

CRISIL IER

Independent Equity Research

Enhancing investment decisions



Apollo Hospitals Enterprise Ltd

Q1FY18 Results Update

Explanation of CRISIL Fundamental and Valuation (CFV) matrix

The CFV Matrix (CRISIL Fundamental and Valuation Matrix) addresses the two important analysis of an investment making process – Analysis of Fundamentals (addressed through Fundamental Grade) and Analysis of Returns (Valuation Grade) The fundamental grade is assigned on a five-point scale from grade 5 (indicating Excellent fundamentals) to grade 1 (Poor fundamentals) The valuation grade is assigned on a five-point scale from grade 5 (indicating strong upside from the current market price (CMP)) to grade 1 (strong downside from the CMP).

CRISIL Fundamental Grade	Assessment	CRISIL Valuation Grade	Assessment
5/5	Excellent fundamentals	5/5	Strong upside (>25% from CMP)
4/5	Superior fundamentals	4/5	Upside (10-25% from CMP)
3/5	Good fundamentals	3/5	Align (+-10% from CMP)
2/5	Moderate fundamentals	2/5	Downside (negative 10-25% from CMP)
1/5	Poor fundamentals	1/5	Strong downside (<-25% from CMP)

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Apollo Hospitals Enterprise Ltd

September 28, 2017

Near-term profitability under pressure, but a good long-term bet

Fundamental Grade: 5/5 (Excellent fundamentals) **Valuation Grade:** 4/5 (CMP has upside)
Industry: Healthcare Providers & Services **Fair Value:** ₹1,320 **CMP:** ₹994

Apollo Hospitals Enterprise Ltd's (Apollo's) Q1FY18 standalone and consolidated earnings were below CRISIL Research's expectations. Standalone revenue increased 14.9% y-o-y, driven by the pharmacy business (revenue up 21% y-o-y). The healthcare services business (hospitals) grew at a slightly slower pace of 10.5% y-o-y to ₹9.2 bn owing to relatively muted volume growth in Q1FY18. Regulatory cap on stent prices, EBITDA losses at the newly commissioned hospitals and increase in the guarantee money paid to doctors impacted EBITDA by ~₹350 mn. Consequently, EBITDA margin contracted 252 bps y-o-y (slight improvement of 7 bps q-o-q) to 10.3%. Consequently, adjusted PAT declined 51.2% y-o-y and 26.9% q-o-q to ₹352 mn. We expect revenue growth to sustain in the future, aided by the pharmacy business and ramp-up in occupancy at the new hospitals. Given its well-established position, robust long-term industry prospects and proven management capability, we maintain our positive stance on the company and retain our fundamental grade of **5/5**.

Chennai cluster underperforms; profitability to remain under pressure in the near term

The Chennai cluster's revenue increased 3.4% y-o-y owing to muted volume growth of 1.3% y-o-y in inpatient volumes. Revenue rationalisation for specific low paying corporates led to muted volume growth at the Chennai cluster. Revenue at the Hyderabad and tier II/III city clusters increased 17.3% and 24.9% y-o-y, respectively, driven by increase in ARPOB and sustained growth in inpatient and outpatient volumes. EBITDA margin of the standalone healthcare business declined to 15.4% in Q1FY18 from 19.9% in Q4FY16 owing to regulatory cap on stent pricing, increase in guarantee fees paid to new doctors and commissioning of a new hospital in Navi Mumbai, which posted an EBITDA loss of ₹145 mn in Q1FY18. In addition to these and consequent to many one-off events in the past 12-15 months, the company's profitability has been significantly impacted. Muted volume growth at the Chennai cluster has also kept the EBITDA margin low. Operating margin declined to 10% in FY17 from 14.2% in FY15. While bulk of the capex is completed and focus is shifting to increasing footfalls at the relatively new hospitals, we expect EBITDA margin to remain under pressure in the near term, but improve over the longer horizon. We expect EBITDA margin to reach 10.4% in FY18.

Pharmacy segment on a steady growth path; EBITDA margin improves to 4.2%

The pharmacy business continued to demonstrate strong performance in Q1FY18. Revenue increased 21% y-o-y to ₹7.6 bn. Same-store revenue growth, increase in private label sales and cost rationalisation initiatives such as manpower optimisation per pharmacy led to EBITDA growth of 46% y-o-y to ₹320 mn in Q1FY18. EBITDA margin improved ~80 bps y-o-y to 4.2%. The pharmacy business' revenue is expected to grow at a CAGR of 17.5% over FY17-19 to ₹39 bn, driven by new stores and maturing profile of the existing stores.

Earnings estimates lowered, fair value revised to ₹1,320

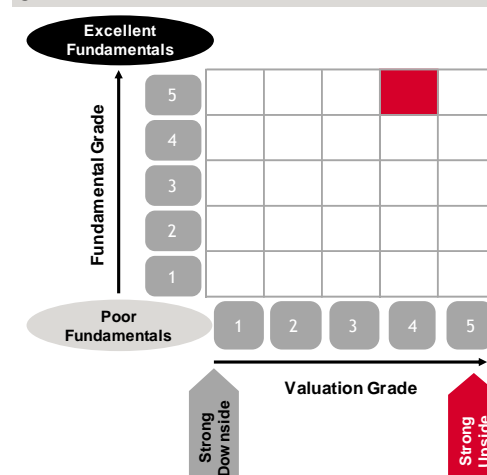
We have lowered our earnings estimates to factor in higher-than-expected operating expenses at the new hospitals and revised our discounted cash flow (DCF)-based fair value to ₹1,320 from ₹1,510. At the current market price of ₹994, our valuation grade is **4/5**.

KEY FORECAST (CONSOLIDATED)

(₹ mn)	FY15	FY16	FY17#	FY18E	FY19E
Operating income	51,785	62,147	72,549	84,034	97,180
EBITDA	7,376	6,508	7,286	8,102	10,390
Adj net income	3,264	2,099	1,991	1,787	2,729
Adj EPS (₹)	23.5	15.1	14.3	12.8	19.6
EPS growth (%)	3.0	(35.7)	(5.1)	(10.3)	52.8
Dividend yield (%)	0.4	0.5	0.4	0.4	0.7
RoCE (%)	11.0	6.9	6.4	6.4	8.7
RoE (%)	10.5	6.3	5.5	4.6	6.9
PE (x)	62.5	78.2	77.9	77.4	50.7
P/BV (x)	6.3	4.8	4.3	3.5	3.4
EV/EBITDA (x)	29.8	28.8	26.8	20.5	16.2

Source: Company, CRISIL Research estimates #abridged financials

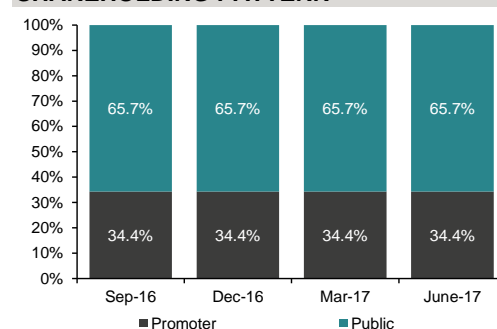
CFV MATRIX



KEY STOCK STATISTICS

NIFTY/SENSEX	9769/31282
NSE/BSE ticker	APOLLOHOSP
Face value (₹ per share)	5
Shares outstanding (mn)	1,510
Market cap (₹ mn)/(US\$ mn)	994
Enterprise value (₹ mn)/(US\$ mn)	139.1
52-week range (₹)/(H/L)	138,291/2124
Beta	163,625/2513
Free float (%)	1,443/986
Avg daily volumes (30-days)	0.7
Avg daily value (30-days) (₹ mn)	65.7%

SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
Apollo	-10%	-23%	-15%	-27%
CNX 500	-1%	3%	8%	14%

For detailed initiating coverage report please visit: www.crisil.com

CRISIL Independent Equity Research reports are also available on Bloomberg (CRI <go>) and Thomson Reuters.

Q1FY18 Results Summary (Standalone)

(₹ mn)	Q1FY18	Q4FY17	Q1FY17	q-o-q (%)	y-o-y (%)
Net sales	16,845	16,616	14,654	1.4	14.9
Direct cost	8,850	8,664	7,589	2.2	16.6
<i>Direct cost (% of net sales)</i>	<i>53%</i>	<i>52%</i>	<i>52%</i>	<i>40bps</i>	<i>75bps</i>
Employees cost	2,612	2,483	2,155	5.2	21.2
Other expenses	3,646	3,770	3,032	(3.3)	20.3
EBITDA	1,736	1,701	1,879	2.1	(7.6)
EBITDA margin	10.3%	10.2%	12.8%	7bps	-252bps
Depreciation	646	628	557	2.9	16.0
EBIT	1,090	1,073	1,322	1.6	(17.6)
Interest and finance charges	555	578	444	(4.0)	25.0
Operating PBT	535	495	878	8.2	(39.1)
Other Income	(38)	91	42	NM	NM
Extraordinary Income/(expense)	-	-	-	-	-
PBT	498	586	921	(15.1)	(45.9)
Tax	146	104	199	39.6	(26.8)
PAT	352	482	722	(26.9)	(51.2)
Adj PAT	352	482	722	(26.9)	(51.2)
Adj PAT margin	2.1%	2.9%	4.9%	-81bps	-283bps
No of equity shares (mn)	2.5	3.5	5.2	(26.9)	(51.2)
Adj EPS (₹)	16,845	16,616	14,654	1.4	14.9

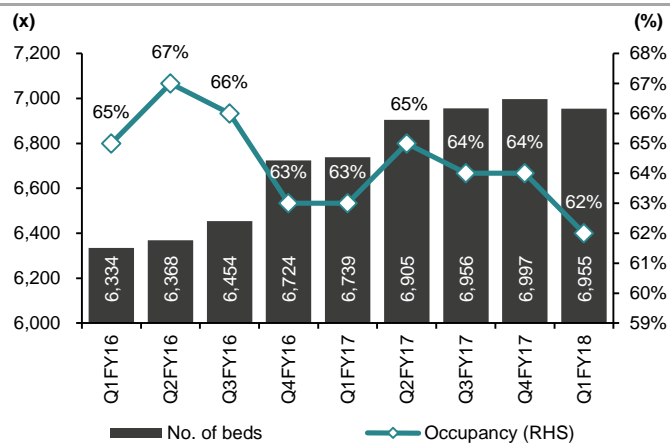
Source: Company, CRISIL Research

Q1FY18 Results Summary (Consolidated)

(₹ mn)	Q1FY18	Q4FY17	Q1FY17	q-o-q	y-o-y
Net sales	19,031	18,331	16,642	4%	14%
EBITDA	1,649	1,510	1,789	9%	-8%
EBITDA margin	8.7%	8.2%	10.7%	43bps	-251bps
PAT	9	555	488	-98%	-98%
PAT margin	0.0%	3.0%	2.9%	-298bps	10bps

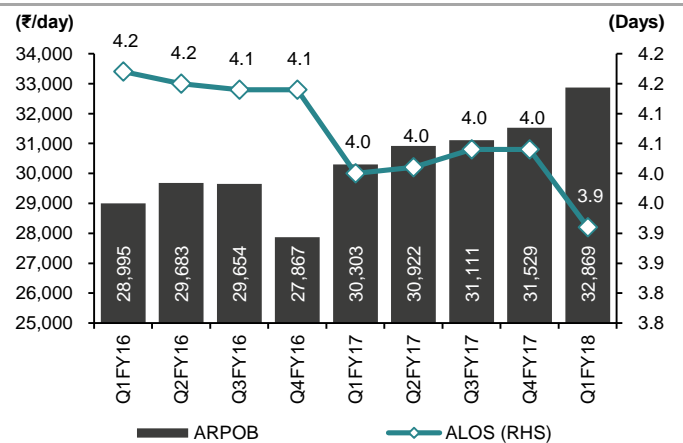
Source: Company, CRISIL Research

Occupancy dropped to 62% in Q1FY18



Source: Company, CRISIL Research

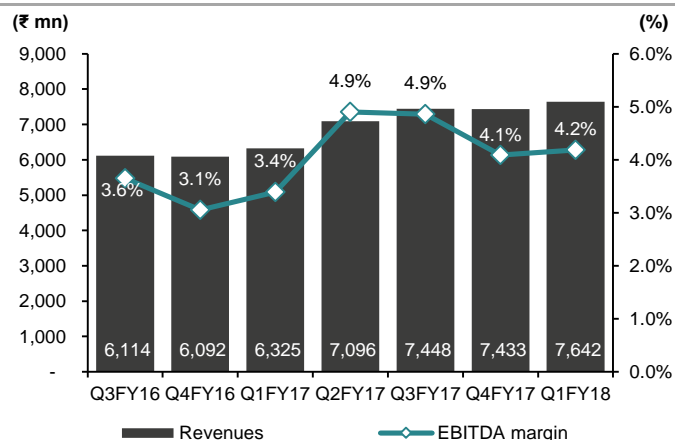
ARPOB increased 5% y-o-y to ₹32,869



#Average length of stay

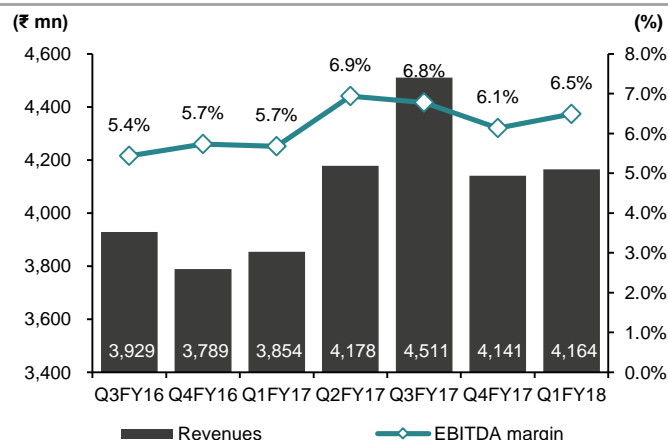
Source: Company, CRISIL Research

Pharmacy revenue up 21% y-o-y to ₹7.6 bn



Source: Company, CRISIL Research

Mature* stores' margin rebounded ~40 bps sequentially

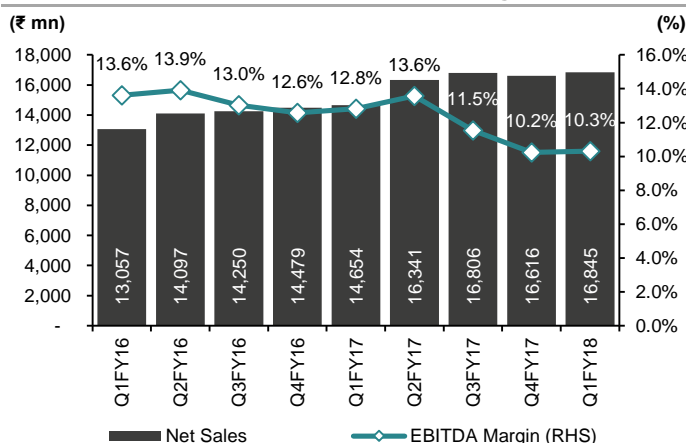


*Mature pharmacy stores - Operational before FY12

Non-mature pharmacy stores - Commenced operations post FY12

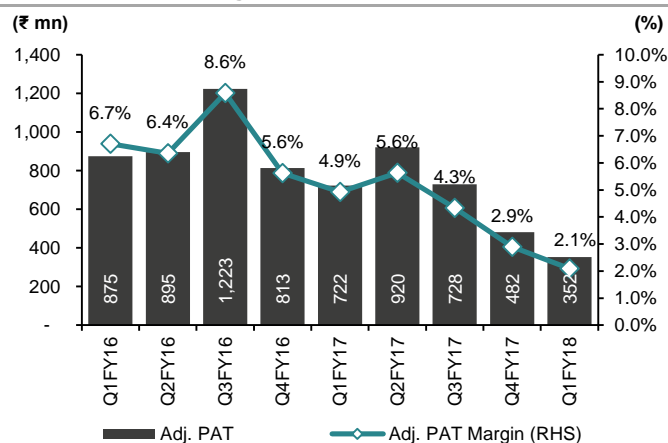
Source: Company, CRISIL Research

Standalone revenue flat q-o-q; EBITDA margin at 10.3%



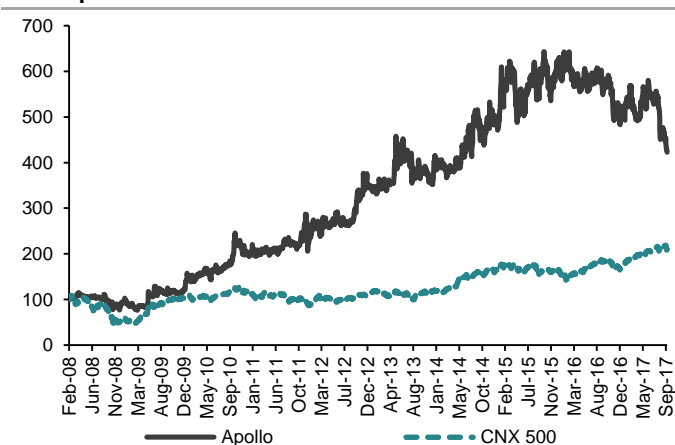
Source: Company, CRISIL Research

Standalone PAT margin declined 283 bps q-o-q to 2.1%



Source: Company, CRISIL Research

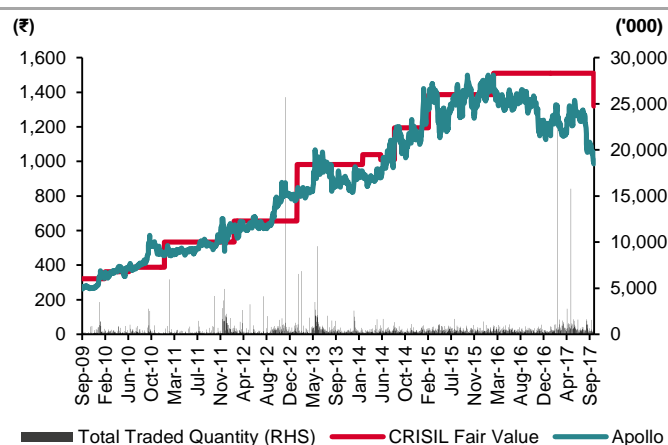
Share price movement



-Indexed to 100

Source: NSE, CRISIL Research

Fair value movement since initiation



Source: NSE, BSE, CRISIL Research

Key developments

Chennai cluster's volume growth muted

Inpatient and outpatient volumes witnessed relatively muted volume growth in the past three-four quarters. Growing competition and revenue rationalisation measures, i.e. cutting off low ARPOB corporate clients, partially impacted volume growth at the Chennai cluster. Outpatient volumes increased 3.1% y-o-y, whereas inpatient volumes reported a negligible growth of 1.3% y-o-y. Owing to decreasing ALOS and muted volume growth, occupancy dipped to 55% in Q1FY18. Consequently, despite ARPOB reporting strong growth of 13% y-o-y, the Chennai cluster's revenue increased a modest 3.4% y-o-y.

Occupancy dipped to 55% in Q1FY18, while ALOS improved to 3.4 days

Particulars	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18
Operating beds	1,490	1,505	1,521	1,526	1,529	1,531	1,531	1,532	1,518
ALOS (days)	3.91	3.93	3.97	3.95	3.77	3.66	3.66	3.65	3.42
Occupancy	63.0%	63.0%	64.0%	63.0%	59.0%	60.0%	59.0%	59.0%	55.0%
ARPOB (₹ per day)	40,657	40,639	39,815	40,646	42,664	44,218	44,460	44,679	48,055
Inpatient volumes	21,703	22,786	22,574	21,713	21,723	24,239	22,041	21,845	22,013
y-o-y growth	10.7%	7.3%	9.4%	6.1%	0.1%	6.4%	-2.4%	0.6%	1.3%
Outpatient volumes	96,013	108,640	86,327	101,089	94,982	106,155	91,308	95,418	97,958
y-o-y growth	8.1%	10.8%	-9.9%	1.8%	-1.1%	-2.3%	5.8%	-5.6%	3.1%
Inpatient revenue (₹ mn)	2,589	2,672	2,736	2,735	2,592	3,024	2,756	2,605	2,622
y-o-y growth	21.3%	14.0%	16.4%	11.9%	0.1%	13.2%	0.7%	-4.8%	1.2%
Outpatient revenue (₹ mn)	862	974	772	922	906	915	930	936	996
y-o-y growth	14.7%	16.9%	-2.9%	18.1%	5.1%	-6.0%	20.5%	1.5%	9.9%
Total revenue (₹ mn)	3,452	3,645	3,508	3,657	3,498	3,939	3,686	3,541	3,618
y-o-y growth	19.6%	14.7%	11.5%	13.4%	1.3%	8.1%	5.1%	-3.2%	3.4%
q-o-q growth	7.0%	5.6%	-3.8%	4.2%	-4.3%	12.6%	-6.4%	-3.9%	2.2%

Source: Company, CRISIL Research

Revenue growth at Hyderabad thriving on steadily rising ARPOB

Strategy of focusing on high ARPOB patients and induction of star consultant teams led to 13% y-o-y growth in ARPOB. ALOS was range bound at 3.7-3.8 days in Q1FY18. Volume growth, however, remained modest at 1.7% y-o-y for inpatients and 7.5% y-o-y for outpatients. Total revenue grew 17.3% y-o-y to ₹1,768 mn and occupancy was stable at 63% in Q1FY18.

APROB drove revenue growth at Hyderabad cluster; ALOS at 3.7 days

Particulars	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18
Operating beds	930	930	930	930	839	839	839	839	839
ALOS (days)	4.01	4.03	4.02	4.00	3.72	3.80	3.81	3.84	3.73
Occupancy	59.0%	61.0%	60.0%	60.0%	61.0%	65.0%	64.0%	64.0%	63.0%
ARPOB (₹ per day)	25,640	26,771	27,341	28,173	32,564	31,210	32,101	33,274	36,768
Inpatient volumes	12,446	13,249	12,720	12,240	12,440	13,943	12,427	12,453	12,900
y-o-y growth	-7.0%	-2.4%	1.0%	-0.7%	0.0%	5.2%	-2.3%	1.7%	3.7%
Outpatient volumes	39,706	43,830	41,725	38,757	39,696	44,468	41,097	41,669	40,801
y-o-y growth	-2.3%	0.1%	4.6%	3.7%	0.0%	1.5%	-1.5%	7.5%	2.8%
Inpatient revenue (₹ mn)	1,113	1,168	1,201	1,218	1,241	1,333	1,360	1,489	1,480
y-o-y growth	12.0%	16.1%	17.9%	16.3%	11.5%	14.2%	13.2%	22.2%	19.3%
Outpatient revenue (₹ mn)	242	253	249	270	266	286	266	304	288
y-o-y growth	15.5%	7.5%	11.2%	14.4%	9.7%	13.2%	6.8%	12.6%	8.3%
Total revenue (₹ mn)	1,356	1,420	1,450	1,488	1,507	1,619	1,626	1,793	1,768
y-o-y growth	12.6%	14.4%	16.7%	16.0%	11.1%	14.0%	12.1%	20.5%	17.3%
q-o-q growth	5.7%	4.7%	2.1%	2.6%	1.3%	7.4%	0.4%	10.3%	-1.4%

Source: Company, CRISIL Research

New hospitals aided volume growth at tier II/III city cluster

Good traction in demand at the new hospitals in Navi Mumbai, Visakhapatnam and Guwahati aided volume growth at the tier-II/III city hospital cluster. A total of 188 beds were operationalised y-o-y. Inpatient and outpatient volumes jumped 17.3% and 20.1% y-o-y, respectively. ARPOB increased at a steady rate of 7% y-o-y, leading to strong revenue growth of 26.1% y-o-y to ₹2,598 mn in Q1FY18.

Volumes recorded healthy y-o-y growth in tier II/III hospitals

Particulars	Q3FY15	Q4FY15	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
Operating beds	1,695	1,821	1,818	1,814	1,822	2,087	2,040	2,085	2,135	2,179
ALOS (days)	4.8	4.8	4.4	4.4	4.3	4.5	4.2	4.2	4.3	4.3
Occupancy	66.0%	63.0%	62.0%	63.0%	63.0%	57.0%	57.0%	59.0%	59.0%	59.0%
ARPOB (₹ per day)	15,159	14,953	18,436	18,680	18,789	18,369	20,230	20,101	19,931	20,416
Inpatient volumes	23,082	22,936	23,332	24,318	25,366	24,111	25,440	28,122	27,175	28,292
y-o-y growth	10.5%	16.5%	15.8%	12.3%	9.9%	5.1%	9.0%	15.6%	7.1%	17.3%
Outpatient volumes	64,385	68,085	67,645	71,229	71,087	70,580	73,216	82,031	78,770	84,748
y-o-y growth	7.8%	20.6%	13.3%	9.5%	10.4%	3.7%	8.2%	15.2%	10.8%	20.1%
Inpatient revenue (₹ mn)	1,377	1,397	1,636	1,956	1,740	1,777	1,842	2,059	2,052	2,238
y-o-y growth	15.0%	16.4%	28.5%	48.5%	26.4%	27.2%	12.6%	5.3%	17.9%	25.9%
Outpatient revenue (₹ mn)	247	242	267	271	282	283	302	334	329	360
y-o-y growth	21.1%	16.9%	22.5%	14.3%	14.2%	16.9%	13.1%	23.2%	16.7%	27.2%
Total revenue (₹ mn)	1,624	1,639	1,903	2,227	2,022	2,060	2,144	2,393	2,381	2,598
y-o-y growth	15.9%	16.5%	27.6%	43.3%	24.5%	25.7%	12.7%	7.5%	17.8%	26.1%
q-o-q growth	4.5%	0.9%	16.1%	17.0%	-9.2%	1.9%	4.1%	11.6%	-0.5%	9.1%

Source: Company, CRISIL Research

Pharmacy division continues on a steady growth path

The pharmacy business' revenue increased 21% y-o-y and 2.8% q-o-q to ₹7.6 bn. Strong revenue growth across batches coupled with cost-control measures led to 46% y-o-y jump in EBITDA to ₹320 mn. On a sequential basis, revenue increased 2.8% to ₹7,642 mn. In Q1FY18, revenue per store increased marginally to ₹2.89 mn vis-à-vis ₹2.65 mn in Q1FY17 (remained flat sequentially). Growth in same-store revenue and increase in the share of private label sales led to ~80 bps y-o-y expansion in EBITDA margin to 4.2% in Q1FY18. Return on capital employed increased to 14.8% in Q1FY18 versus 9.9% in Q1FY17.

Strong revenue growth, reduction in operating cost led to sharp rise in EBITDA

Particulars	Q1FY18	Q4FY17	Q1FY17	q-o-q	y-o-y
Total revenue (₹ mn) – (a)	7,642	7,433	6,325	2.8%	20.8%
Mature stores					
Up to 2010 batch	3,010	2,991	2,795	0.6%	7.7%
2011 batch	510	505	460	0.9%	10.8%
2012 batch	644	644	599	0.0%	7.6%
Total mature store revenue – (b)	4,164	4,141	3,854	0.6%	8.0%
Contribution to revenue (b/a)	54.5%	55.7%	60.9%	-121bps	-644bps
Overall EBITDA margin	4.2%	4.1%	3.4%	10bps	80bps
Mature stores	6.5%	6.1%	5.7%	36bps	81bps
Non-mature stores	1.4%	1.5%	-0.2%	-9bps	160bps

Source: Company, CRISIL Research

Earnings estimate revision

Particulars	Unit	FY18E			FY19E		
		Old	New	% change	Old	New	% change
Revenues	(₹ mn)	85,827	84,034	-2.1%	98,988	97,180	-1.8%
EBITDA	(₹ mn)	10,064	8,102	-19.5%	12,416	10,390	-16.3%
EBITDA margin	%	13.6%	9.6%	-396bps	12.5%	10.7%	-185bps
PAT	(₹ mn)	2,910	1,787	-38.6%	3,484	2,729	-21.7%
PAT margin	%	3.4%	2.1%	-126bps	3.5%	2.8%	-71bps

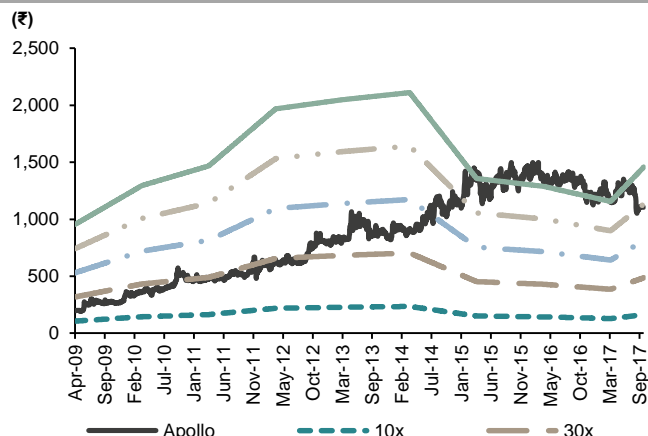
Line item	FY18	FY19
Revenue	Decreased on account of lower-than-expected sales in the new hospitals	
EBITDA margin	Decreased to factor in higher operating expenses	
PAT	Decreased in line with reduced EBITDA estimates	

Valuation

Grade: 4/5

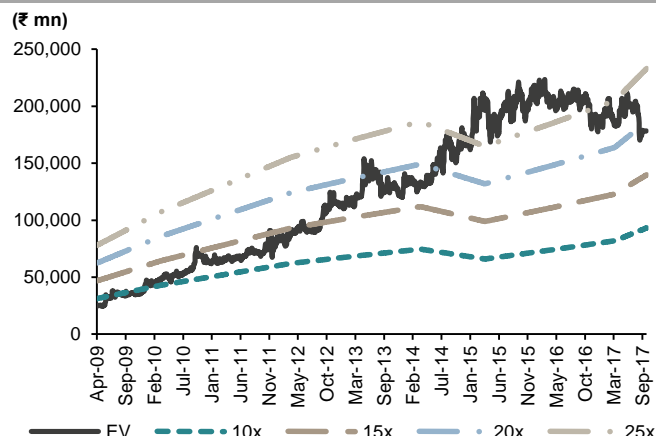
We have lowered our earnings estimates to factor in higher-than-expected operating expenses in the new hospitals. Consequently we have revised our DCF-based fair value to ₹1,320 from ₹1,510 per share. At this value, the implied EV/EBITDA multiples are 25.9x FY18E and 20.7x FY19E EBITDA. At the current market price of ₹994, the valuation grade is **4/5**.

One-year forward P/E band



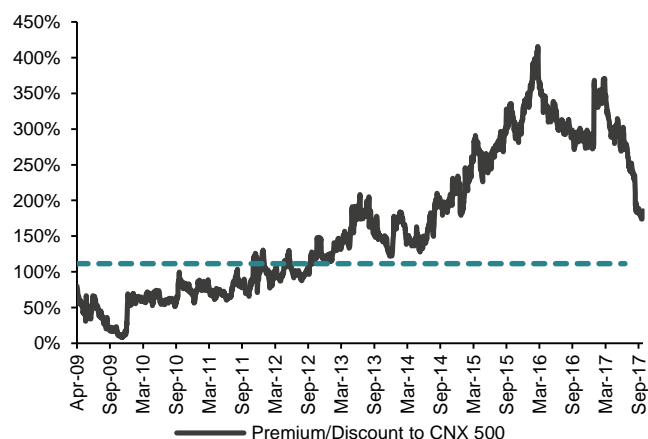
Source: NSE, CRISIL Research

One-year forward EV/EBITDA band



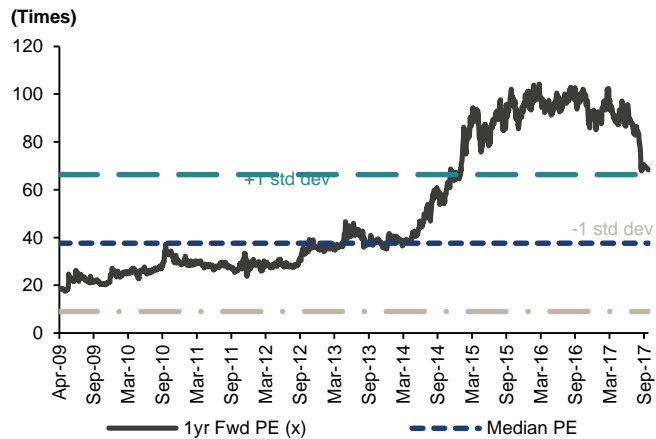
Source: NSE, CRISIL Research

P/E – premium / discount to CNX 500



Source: NSE, CRISIL Research

P/E movement



Source: NSE, CRISIL Research

CRISIL IER reports released on Apollo Hospitals Enterprise Ltd

Date	Nature of report	Fundamental grade	Fair value	Valuation grade	CMP (on the date of report)
22-Sep-09	Initiating coverage	4/5	₹321#	4/5	₹270#
30-Nov-09	Q2FY10 result update	4/5	₹321#	4/5	₹264#
01-Feb-10	Q3FY10 result update	4/5	₹362#	3/5	₹356#
18-Jun-10	Q4FY10 result update	4/5	₹387#	3/5	₹390#
27-Aug-10	Q1FY11 result update	4/5	₹387#	3/5	₹402#
07-Jan-11	Detailed Report	5/5	₹533	4/5	₹454
15-Feb-11	Q3FY11 result update	5/5	₹533	4/5	₹463
06-Jun-11	Q4FY11 result update	5/5	₹533	3/5	₹489
15-Aug-11	Q1FY12 result update	5/5	₹533	3/5	₹516
10-Nov-11	Q2FY12 result update	5/5	₹533	3/5	₹549
23-Nov-11	Detailed Report	5/5	₹533	3/5	₹559
16-Feb-12	Q3FY12 result update	5/5	₹655	3/5	₹613
07-Jun-12	Q4FY12 result update	5/5	₹655	3/5	₹680
17-Aug-12	Q1FY13 result update	5/5	₹655	3/5	₹626
16-Nov-12	Q2FY13 result update	5/5	₹655	2/5	₹834
14-Feb-13	Q3FY13 result update	5/5	₹982	4/5	₹840
02-May-13	Detailed report	5/5	₹982	4/5	₹826
23-May-13	Q4FY13 result update	5/5	₹982	3/5	₹943
19-Aug-13	Q1FY14 result update	5/5	₹982	3/5	₹912
19-Nov-13	Q2FY14 result update	5/5	₹982	4/5	₹867
18-Feb-14	Q3FY14 result update	5/5	₹1,040	4/5	₹925
12-May-14	Detailed Report	5/5	₹1,040	3/5	₹950
05-Jun-14	Q4FY14 result update	5/5	₹1,010	3/5	₹947
20-Aug-14	Q1FY15 result update	5/5	₹1,195	3/5	₹1,174
19-Sep-14	Event Update	5/5	₹1,195	3/5	₹1,146
25-Nov-14	Q2FY15 result update	5/5	₹1,195	3/5	₹1,193
26-Feb-15	Q3FY15 result update	5/5	₹1,386	3/5	₹1,303
31-July-15	Detailed Report	5/5	₹1,386	3/5	₹1,365
08-Sep-15	Q1FY16 result update	5/5	₹1,386	3/5	₹1,322
15-Dec-15	Q2FY16 result update	5/5	₹1,386	3/5	₹1,388
07-Mar-16	Q3FY16 result update	5/5	₹1,510	3/5	₹1,410
14-June-16	Q4FY16 result update	5/5	₹1,510	4/5	₹1,326
01-Nov-16	Detailed Report	5/5	₹1,510	4/5	₹1,338
09-Dec-17	Q2FY17 result update	5/5	₹1,510	4/5	₹1,224
24-Mar-17	Q3FY17 result update	5/5	₹1,510	5/5	₹1,179
06-July-17	Q4FY17 result update	5/5	₹1,510	3/5	₹1,275
28-Sept-17	Q1FY18 result update	5/5	₹1,320	4/5	₹994

After adjusting for stock split of ₹10 to ₹5

Annexure: Financials (Consolidated)

Income statement

(₹ mn)	FY15	FY16#	FY17E	FY18E	FY19E
Operating income	51,785	62,147	72,549	84,034	97,180
EBITDA	7,376	6,508	7,286	8,102	10,390
EBITDA margin	14.2%	10.5%	10.0%	9.6%	10.7%
Depreciation	2,117	2,639	3,140	3,546	3,836
EBIT	5,259	3,869	4,146	4,556	6,554
Interest	1,179	1,800	2,574	2,802	3,464
Operating PBT	4,081	2,069	1,572	1,754	3,090
Other income	339	450	225	235	239
Exceptional inc/(exp)	(438)	159	-	-	-
PBT	3,981	2,678	1,797	1,989	3,329
Tax provision	1,300	969	910	657	1,098
Minority interest/share of profit	(145)	(549)	(1,104)	(454)	(499)
PAT (Reported)	2,826	2,258	1,991	1,787	2,729
Less: Exceptionals	(438)	159	-	-	-
Adjusted PAT	3,264	2,099	1,991	1,787	2,729

Ratios

	FY15	FY16#	FY17E	FY18E	FY19E
Growth					
Operating income (%)	18.1	20.0	16.7	15.8	15.6
EBITDA (%)	9.0	(11.8)	12.0	11.2	28.2
Adj PAT (%)	3.0	(35.7)	(5.1)	(10.3)	52.8
Adj EPS (%)	3.0	(35.7)	(5.1)	(10.3)	52.8

Profitability

EBITDA margin (%)	14.2	10.5	10.0	9.6	10.7
Adj PAT Margin (%)	6.3	3.4	2.7	2.1	2.8
RoE (%)	10.5	6.3	5.5	4.6	6.9
RoCE (%)	11.0	6.9	6.4	6.4	8.7
RoIC (%)	10.8	7.6	6.5	7.2	9.3

Valuations

Price-earnings (x)	62.5	78.2	77.9	77.4	50.7
Price-book (x)	6.3	4.8	4.3	3.5	3.4
EV/EBITDA (x)	29.8	28.8	26.8	20.5	16.2
EV/Sales (x)	4.2	3.0	2.7	2.0	1.7
Dividend payout ratio (%)	28.3	37.0	34.8	33.2	33.2
Dividend yield (%)	0.4	0.5	0.4	0.4	0.7

B/S ratios

Inventory days	34	36	36	36	35
Creditors days	55	52	34	36	37
Debtor days	43	36	38	35	35
Working capital days	78	56	61	56	55
Gross asset turnover (x)	1.4	1.4	1.3	1.4	1.5
Net asset turnover (x)	1.9	1.9	1.8	1.9	2.2
Sales/operating assets (x)	1.6	1.6	1.6	1.8	2.0
Current ratio (x)	2.9	2.2	2.8	2.7	2.6
Debt-equity (x)	0.6	0.8	0.8	0.9	0.9
Net debt/equity (x)	0.5	0.7	0.7	0.7	0.7
Interest coverage (EBITDA/interest)	6.3	3.6	2.8	2.9	3.0
Interest coverage (EBIT/interest)	4.5	2.1	1.6	1.6	1.9

Per share

	FY15	FY16#	FY17E	FY18E	FY19E
Adj EPS (₹)	23.5	15.1	14.3	12.8	19.6
CEPS	38.7	34.0	36.9	38.3	47.2
Book value	233.2	244.2	279.4	280.7	288.9
Dividend (₹)	5.7	6.0	5.0	4.3	6.5
Actual o/s shares (mn)	139.1	139.1	139.1	139.1	139.1

Balance Sheet

(₹ mn)	FY15	FY16#	FY17E	FY18E	FY19E
Liabilities					
Equity share capital	696	696	696	696	696
Reserves	31,018	32,504	36,018	37,090	38,727
Minorities	730	779	2,164	1,266	767
Net worth	32,443	33,979	38,878	39,051	40,190
Convertible debt	-	-	-	-	-
Other debt	19,923	26,309	30,598	34,567	37,567
Total debt	19,923	26,309	30,598	34,567	37,567
Deferred tax liability (net)	4,020	2,175	2,269	2,269	2,495
Total liabilities	56,386	62,463	71,744	75,886	80,252
Assets					
Net fixed assets	30,328	36,449	42,758	44,212	45,376
Capital WIP	5,996	5,616	3,467	3,114	4,253
Total fixed assets	36,325	42,065	46,226	47,326	49,629
Investments	1,949	3,523	4,357	3,912	3,912
Current assets					
Inventory	3,503	4,061	4,669	6,216	6,922
Sundry debtors	6,093	6,094	7,482	8,010	9,263
Loans and advances	9,679	10,524	9,636	10,741	12,421
Cash & bank balance	3,557	3,788	5,264	8,039	8,355
Marketable securities	1,374	-	-	-	-
Total current assets	24,205	24,466	27,051	33,006	36,962
Total current liabilities	8,206	11,116	9,632	12,100	13,993
Net current assets	15,998	13,350	17,419	20,906	22,969
Intangibles/Misc. expenditure	2,113	3,525	3,742	3,742	3,742
Total assets	56,386	62,463	71,744	75,886	80,252

Cash flow

(₹ mn)	FY15	FY16#	FY17E	FY18E	FY19E
Pre-tax profit	4,419	2,519	1,797	1,989	3,329
Total tax paid	(571)	(2,814)	(816)	(657)	(872)
Depreciation	2,117	2,639	3,140	3,546	3,836
Working capital changes	(2,661)	1,506	(2,593)	(712)	(1,747)
Net cash from operations	3,303	3,849	1,529	4,167	4,547
Cash from investments					
Capital expenditure	(8,229)	(9,791)	(7,518)	(4,647)	(6,139)
Investments and others	105	(200)	(834)	445	-
Net cash from investments	(8,124)	(9,990)	(8,353)	(4,202)	(6,139)
Cash from financing					
Equity raised/(repaid)	10	(0)	-	0	-
Debt raised/(repaid)	6,479	6,387	4,289	3,969	3,000
Dividend (incl. tax)	(964)	(1,004)	(835)	(715)	(1,092)
Others (incl extraordinary)	323	990	4,846	(445)	-
Net cash from financing	5,849	6,372	8,300	2,809	1,908
Change in cash position	1,028	231	1,476	2,775	316
Closing cash	3,557	3,788	5,264	8,039	8,355

Quarterly financials (standalone)

(₹ mn)	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18
Net Sales	14,654	16,341	16,806	16,616	16,845
Change (q-o-q)	1%	12%	3%	-1%	1%
EBITDA	1,879	2,219	1,941	1,701	1,736
Change (q-o-q)	3%	18%	-13%	-12%	2%
EBITDA margin	12.8%	13.6%	11.5%	10.2%	10.3%
PAT	722	920	728	482	352
Adj PAT	722	920	728	482	352
Change (q-o-q)	-11%	27%	-21%	-34%	-27%
Adj PAT margin	4.9%	5.6%	4.3%	2.9%	2.1%
Adj EPS	5.2	6.6	5.2	3.5	2.5

Source: CRISIL Research

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