

Business restructuring for potential value unlocking...

Apollo Hospital's Q4FY21 revenues came in at ₹ 2868 crore (I-direct estimate: ₹ 2857.7 crore). They are not comparable YoY due to restructuring of the retail pharmacy business to pharmacy distribution (post demerger). On the other hand, the hospital segment grew 10.1% YoY to ₹ 1443 crore vs. I-direct estimate of ₹ 1490 crore. Pharmacy distribution segment revenues came in at ₹ 1118.7 crore. EBITDA margins improved 135 bps YoY to 14.4% mainly due to lower staff cost, which likely stems from restructuring of retail pharmacy to pharmacy distribution. Subsequently, EBITDA grew 8.4% YoY to ₹ 411.8 crore). Adjusted PAT for the quarter grew 106.3% YoY, 15.3% QoQ to ₹ 167.9 crore. Delta vis-à-vis EBITDA was mainly due to lower depreciation, interest cost and higher other income.

Healthcare expansion moderates; focus on asset sweating

Rapid expansion and maturity of older hospitals has kept overall growth tempo at 12-14% per annum. After a prolonged capex cycle, especially in FY14-18, Apollo is focusing on profitability and return ratios with capex moderation. This has reflected in a marked improvement in both EBITDA margins and RoCE. The new hospitals, ventures are turning profitable ahead of schedule on the back of a judicious case mix besides better occupancy and other matrix. We expect healthcare sales to grow at 20.8% CAGR (FY21-23E) to ₹ 7287 crore driven by ramp up at new hospitals and AHLL.

Pharmacy composition to change from front-end to back-end

The pharmacy business (48% of FY21 revenues) had grown at ~17.4% CAGR in the last five years. Having received NCLT approval for front-end pharmacy demerger, AHEL has spun it off into Apollo Pharmacies (APL), a wholly-owned subsidiary of Apollo Medicals (AMPL) of which AHEL owns 25.5%. The proposed reorganisation is not expected to have a material impact on AHEL's financials as the backend business related to standalone pharmacies, which represents ~85% of business economics, will continue to be held by AHEL. Henceforth, the company will have pharmacy distribution as its operating and reportable segment that represents the business of procurement and distribution of pharma, FMCG and private label products. We expect this segment to grow at ~19.8% CAGR in FY21-23E piggybacking on supply traction based on prospects of the retail pharmacy.

Valuation & Outlook

While complete business normalisation in the healthcare segment is expected to be more pronounced from Q2FY22 onwards, Apollo's management has already charted a way to reduce costs in the short-term. We remain positive on the company as besides strong healthcare pedigree and asset base the company is on course to integrate all entities digitally to leverage its brand and physical presence. We maintain **BUY** with a revised TP of ₹ 3870 (earlier ₹ 3170) on SOTP basis by valuing healthcare business (existing hospitals & JV) at 20x FY23E EV/EBITDA, healthcare (new hospitals), pharmacy both at 3x, AHLL at 5x FY23E EV/sales, respectively.

Key Financial Summary

	FY20	FY21	FY22E	FY23E	CAGR (FY21-23E) %
Net Sales	11246.8	10560.0	12782.7	14684.1	17.9
EBITDA	1583.4	1137.4	1902.7	2382.2	44.7
EBITDA margins (%)	14.1	10.8	14.9	16.2	
PAT	324.7	113.0	812.5	1192.2	224.8
EPS (₹)	22.6	7.9	56.5	82.9	
PE (x)	103.5	313.0	57.9	39.5	
P/BV (x)	14.1	10.2	8.9	7.5	
RoE (%)	9.7	2.5	15.4	19.0	
RoCE (%)	10.2	6.3	14.0	18.3	

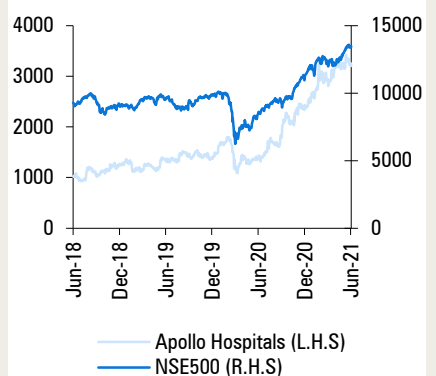
Source: ICICI Direct Research; Company



Particulars

Particular	Amount
Market Capitalisation	₹ 47068 crore
Debt (FY21)	₹ 2860 crore
Cash (FY21)	₹ 724 crore
EV	₹ 49203 crore
52 week H/L (₹)	3433/1312
Equity capital	₹ 71.9 crore
Face value	₹ 5

Price performance



Key risks to our call

- Re-imposition of lockdown restrictions in case of a third Covid wave
- Slower than expected ramp-up in AHL segment

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Exhibit 1: Variance Analysis

	Q4FY21	Q4FY21E	Q4FY20	Q3FY21	YoY (%)	QoQ (%)	Comments
Revenue	2,868.0	2,857.7	2,922.4	2,759.8	-1.9	3.9	Excluding divestment of frontend pharmacy, sequential improvement witnessed across segments
Raw Material Expenses	1,475.0	1,397.2	1,471.1	1,486.5	0.3	-0.8	
Employee Expenses	388.4	364.8	475.5	352.4	-18.3	10.2	Sharp reduction amid divestiture of pharmacy front end business
Other expenditure	592.7	685.0	595.8	530.7	-0.5	11.7	
EBITDA	411.8	410.6	380.1	390.3	8.4	5.5	
EBITDA (%)	14.4	14.4	13.0	14.1	135 bps	22 bps	Sequential improvement due to lower raw material expenditure
Interest	98.6	84.2	135.2	101.0	-27.1	-2.4	
Depreciation	138.5	125.0	163.9	125.0	-15.5	10.8	Sharp reduction amid divested pharmacy front end business
Other Income	20.5	5.7	4.0	5.5	417.7	271.8	
PBT before EO & Forex	195.2	207.1	84.9	169.8	129.9	15.0	
EO	-25.2	0.0	-198.3	0.0	NA	0.0	
PBT after Exceptional lte	220.4	207.1	283.2	169.8	-22.2	29.8	
Tax	67.7	62.1	74.0	51.2	-8.6	32.2	
Tax rate (%)	30.7	30.0	26.1	30.1			
Net Profit	167.9	160.0	219.4	130.5	-23.5	28.7	
Adj. Net Profit	150.4	160.0	72.9	130.5	106.3	15.3	Delta vis-à-vis EBITDA amid lower interest, depreciation and higher other income
EPS (₹)	11.7	11.1	15.3	9.1	-23.5	28.7	
Key Metrics							
Hospitals	1538.8	1490.3	1396.6	1436.1	10.2	7.2	YoY improvement mainly due to 30% YoY growth in new hospitals to ₹ 448 crore
Pharmacy	1118.7	1150.0	NA	1126.3	NA	NA	Like to like pharmacy growth was 4.3% YoY. Lower growth was mainly due to high base and impact of Covid in new pharmacy rollout
AHLL	210.5	217.5	167.3	197.3	25.8	6.7	YoY growth mainly due to strong diagnostic growth mainly due to increase in Covid test

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	12,754.4	12,782.7	0.2	14,209.4	14,684.1	3.3	
EBITDA	1,936.7	1,902.7	-1.8	2,339.8	2,382.2	1.8	
EBITDA Margin (%)	15.2	14.9	-32 bps	16.5	16.2	-28 bps	
Adjusted PAT	872.9	812.5	-6.9	1,233.1	1,192.2	-3.3	Declined mainly due to increase depreciation amid higher capex
EPS (₹)	60.7	56.5	-6.9	85.8	82.9	-3.4	

Source: ICICI Direct Research

Conference Call Highlights

- Company announced a slump sale of following business into Apollo HealthCo (AHL) wherein AHEL will continue to be the majority shareholder and receive ₹ 1,210 crore as slump sale consideration
- Back-end pharmacy
- Apollo 24/7 platform
- Pharmacy retail business
- Apollo 24/7 and Apollo Pharmacy brand
- The management target is to make AHL EBITDA neutral in three years and indicated at a revenue potential of \$2.5 billion in five years
- Apollo 24/7 platform has 10 million registered users and the target is to reach 100 million by FY25. The platform will act as feeder for diagnostic, hospital and pharmacy business and charge commission on each transaction
- Capex FY22; hospital: ₹ 250 - ₹ 300 crore; AHL: ₹ 100 - ₹ 150 crore. The management indicated ₹ 200 crore already invested in AHL
- Q4FY21 occupancy for the group was at 4631 beds (63%); mature hospitals – 3365 beds (64%); new hospitals – 1266 beds (60%)
- Inpatient volume increased to 108,169 from 99,197 while ARPOB increased 11% in Q4FY21
- Healthcare services grew 6% YoY, mature hospitals 2% while new hospitals grew 16% YoY. Covid discharges were 5450 for Q4FY20 against 14016 in Q4FY20
- Apollo back-end distribution revenue was ₹ 5000 crore FY21 with EBITDA margin of 6%. The management target is to achieve growth of 18-20%
- Total number of pharmacies 4118, around 150 stores at airport and in corporate premises were not operational. The company added 118 stores in FY21 but target is to add 300-350 stores each year
- Diagnostics revenue was at ₹ 180 crore FY21. The management target is to scale up to ₹ 300 crore FY22 and ₹ 500 crore by FY23. This will be largely organic and backed by Apollo 24/7 digital outreach
- Proton reported a negative EBITDA due to absence of medical tourism but the management expects ₹ 50 crore EBITDA FY22 and ₹ 100 crore EBITDA by FY23
- Apollo administered 2 million Covid vaccine dosages and plans to add another 8 million dosages in the next two months
- Net debt - ₹ 922 crore and debt/equity – 0.44
- Cost savings of ₹ 343 crore due to optimisation of resources and the management expects to save another ₹ 100–125 crore in FY22

Exhibit 3: Trend in quarterly financials

(₹ crore)	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)
Total Operating Income	2109.3	2210.5	2401.6	2495.0	2499.5	2571.9	2840.7	2911.7	2922.4	2171.5	2760.7	2759.8	2868.0	-1.9	3.9
Raw Material Expenses	1109.3	1078.3	1227.1	1210.1	1198.7	1237.8	1372.9	1417.2	1471.1	1217.5	1505.1	1486.5	1475.0	0.3	-0.8
as % revenues	52.6	48.8	51.1	48.5	48.0	48.1	48.3	48.7	50.3	56.1	54.5	53.9	51.4		
Gross Profit	1000.0	1132.2	1174.5	1285.0	1300.8	1334.1	1467.9	1494.6	1451.4	954.0	1255.6	1273.3	1392.9	-4.0	9.4
GPM (%)	47.4	51.2	48.9	51.5	52.0	51.9	51.7	51.3	49.7	43.9	45.5	46.1	48.6		
Employee Expenses	329.3	366.8	367.1	418.1	425.6	433.4	468.7	475.4	475.5	448.6	411.6	352.4	388.4	-18.3	10.2
as % revenues	15.6	16.6	15.3	16.8	17.0	16.9	16.5	16.3	16.3	20.7	14.9	12.8	13.5		
Other expenditure	484.3	536.1	535.5	587.8	581.5	546.4	580.2	589.2	595.8	469.9	544.2	530.7	592.7	-0.5	11.7
as % revenues	23.0	24.3	22.3	23.6	23.3	21.2	20.4	20.2	20.4	21.6	19.7	19.2	20.7		
Total expenditure	1923.0	1981.2	2129.7	2215.9	2205.8	2217.6	2421.7	2481.7	2542.4	2136.0	2460.9	2369.6	2456.1	-3.4	3.7
EBITDA	186.3	229.3	271.9	279.1	293.7	354.3	419.0	430.0	380.1	35.5	299.8	390.3	411.8	8.4	5.5
EBITDA Margins (%)	8.8	10.4	11.3	11.2	11.8	13.8	14.7	14.8	13.0	1.6	10.9	14.1	14.4	135 bps	22 bps
Depreciation	76.4	95.1	93.6	98.4	104.9	144.0	154.5	157.3	163.9	160.2	149.5	125.0	138.5	-15.5	10.8
Interest	88.8	76.2	79.1	84.4	85.4	125.8	134.3	137.4	135.2	127.4	122.3	101.0	98.6	-27.1	-2.4
Other Income	5.5	4.6	6.3	12.5	11.8	9.9	3.5	9.7	4.0	7.7	11.3	5.5	20.5	417.7	271.8
PBT	26.6	62.7	105.6	108.7	115.2	94.4	133.7	144.9	84.9	-244.4	39.4	169.8	195.2	129.9	15.0
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	198.3	0.0	35.4	0.0	25.2		
Total Tax	8.0	39.3	34.8	53.1	39.1	45.3	50.6	55.4	74.0	-40.8	6.6	51.2	67.7	-8.6	32.2
Tax rate (%)	30.0	62.8	33.0	48.9	33.9	47.9	37.8	38.2	87.2	16.7	16.8	30.1	34.7		
PAT	42.1	34.1	80.3	57.0	84.9	57.2	86.2	92.1	219.4	-208.2	60.3	130.5	167.9	-23.5	28.7
Net Profit Margin (%)	2.0	1.5	3.3	2.3	3.4	2.2	3.0	3.2	7.5	-9.6	2.2	4.7	5.9		
EPS (Adjusted)	2.9	2.4	5.6	4.0	5.9	4.0	6.0	6.4	15.3	-14.5	4.2	9.1	11.7		

Source: ICICI Direct Research, Company

Company Background

Established in 1983, the company is one of the few listed players in the healthcare space. It derives revenues from two broader segments in the standalone accounts - 1) healthcare services i.e. hospitals and 2) standalone pharmacies. In the consolidated accounts, other reporting segments are – 1) hospital revenues from JVs/subsidiaries and associates, 2) Apollo-Munich Health insurance JV, 3) Apollo Health & Lifestyle Ltd, which is the retail healthcare business of Apollo Hospitals.

Apollo owns 70 hospitals with total bed capacity of 10197 beds. Of these 70 hospitals, 44 are owned by the company (including JVs, subsidiaries and associates) while five are managed by the company with 851 beds while 11 are day care/short surgical stay centres with 270 beds and 10 cradles with 260 beds.

In case of managed hospitals, the company charges 5-6% management fees for third party hospitals for project management and consultancy covering all facets of development and operation of a hospital, including market research, technical design, arranging finance, hiring manpower and running the facility.

The healthcare segment has been divided into four clusters- 1) Tamil Nadu region (Chennai and others), 2) AP, Telangana Region (Hyderabad and others) 3) Karnataka Region (Bangalore and others) and 3) others that include hospitals in Bhubaneswar, Bilaspur, Nashik and Navi Mumbai.

In June 2015, the company acquired a 51% stake in Assam Hospitals Ltd, which runs a 220 bed hospital in Guwahati.

Apollo Healthcare and Lifestyle (AHLL) subsidiary covers the retail healthcare business of the Apollo group, comprising Apollo Clinics, Apollo Sugar, White Dental, Apollo Day Surgery centres and Apollo Cradle. AHLL reported ₹ 696 crore of sales in FY20.

Apollo Sugar Clinics is a one-stop shop for diabetics and offer packages to better manage diabetes through a combination of prescriptions, dietary, exercise regimens and other lifestyle changes apart from management of diabetes related complications. Sanofi has 20% stake in Apollo Sugar Clinics business. The company has 30 Apollo Sugar Clinics.

Apollo Day Surgery centres focus on planned surgeries done in a day/short stay basis. The company has 11 centres as of FY20.

Apollo Cradle denotes lifestyle birthing centres. It launched the first Apollo Cradle in Delhi a decade ago and currently has twelve cradles in the network.

In FY15, AHLL acquired 11 day and short stay surgery centres (over 350 beds) from Nova Specialty Hospitals with a presence in eight cities across India. This acquisition provides APL an opportunity to provide quality healthcare delivery closer to home and also entry in new markets such as Mumbai, Jaipur and Kanpur.

In case of standalone pharmacies, which are basically drug stores chain selling prescription, OTC and private label FMCG products, the company owned 3766 stores as of FY20. In FY15, the company acquired Hyderabad-based Hetero Med Solutions Ltd (HMSL). HMSL has ~320 stores across Telangana, Andhra Pradesh and Tamil Nadu.

The Apollo board has segregated the front-end retail pharmacy business carried out in the standalone pharmacy segment into a separate company Apollo Pharmacies (APL) as part of the proposed reorganisation.

APL to focus on- 1) Building a growth platform for the standalone pharmacies business to get to a medium-term target of over 5000 pharmacy outlets over five years with a goal of over ₹ 10,000 crore sales and 30% RoCE for the standalone pharmacy business in five years, 2) enabling foray into digital commerce as part of AHLL's Omni-channel strategy to provide consumers increased convenience and ability to choose between online and physical stores, 3) enhancing the private label business further from the

current ~9% levels to over 12% in two years through a combination of both broadening and deepening the product portfolio.

APL will become a wholly-owned subsidiary of Apollo Medicals Pvt Ltd (AMPL). The entire shareholding of AMPL will be held by AHEL and certain identified investors. AHEL will hold 25.5% of total share capital of AMPL with other investors collectively holding the remaining share capital of AMPL. Specifically, Jhelum Investment Fund 1 will hold 19.9%, Hemendra Kothari will hold 9.9% while Enam Securities Pvt Ltd will hold 44.7% of total share capital of AMPL.

AHEL shall have the right to acquire the shares of AMPL from investors in compliance with the regulatory framework AHEL will be the exclusive supplier for APL under a long-term supplier agreement while AHEL will enter into a brand licencing agreement with APL to licence the "Apollo Pharmacy" brand to the frontend stores and online pharmacy operations. The proposed reorganisation is not expected to have a material impact on the financials of AHEL as the backend business related to the standalone pharmacies, which represents ~85% of the business economics, will continue to be held by AHEL. The structure is likely to take AHEL one step closer to a potential unlocking of value in the standalone pharmacy segment.

For the purposes of effectuating the restructuring, AHEL will transfer the business of the front-end retail pharmacy business carried out in the standalone pharmacy segment to APL by way of slump sale under a scheme of arrangement with such transfer being effective from April 1, 2019. The slump sale has been decided at ₹ 527.8 crore.

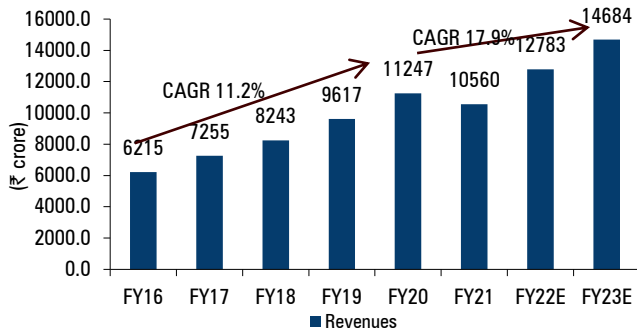
The company has, in January 2021, raised ₹ 1170 crore via QIP (priced at ₹ 2511 per share). The breakup of fund utilization is divided into a) ₹ 700 crore set aside for 1) ₹ 410 crore - purchasing the balance 50% stake in Apollo Gleneagles, 2) ₹ 140 crore – enhancement and implementation of Apollo 24x7, 3) ₹ 150 crore for diagnostics expansion into north and east; b) Balance ₹ 470 crore for 1) any potential inorganic opportunity, and 2) reducing debt.

Company announced a slump sale of following business into Apollo HealthCo (AHL) wherein AHEL will continue to be the majority shareholder and receive ₹ 1,210 crore as slump sale consideration

- Back-end Pharmacy
- Apollo 24/7 platform
- Pharmacy retail business
- Apollo 24/7 and Apollo Pharmacy brand

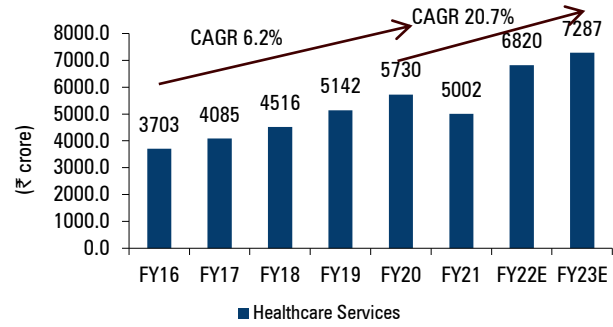
Management target is to make AHL EBITDA neutral in 3 years and indicated for a revenue potential of \$2.5 billion in 5 years.

Exhibit 4: Revenues to grow at CAGR of 18% over FY21-23E



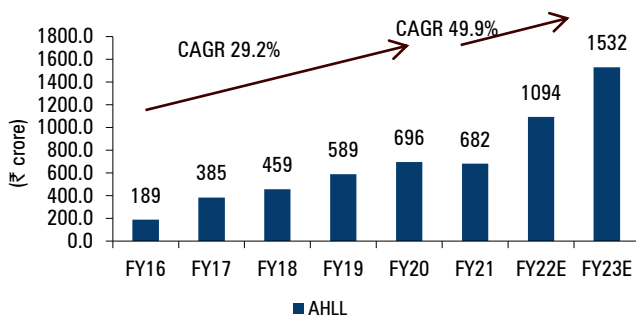
Source: ICICI Direct Research, Company

Exhibit 5: Hospitals to grow at CAGR of 21% over FY21-23E



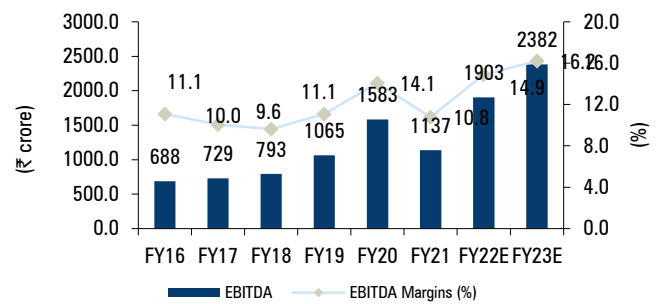
Source: ICICI Direct Research, Company

Exhibit 6: AHLL to grow at CAGR of ~50% over FY21-23E



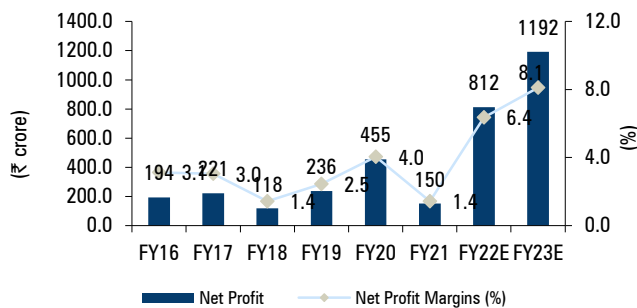
Source: ICICI Direct Research, Company

Exhibit 7: EBITDA & EBITDA margins trend



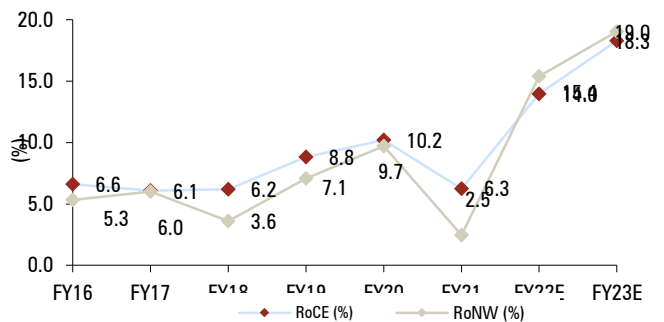
Source: ICICI Direct Research, Company

Exhibit 8: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 9: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 10: Valuation

Particulars	FY23E (₹ cr)	Multiple (x)	EV (₹ cr)
Healthcare (Existing Hospitals & JV)	1265.5	20.0	25,310
Healthcare (New Hospitals)	2175.6	3.0	6,527
Pharmacy	5608.0	3.0	16,824
AHLL	1532.1	5.0	7,661
Net Debt FY23E (₹ cr)			626.5
Targeted MCap (₹ cr)			55,695
No of shares (cr)			14.4
Per Share Value (₹)			3,870

Source: ICICI Direct Research, Bloomberg

Exhibit 11: Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY20	11247	16.9	22.6	37.6	103.5	31.6	9.7	10.2
FY21	10560	-6.1	7.9	-65.2	313.0	43.2	2.5	6.3
FY22E	12783	21.0	56.5	618.9	57.9	25.6	15.4	14.0
FY23E	14684	14.9	82.9	46.7	39.5	20.0	19.0	18.3

Source: ICICI Direct Research, Bloomberg

Exhibit 12: Shareholding Pattern

(in %)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoter	30.8	30.8	30.8	30.8	29.8
Others	69.2	69.2	69.2	69.2	70.2

Source: ICICI Direct Research, Company

Financial Summary

Exhibit 13: Profit & Loss (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Revenues	11,246.8	10,560.0	12,782.7	14,684.1
Growth (%)	16.9	-6.1	21.0	14.9
Raw Material Expenses	5,498.9	5,684.2	6,574.3	7,552.2
Employee Expenses	1,852.9	1,601.0	1,661.7	1,908.9
Other expenditure	2,311.6	2,137.4	2,644.0	2,840.8
Total Operating Expenditure	9,663.4	9,422.6	10,880.0	12,302.0
EBITDA	1,583.4	1,137.4	1,902.7	2,382.2
Growth (%)	48.7	-28.2	67.3	25.2
Depreciation	619.7	573.1	602.5	619.1
Interest	532.8	449.2	280.7	189.7
Other Income	27.0	45.0	63.9	88.1
PBT before exceptionals	457.9	160.1	1,083.3	1,661.4
Less: Exceptional Items	-198.3	-60.6	0.0	0.0
PBT	656.2	220.7	1,083.3	1,661.4
Total Tax	225.2	84.7	325.0	498.4
MI & Profit from Associates	23.9	14.4	54.2	29.2
Adjusted PAT	324.7	113.0	812.5	1,192.2
Growth (%)	37.6	-65.2	618.9	46.7
EPS (Adjusted)	22.6	7.9	56.5	82.9

Source: ICICI Direct Research

Exhibit 15: Balance Sheet (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Equity Capital	69.6	71.9	71.9	71.9
Reserve and Surplus	3,269.5	4,530.7	5,203.6	6,191.0
Total Shareholders funds	3,339.1	4,602.6	5,275.5	6,262.9
Total Debt	3,595.6	2,859.6	2,159.6	1,459.6
Deferred Tax Liability	294.2	260.5	265.7	271.0
Minority Interest	130.7	199.9	207.9	240.9
Long term provisions	10.1	22.3	22.8	23.2
Other Non Current Liabilities	2,375.0	1,820.3	1,856.7	1,893.9
Total Liabilities	9,744.7	9,765.2	9,788.2	10,151.4
Gross Block - Fixed Assets	7,429.2	7,983.8	8,443.8	8,703.8
Accumulated Depreciation	1,996.6	2,569.7	3,172.3	3,791.4
Net Block	5,432.6	5,414.1	5,271.5	4,912.4
Capital WIP	235.5	233.9	233.9	233.9
Goodwill on Consolidation	346.2	375.3	375.3	375.3
Total Fixed Assets	7,661.7	7,006.9	6,864.3	6,505.1
Investments	440.0	1,347.9	1,647.9	1,947.9
Inventory	737.8	249.5	302.0	346.9
Debtors	1,027.2	1,331.2	1,611.4	1,851.0
Loans & Advances, & other CA	456.4	645.6	332.1	294.9
Cash	466.8	724.4	494.1	833.1
Total Current Assets	2,572.0	2,643.7	2,752.8	3,383.3
Creditors	908.8	1,159.9	1,404.1	1,612.9
Provisions & Other CL	393.0	410.6	426.2	474.9
Total Current Liabilities	1,593.7	1,651.7	1,905.7	2,124.5
Net Current Assets	978.3	992.0	847.2	1,258.8
Long term loans & advances	615.1	393.3	401.2	409.2
Deferred Tax Assets	49.6	25.2	27.7	30.4
Application of Funds	9,744.7	9,765.2	9,788.2	10,151.4

Source: ICICI Direct Research

Exhibit 14: Cash Flow Statement (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Profit/(Loss) after taxation	259.4	172.1	812.5	1,192.2
Add: Depreciation & Amortization	619.7	573.1	602.5	619.1
Working Capital Changes	-83.1	-72.1	-85.5	-72.6
CF from operating activities	796.0	673.1	1,329.5	1,738.7
Change in Capex	-510.0	247.4	-460.0	-260.0
(Inc)/dec in Investments	229.6	-942.5	-300.0	-300.0
Others	19.9	19.3	39.7	65.1
CF from investing activities	-260.5	-675.8	-720.3	-494.9
Issue of Equity	0.0	1,152.0	0.0	0.0
Inc/(dec) in loan funds	-57.1	-898.5	-700.0	-700.0
Dividend paid & dividend tax	-155.1	-38.3	-139.6	-204.8
Others	-697.3	-555.3	0.0	0.0
CF from financing activities	-909.6	-340.1	-839.6	-904.8
Net Cash flow	-374.1	-342.8	-230.3	339.0
Opening Cash	347.0	466.8	724.4	494.1
Closing Cash	-27.2	124.0	494.1	833.1
Free Cash Flow	285.9	920.5	869.5	1,478.7

Source: ICICI Direct Research

Exhibit 16: Key Ratios (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
Adjusted EPS	22.6	7.9	56.5	82.9
BV per share	232.2	320.1	366.9	435.6
Dividend per share	7.2	3.0	9.7	14.2
Cash Per Share	32.5	50.4	34.4	57.9
Operating Ratios (%)				
Gross Profit Margins	51.1	46.2	48.6	48.6
EBITDA margins	14.1	10.8	14.9	16.2
Net Profit margins	2.9	1.1	6.4	8.1
Inventory days	23.9	8.6	8.6	8.6
Debtor days	33.3	46.0	46.0	46.0
Creditor days	29.5	40.1	40.1	40.1
Asset Turnover	1.5	1.3	1.5	1.7
EBITDA Conversion Rate	50.3	59.2	69.9	73.0
Return Ratios (%)				
RoE	9.7	2.5	15.4	19.0
RoCE	10.2	6.3	14.0	18.3
RoIC	10.9	6.5	14.6	19.7
Valuation Ratios (x)				
P/E	103.5	313.0	57.9	39.5
EV / EBITDA	31.6	43.2	25.6	20.0
EV / Net Sales	4.5	4.6	3.8	3.2
Market Cap / Sales	4.2	4.5	3.7	3.2
Price to Book Value	14.1	10.2	8.9	7.5
Solvency Ratios				
Debt / EBITDA	2.3	2.5	1.1	0.6
Debt / Equity	1.1	0.6	0.4	0.2
Net Debt / Equity	1.0	0.6	0.4	0.2
Current Ratio	1.3	1.2	1.2	1.2

Source: ICICI Direct Research

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