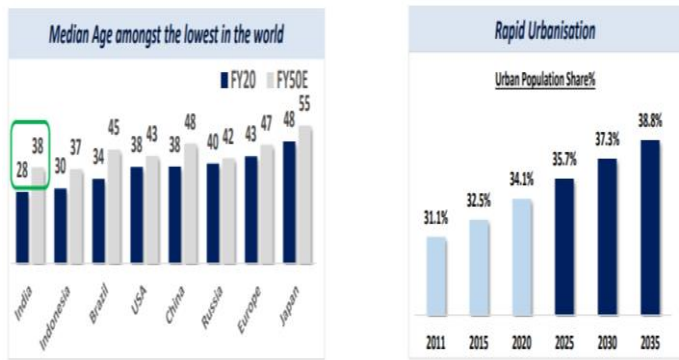
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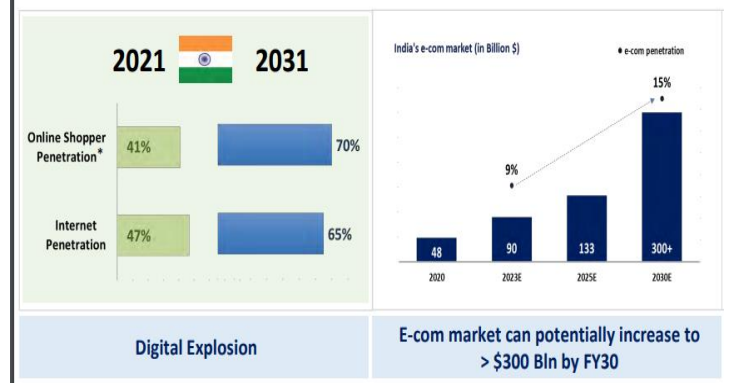
Economic outlook firm

Exhibit 1: India – Uniquely poised on demographics



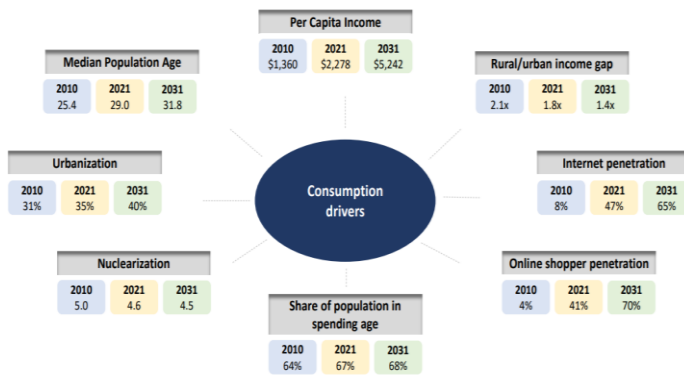
Source: Company

Exhibit 2: Digital and financial expansion



Source: Company

Exhibit 3: Multiple drivers of consumption



Source: Company

Exhibit 4: Major reforms to power growth

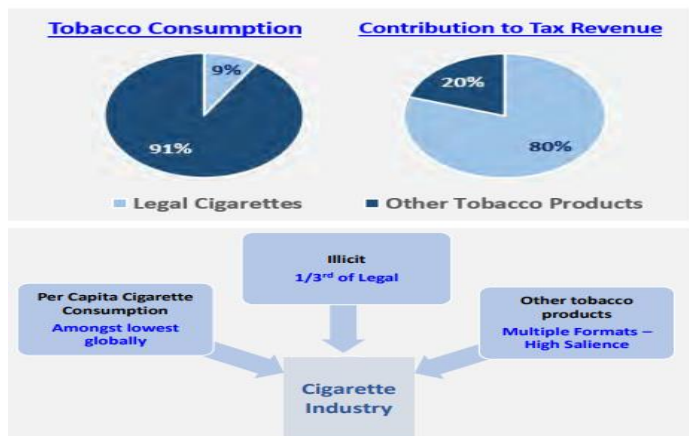


Source: Company

Cigarettes business’s strategic levers in place

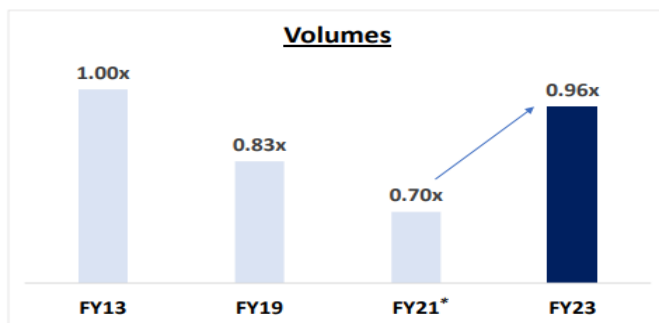
Post COVID-19, ITC has geared well to reenergize its portfolio, where on account of its distribution reach (reaching 7mn outlets with 120 SKUs), innovation in key brands (overall new launches - ~17% of the volume; with 4 launches in *Classic* brand in the last five years representing 25% of the portfolio; *Gold Flake*'s launches now contribute 19% of the portfolio) and regulatory actions to curb illegal volume, it has strengthened its market standing (volume recovered to 0.96x of FY13 base). Strategic levers for the company ahead are 1) future-ready portfolio (trusted brands with a ladder portfolio for cohorts, now has high differentiation in offerings), 2) agile innovations (innovation aligned with consumer insights, aided by institutional strengths), 3) excellence in execution (focus on product superiority and distribution), and 4) integrated seed to smoke the value chain. Its institutional competencies enhance its capability to drive the shift from non-cig tobacco, depending on economic growth.

Exhibit 5: Cigarette – Long way to go



Source: Company

Exhibit 6: Cigarette business witnessed recovery in volumes



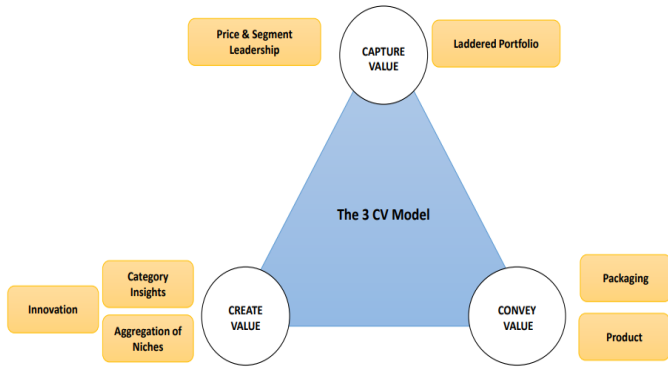
Source: Company

Exhibit 7: Leading brand in every market segment

50+ Brands	Insignia Classic Blue Leaf Classic Connect Gold Flake Neo									
	Rs.150 & above		Classic (8 Offers)	Gold Flake (7 offers)	India Kings (2 Offers)	B&H 555 (3 Offers)				
100+ Innovative launches in 5 years	Rs.110 – Rs.140		Classic (2 Offers)	Gold Flake (2 Offers)	American Club (7 Offers)		Wills Navy Cut (2 Offers)			
	Rs.70 – Rs.100		Gold Flake (13 Offers)	Wave (5 Offers)	Wills Navy Cut (6 Offers)	Player's (6 Offers)	Flake Bristol (10 Offers)	Scissors (2 Offers)	Capstan (4 Offers)	Lucky Strike (1 Offer)
	Rs.40 – Rs.60		Gold Flake (11 Offers)	Bristol (2 Offers)	Duke (2 Offers)	Berkeley (2 Offers)	Scissors (1 Offer)	Capstan (3 Offers)	Silk Cut (3 Offer)	
		Flake (8 Offers)	Player's (2 Offers)	Navy Cut (3 Offers)	Royal (4 Offers)					

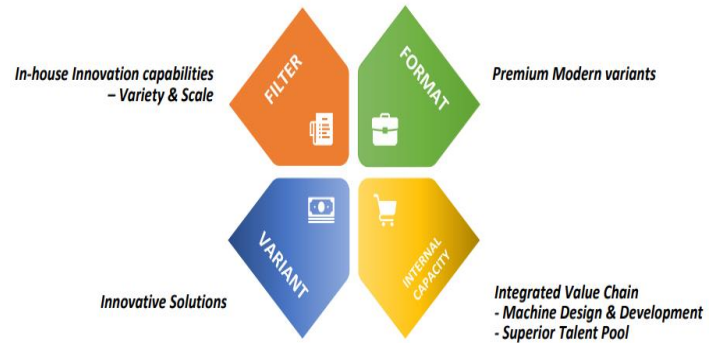
Source: Company

Exhibit 8: ITC's value model



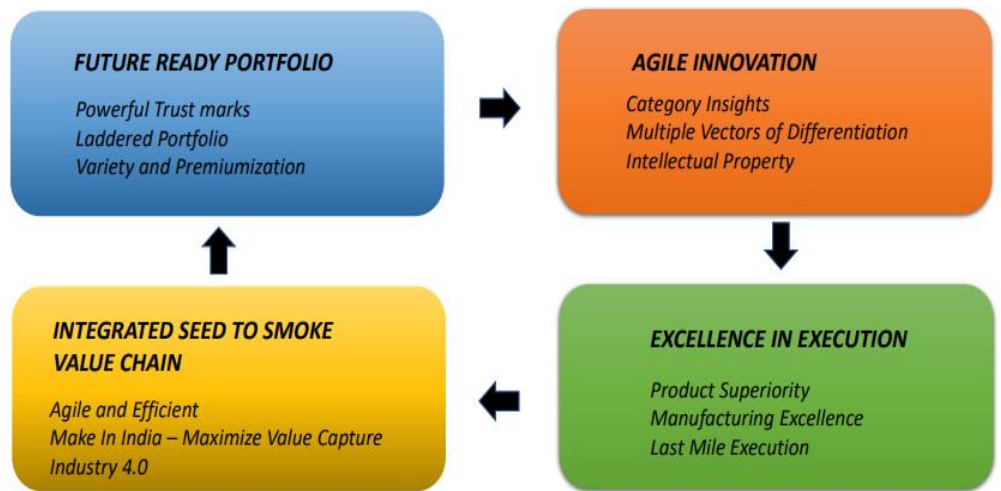
Source: Company

Exhibit 9: Multiple vectors of differentiation



Source: Company

Exhibit 10: Key strategy in cigarettes



Source: Company

Other FMCG to benefit from premium play

With the bulk of the investments in place – 60% utilization at Integrated Consumer Goods Manufacturing and Logistics (ICMLs) facilities, capacity can be doubled – the company has been calculative with growth, where its focus is to create brand equity with value-added offerings. It now has one-third of the business from the premium portfolio. Going ahead, management has maintained its guidance of 100bps margin expansion (on a base of ~10% margin in FY23; broken down into 30-40bps from premiumization, ~20bps from scale, and 30bps from cost optimization). Similarly, management has guided ROCE expansion of 300bps ahead (on a base of 18% ROCE adjusted for intangibles; a similar feat achieved in the last 3 years). Food remains the bulk of the business, where the company is looking to expand household reach (75% now), addressing consumer needs better. In personal care, the company is investing in the category of future (with differentiated propositions), where it has leading positions.

Exhibit 11: India's leading foods business



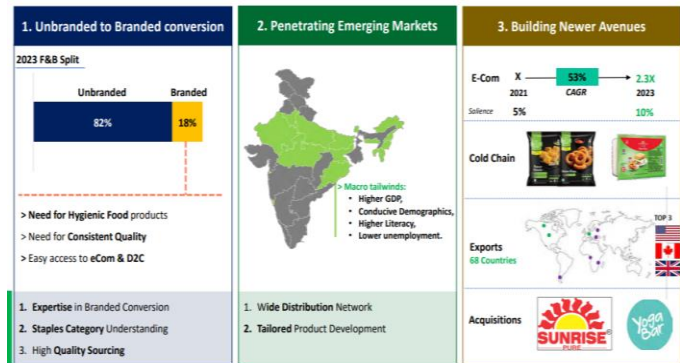
Source: Company

Exhibit 12: World-class brands in the foods business



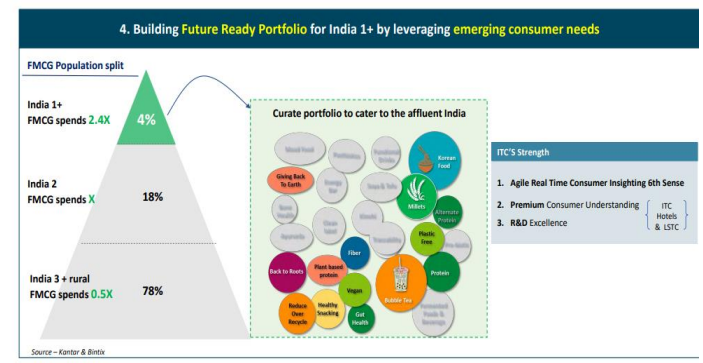
Source: Company

Exhibit 13: Growth strategy



Source: Company

Exhibit 14: Portfolio for India+1 customers



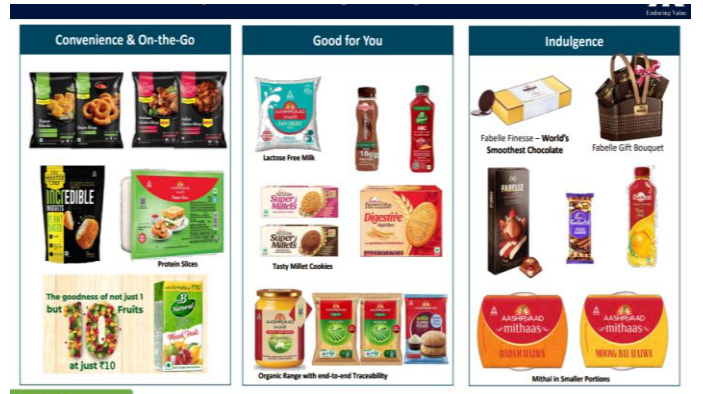
Source: Company

Exhibit 15: Fortifying the core



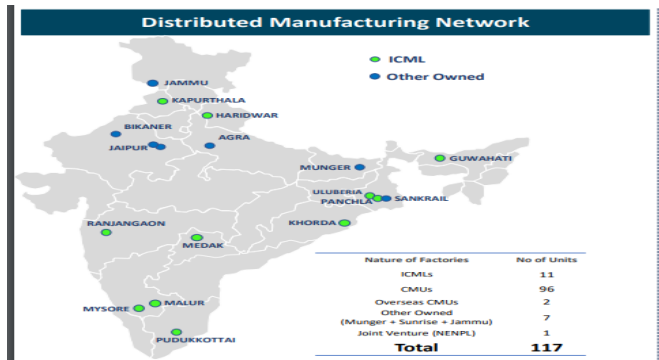
Source: Company

Exhibit 16: NPD – Addressing evolving consumer needs



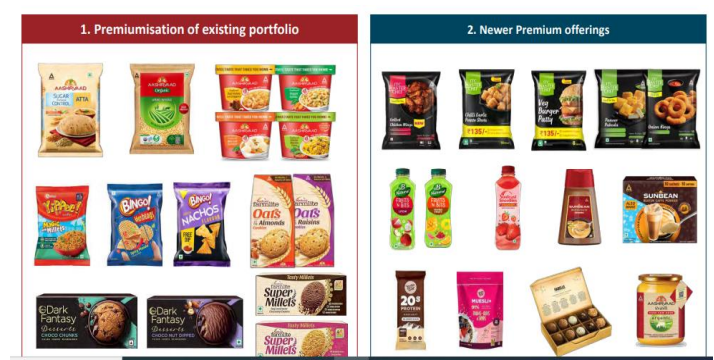
Source: Company

Exhibit 17: Manufacturing Network



Source: Company

Exhibit 18: One-third of the premium portfolio is growing



Source: Company

Exhibit 19: Personal care portfolio



Source: Company

Exhibit 20: Big opportunity – Margins under pressure



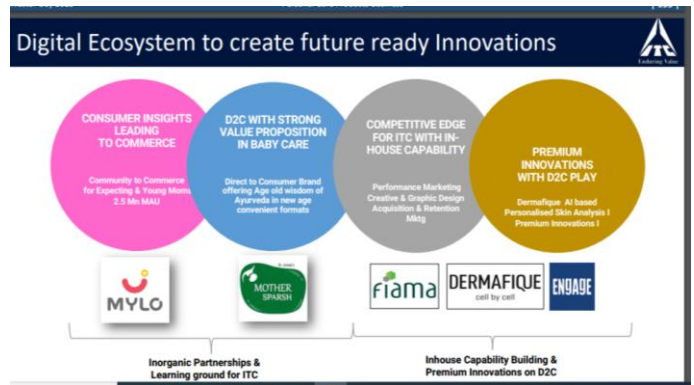
Source: Company

Exhibit 21: Strategy for market development



Source: Company

Exhibit 22: Digital ecosystem for future growth



Source: Company

Non-FMCG sees enhanced structural opportunity

Management has been vocal about its institutional capability, which has been built over the years with ahead-of-time initiatives and investments. In the agribusiness, the company sees structural opportunities in 1) the value-added portfolio – particularly in nicotine and derivative in tobacco (high margin; big export opportunity for ITC – ~US\$500mn opportunity, where with farm linkages, the company has 99.9% purity) and spices and 2) ITC MAARS (reaching 1.1mn farmers in 9 states). From a paper business’s perspective, management has noted its capability built over the years. The company has a structurally better margin (500bps) vs. the industry’s. While business is going through a down cycle now (from a slowdown in the West and China issues), management noted a competitive edge in the business from forward linkages, integrated fiber chain, backward integration in pulping, and manufacturing excellence. Hotels continue to follow the asset-right strategy, where management sees demand and supply gain, making the case for a strong business. Gestated hotels have 72% occupancies and have ~16% ROCE.

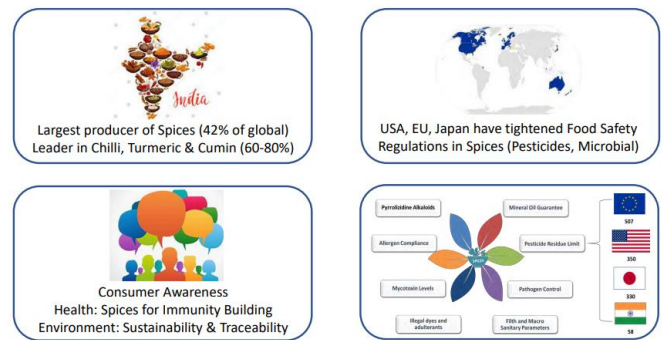
Agri business’s thrust on value-added products

Exhibit 23: Strategy for value-added agri products



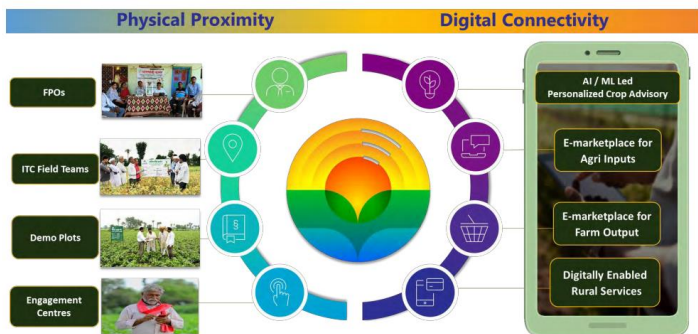
Source: Company

Exhibit 24: Opportunity for spices



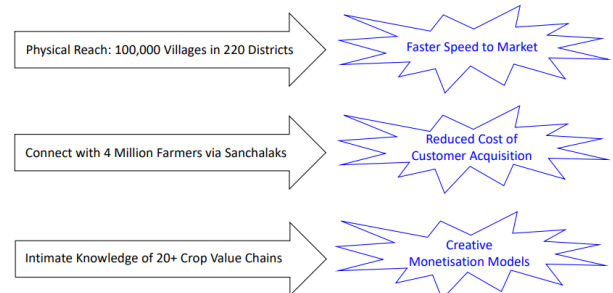
Source: Company

Exhibit 25: ITC’s MAARS System



Source: Company

Exhibit 26: ITC – Advantage



Source: Company

Hotels on a firm footing

Exhibit 27: Hotel portfolio

ITC HOTELS : India’s Pre-eminent Hospitality Chain

ITC’s Hotel Group is one of the leading providers of hospitality in the luxury space with a substantial presence in the upscale, mid-market and heritage segments

Category	Brands	Keys %
LUXURY	ITC HOTELS MEMENTOS	38%
UPPER UPSCALE	WELCOMHOTEL	23%
BOUTIQUE	STORII	
MID SCALE	FORTUNE	39%
HERITAGE	WELCOMHERITAGE	

Source: Company

Exhibit 28: Industry – Favorable space



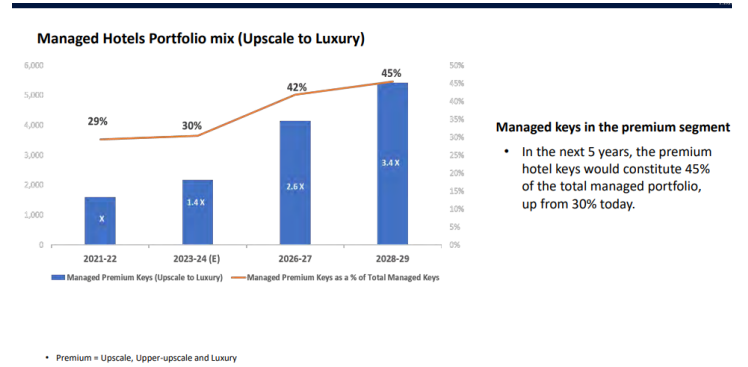
Source: Company

Exhibit 29: Upcoming project portfolio



Source: Company

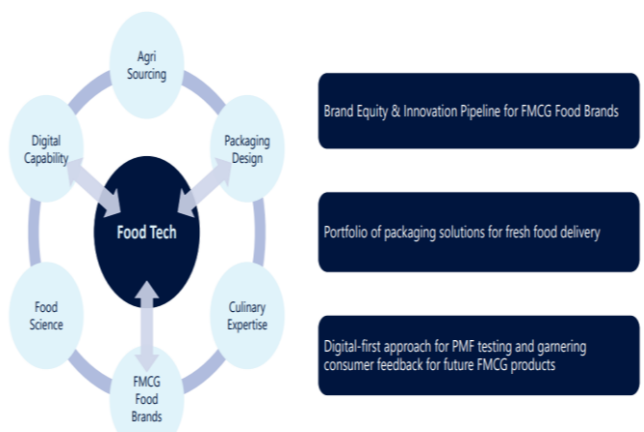
Exhibit 30: Target premium segment



Source: Company

Paper, paper board, and packaging looking to leverage sustainable opportunity

Exhibit 31: FoodTech Business – Right to Win



Source: Company

Exhibit 32: Paperboards – Undisputed market leader

- Clear market leader – scale, profitability & sustainability
- Best-in-class operating metrics
- Fully Integrated Operations
- Secure, sustainable & cost competitive fiber base
- 44% of energy consumption from renewable sources
- One stop shop Packaging Solutions provider

Source: Company

Exhibit 33: Scaling up – Sustainable solutions

Source: Company

Exhibit 34: Cyclical correction after rapid scale-up

Source: Company

Valuations

Exhibit 35: ITC's SoTP-based target price

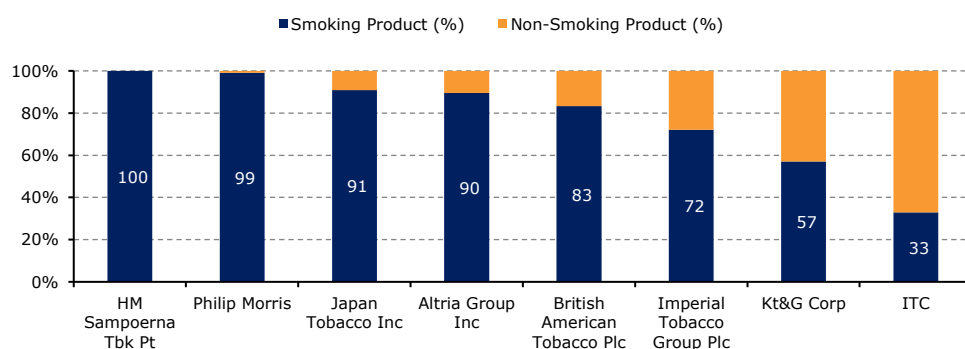
Segment	Valuation methodology	Units	Sep-25E	Multiple (x)	Rs/share
Cigarettes	P/E	EPS (Rs)	12.78	22.0	281
Other FMCG	EV/Sales	Sales (Rs mn)	257,462	6.0	123
Agri	EV/Sales	Sales (Rs mn)	204,826	2.5	41
Paper	EV/EBITDA	EBITDA (Rs mn)	26,166	10.0	21
Hotels	EV/EBITDA	EBITDA (Rs mn)	12,046	22.0	21
ITC Infotech	P/E	EPS (Rs)	0.52	20.0	10
Net cash		Actual (Rs mn)		1.0	27
Fair value					525
Target price (Rs/share)					525

Source: Emkay Research

Exhibit 36: Global tobacco companies – Valuations

Company	MCap (USD mn)	CMP	P/E (x)		EV/EBITDA (x)		EV/sales (x)		Sales	EPS (Rs)
			FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY23-25E	FY23-25E
Phillip Morris International	144,063	USD 92.8	15.3	14.3	13.3	11.9	5.4	5.2	8%	8%
Altria Group Inc.	72,090	USD 40.76	8.2	8.1	7.9	7.7	4.7	4.6	0%	3%
British American Tobacco Plc	70,849	GBP 2526.5	6.7	6.4	7.0	6.8	3.4	3.3	2%	5%
Japan Tobacco Inc.	50,752	JPY 3762	14.3	14.1	9.4	9.3	2.9	2.8	4%	4%
Imperial Tobacco Group Plc	20,845	GBP 1867	6.6	6.2	6.1	5.9	2.7	2.7	4%	8%
Kt&G Corp	9,432	KRW 91300	12.5	11.8	8.1	7.7	2.0	1.9	4%	-5%
Gudang Garam Tbk Pt	2,668	IDR 21600	6.8	6.4	4.1	3.8	0.4	0.4	1%	43%
British American Tobacco Bhd	552	MYR 9.03	12.4	11.4	10.3	9.6	1.4	1.3	-1%	-6%
HM Sampoerna Tbk Pt	7,093	IDR 950	13.7	12.3	9.9	8.8	0.9	0.9	7%	15%
ITC^	65,338	INR 436.25	28.7	26.1	19.1	17.1	7.2	6.5	8%	15%

Source: Bloomberg, Emkay Research; Note: Based on the closing price on 12-Dec-2023; ^Based on Bloomberg consensus

Exhibit 37: Revenue contribution of global tobacco players


Source: Company, Emkay Research

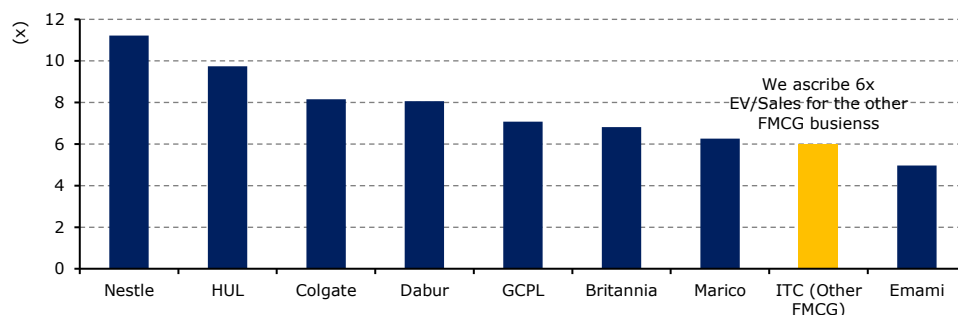
Note: For ITC, revenue has been considered before adjusting for inter-segment revenue

Exhibit 38: FMCG players – Valuation snapshot

	EV/sales (x)			EV/EBITDA (x)		
	FY24	FY25	FY26	FY23	FY24	FY25
Hindustan Unilever	9.3	8.4	7.7	38.7	34.6	31.3
Nestlé India	12.2	10.8	9.7	51.8	44.8	39.8
Britannia Industries	6.7	6.1	5.5	36.7	32.9	29.5
Godrej Consumer Products	7.0	6.3	5.8	34.6	29.5	26.3
Dabur India	7.5	6.8	6.1	38.1	33.2	29.5
Marico	6.7	6.0	5.4	32.3	29.0	26.0
Colgate-Palmolive India	10.3	9.5	8.9	32.3	30.0	27.9

Source: Bloomberg consensus, Emkay Research; Note: Based on the closing price on 12-Dec-2023

We ascribe 6x EV/Sales valuation multiple for the 'other FMCG' business, which is at ~30% discount to listed peers' (Market cap weighted valuation for FY25)

Exhibit 39: FY24E EV/sales valuation for FMCG stocks

Source: Bloomberg, Emkay Research; Note: Based on closing price on 12-Dec-2023

Exhibit 40: ITC's hotels business – Valuation snapshot

Company	MCAp (USD mn)	P/E (x)		EV/EBITDA (x)		EV/sales (x)	
		FY24	FY25	FY24	FY25	FY24	FY25
Indian Hotels	7,178	47.7	38.6	28.7	24.7	9.2	8.2
Lemon Tree	1,104	55.4	33.1	22.5	16.6	11.2	8.7
Mahindra Holidays	954	39.4	33.9	31.4	27.4	7.3	6.5
Chalet	1,473	43.9	31.2	23.8	18.2	10.2	8.3
EIH	1,958	24.5	21.6	18.7	16.8	7.2	6.6

Source: Bloomberg consensus, Emkay Research; Note: Based on the closing price on 12-Dec-2023

Exhibit 41: IT players – Valuation snapshot

Company	MCAp (USD mn)	P/E (x)		EV/EBITDA (x)		EV/sales (x)	
		FY24	FY25	FY24	FY25	FY24	FY25
LTIMindtree	19,617	33.4	28.0	23.0	19.6	4.3	3.9
Mphasis	5,292	27.2	23.6	17.5	15.2	3.2	2.8
L&T Technology Services	5,836	37.4	32.5	24.6	21.4	4.9	4.3
Birlasoft	2,038	29.7	25.2	19.4	16.6	3.0	2.7
Coforge	4,161	37.0	29.2	22.6	18.7	3.8	3.3
Zensar Technologies	1,498	20.7	19.7	13.0	12.3	2.3	2.0
Mastek	904	24.9	19.2	15.0	12.4	2.5	2.2
Persistent Systems	5,973	43.9	35.2	28.1	23.3	5.0	4.3
Sonata Software	2,304	35.5	28.7	23.1	19.0	2.1	1.8

Source: Bloomberg consensus, Emkay Research; Note: Based on the closing price on 12-Dec-2023

We ascribe 20x EV/EBITDA valuation multiple for ITC's hotels operations, which is at ~10% discount to listed peers'

We ascribe 20x P/E valuation multiple for Infotech operations, which is at a 30% discount to mid-cap IT peers' (market cap weighted average of 29x for FY25)

ITC : Consolidated Financials and Valuations

Profit and Loss					
Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	563,413	660,023	696,517	762,396	837,897
Revenue growth (%)	23.9	17.1	5.5	9.5	9.9
EBITDA	189,337	239,035	255,939	287,661	317,232
EBITDA growth (%)	22.0	26.2	7.1	12.4	10.3
Depreciation & Amortization	16,522	16,627	16,939	17,586	17,888
EBIT	172,815	222,407	239,000	270,075	299,344
EBIT growth (%)	23.8	28.7	7.5	13.0	10.8
Other operating income	6,445	7,704	7,668	8,176	8,994
Other income	25,900	24,376	32,961	31,655	34,686
Financial expense	420	418	460	506	556
PBT	198,295	246,365	271,501	301,224	333,474
Extraordinary items	0	0	0	0	0
Taxes	47,717	59,971	67,332	75,306	83,368
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	150,578	187,123	204,169	225,918	250,105
PAT growth (%)	15.5	24.3	9.1	10.7	10.7
Adjusted PAT	150,578	186,394	204,169	225,918	250,105
Diluted EPS (Rs)	12.2	15.0	16.3	18.0	19.8
Diluted EPS growth (%)	15.4	22.7	9.0	10.1	10.1
DPS (Rs)	11.0	15.5	14.0	15.0	16.5
Dividend payout (%)	90.0	102.9	85.7	83.4	83.3
EBITDA margin (%)	33.6	36.2	36.7	37.7	37.9
EBIT margin (%)	30.7	33.7	34.3	35.4	35.7
Effective tax rate (%)	24.1	24.3	24.8	25.0	25.0
NOPLAT (pre-IndAS)	131,230	168,268	179,728	202,556	224,508
Shares outstanding (mn)	12,323.3	12,428.0	12,493.0	12,558.0	12,623.0

Source: Company, Emkay Research

Cash Flows					
Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	198,295	246,365	271,501	301,224	333,474
Others (non-cash items)	0	0	0	0	0
Taxes paid	(45,100)	(58,006)	(67,332)	(75,306)	(83,368)
Change in NWC	1,841	(4,441)	3,574	(7,289)	(8,696)
Operating cash flow	148,078	179,117	192,181	205,066	225,167
Capital expenditure	(16,748)	(18,095)	(24,000)	(28,000)	(28,000)
Acquisition of business	0	0	0	0	0
Interest & dividend income	18,204	17,732	32,961	31,655	34,686
Investing cash flow	(15,171)	(51,594)	8,961	(26,345)	(23,314)
Equity raised/(repaid)	2,919	24,774	65	65	65
Debt raised/(repaid)	(4)	(7)	105	0	0
Payment of lease liabilities	590	0	0	0	0
Interest paid	(421)	(400)	(460)	(506)	(556)
Dividend paid (incl tax)	(135,471)	(151,504)	(192,634)	(174,902)	(188,370)
Others	(393)	(166)	0	0	0
Financing cash flow	(133,370)	(127,304)	(192,924)	(175,343)	(188,861)
Net chg in Cash	(463)	219	8,218	3,378	12,992
OCF	148,078	179,117	192,181	205,066	225,167
Adj. OCF (w/o NWC chg.)	146,237	183,558	196,622	212,355	233,863
FCFF	131,330	161,022	168,181	177,066	197,167
FCFE	149,115	178,336	200,682	208,215	231,297
OCF/EBITDA (%)	78.2	74.9	75.1	71.3	71.0
FCFE/PAT (%)	99.0	95.7	98.3	92.2	92.5
FCFF/NOPLAT (%)	100.1	95.7	93.6	87.4	87.8

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	12,323	12,428	12,493	12,558	12,623
Reserves & Surplus	601,672	663,510	675,045	726,061	787,796
Net worth	613,996	675,938	687,538	738,619	800,419
Minority interests	0	0	0	0	0
Deferred tax liability (net)	16,671	16,211	17,508	18,909	20,422
Total debt	3,112	3,247	3,511	3,679	3,856
Total liabilities & equity	633,779	695,396	708,557	761,207	824,696
Net tangible fixed assets	237,701	234,582	245,643	256,056	266,168
Net intangible assets	0	0	0	0	0
Net ROU assets	9,772	10,260	10,774	11,312	11,878
Capital WIP	24,662	16,966	12,966	12,966	12,966
Goodwill	0	0	0	0	0
Investments [JV/Associates]	21,936	23,936	23,936	23,936	23,936
Cash & equivalents	289,666	341,583	349,801	383,178	426,170
Current assets (ex-cash)	182,455	198,392	210,431	228,838	249,725
Current Liab. & Prov.	117,146	127,221	141,378	150,927	161,429
NWC (ex-cash)	65,309	71,170	69,053	77,911	88,297
Total assets	633,779	695,396	708,557	761,207	824,696
Net debt	(289,621)	(341,550)	(349,651)	(383,028)	(426,020)
Capital employed	623,584	685,023	698,037	750,518	813,831
Invested capital	290,386	305,752	314,696	333,968	354,465
BVPS (Rs)	49.2	53.8	54.5	58.2	62.8
Net Debt/Equity (x)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Net Debt/EBITDA (x)	(1.5)	(1.4)	(1.4)	(1.3)	(1.3)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	32.5	37.7	39.3	41.7	42.7

Source: Company, Emkay Research

Valuations and Key Ratios					
Y/E March	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	37.1	30.2	27.7	25.2	22.9
P/CE(x)	33.2	27.6	25.4	23.2	21.2
P/B (x)	9.2	8.4	8.3	7.8	7.2
EV/Sales (x)	9.5	8.1	7.7	7.0	6.4
EV/EBITDA (x)	28.0	22.1	20.8	18.4	16.7
EV/EBIT(x)	30.4	23.6	22.1	19.5	17.6
EV/IC (x)	18.1	17.2	16.8	15.8	14.8
FCFF yield (%)	2.5	3.1	3.2	3.4	3.7
FCFE yield (%)	2.7	3.2	3.6	3.7	4.1
Dividend yield (%)	2.4	3.4	3.1	3.3	3.6
DuPont-RoE split					
Net profit margin (%)	26.7	28.2	29.3	29.6	29.8
Total asset turnover (x)	0.9	1.0	1.0	1.1	1.1
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	25.3	29.2	30.3	32.0	32.8
DuPont-RoIC					
NOPLAT margin (%)	23.3	25.5	25.8	26.6	26.8
IC turnover (x)	2.0	2.2	2.2	2.4	2.4
RoIC (%)	47.7	56.5	57.9	62.5	65.2
Operating metrics					
Core NWC days	11.1	10.7	9.2	7.1	7.1
Total NWC days	42.3	39.4	36.2	37.3	38.5
Fixed asset turnover	1.5	1.6	1.6	1.7	1.7
Opex-to-revenue (%)	19.8	20.0	21.0	20.6	20.3

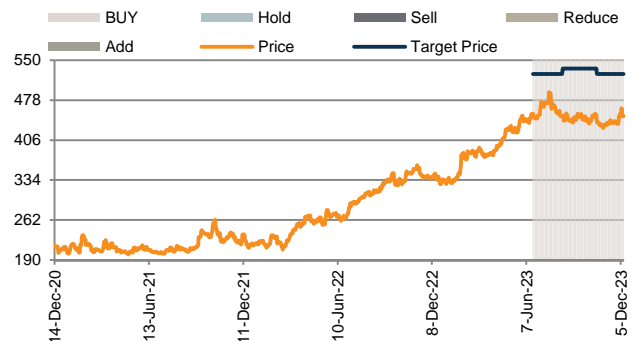
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
12-Dec-23	457	525	Buy	Nitin Gupta
30-Nov-23	436	525	Buy	Nitin Gupta
24-Nov-23	438	525	Buy	Nitin Gupta
20-Oct-23	438	525	Buy	Nitin Gupta
03-Oct-23	440	535	Buy	Nitin Gupta
28-Aug-23	441	535	Buy	Nitin Gupta
15-Aug-23	449	535	Buy	Nitin Gupta
28-Jul-23	468	525	Buy	Nitin Gupta
24-Jul-23	471	525	Buy	Nitin Gupta
15-Jul-23	473	525	Buy	Nitin Gupta
19-Jun-23	454	525	Buy	Nitin Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Bloomberg, Company, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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