

Rebound in surgeries continues...

About the stock: Started by renowned orthopaedic surgeon Dr Vikram Shah, Shalby is a multi-specialty hospitals chain with expertise in joint replacement.

- Therapy-wise breakup Q3FY22: arthroplasty:38%, critical care & general medicine: 11%, orthopaedic: 9%, oncology:10%, cardiac science:10%, neurology 6%, nephrology:3%, others:13%
- Shalby registered a blended ARPOB of ₹ 32,049 and ALOS of 4.02 days (without day care procedures) in Q3FY22
- Acquisition of US based Consensus to diversify into related implant business besides supporting arthroplasty and orthopaedic segments

Q3FY22 Results: Strong 17% YoY increase in-patient count along with 84% YoY growth in surgeries, driven by increase in non-Covid patients.

- Revenues grew 23.2% YoY to ₹ 162.4 crore
- EBITDA was at ₹ 28.2 crore, a dip of 8.3% YoY with margins at 17.4% (low expense base)
- Adjusted PAT was at ₹ 17.4 crore (growth of 3.3% YoY)

What should investors do? Shalby's share price has grown by ~1.08x over the past three years (from ~₹ 135 in February 2019 to ~₹ 147 levels in February 2022).

- Upgrade from HOLD to BUY due to 1) consistency in operational performance from hospitals, 2) visible RoC improvement by FY24, 3) focus on asset light model via franchisee push, 4) foray into implants likely to provide integration advantage and third party push

Target Price and Valuation: We value Shalby at ₹ 170 based on SOTP valuation

Key triggers for future price performance:

- Shalby is a market leader in arthroplasty procedure with ~15% market share of all joint replacement surgeries by organised private corporate hospitals
- Diversification of arthroplasty and orthopaedics with cardiac science, oncology and neuro-science, additional 40% bed capacity available to support organic growth
- Re-establishment of implant business in core-markets while creating a platform to enter growth markets with goal of ₹ 100 crore revenue in FY23
- Set on an inspirational target to achieve 2.5x sales in the next three to five years on the back of expansion to 50 franchises in next three years, better occupancies and new service offerings (home care & Shalby Care cards)

Alternate Stock Idea: Besides Shalby, in our hospital coverage we like Narayana.

- It operates a chain of multispecialty, tertiary & primary healthcare facilities, operations improving on the back of judicious case mix identification
- BUY with target price of ₹ 650

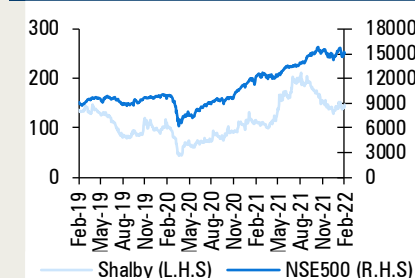
Particulars

Particular	Amount
Market Capitalisation	₹ 1584 crore
Debt (FY21)	₹ 150 crore
Cash (FY21)	₹ 224 crore
EV	₹ 1510 crore
52 week H/L	214/96
Equity capital	₹ 108.0 crore
Face value	₹ 10

Shareholding pattern

(in %)	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Promoter	79.5	74.1	74.1	74.0	74.0
Others	20.6	25.9	25.9	26.0	26.0

Price Chart



Recent Event & Key risks

- Launched first orthopaedic franchise owned franchise operated (FOFO) at Udaipur
- Key Risk:** (i) Slower ramp up in elective surgeries (ii) Higher competition in arthroplasty

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Key Financial Summary

Key Financials (₹ Crore)	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	FY24E	3 year CAGR (FY21-24E)
Revenues	486.9	430.9	8.2	701.1	741.5	840.2	24.9
EBITDA	81.7	86.4	9.2	126.8	143.5	162.0	23.3
EBITDA margins (%)	16.8	20.1		18.1	19.4	19.3	
Net Profit	27.6	42.4	3.1	59.5	62.6	78.6	22.9
EPS (₹)	2.6	3.9		5.9	5.8	7.3	
PE (x)	57.4	37.4		26.6	25.3	20.2	
EV to EBITDA (x)	19.3	17.6		11.9	10.6	9.3	
RoCE (%)	7.2	6.5		8.9	9.6	10.6	

Key takeaways of recent quarter & conference call highlights

Q3FY22 Results: Growth trajectory continues

- Revenues grew 23.2% YoY to ₹ 162.4 crore backed by pick-up in elective surgeries. In patients count increased 17% YoY driven by increase in non-Covid patients. EBITDA margins declined 597 bps YoY to 17.4%, mainly due to increase in employee and other expenditure. Subsequently, EBITDA declined 8.3% YoY to ₹ 28.2 crore. Adjusted profit grew 3.3% YoY to ₹ 17.4 crore. Delta vis-à-vis EBITDA was mainly due to lower tax expense
- Q3 was relatively moderate sequentially due to festivities but Shalby's results were better than expectations. Occupancy levels remained stable while ARPOB also recovered this quarter. Shalby continues to maintain leadership position in arthroplasty but has also transformed itself as a multispecialty hospital with diversified revenue mix

Q3FY22 Earnings Conference Call highlights

- Total surgeries count for Q3FY22 was 5679, total inpatient count in Q3FY22 10432, total beds occupied in Q3FY22 were at 513 with occupancy rate hovering around 41.5%. Average revenue per operating bed during Q3FY22 was 32049 and average length of stay was 4.02 days
- Contribution to revenue of new hospitals i.e. hospitals with existence of 0-5 years was 36% for which the EBITDA margins were 11%, hospitals with existence of five to 10 years contributed 35% to revenue with EBITDA margins of 15% and mature hospitals with existence of 10+ years contributed 29% to revenues where EBITDA margins were 37%
- Arthroplasty (38%) accounted for the highest share in revenue by any speciality followed by critical care (11%) and oncology (10%).
- Shalby's next franchise hospital would open in Rajkot in the second half of calendar year 2022 and the company expects to open 50 more hospitals under franchise model over next three years
- Shalby's US facility has churned around operational capability by ~50% with the ability to now manufacture 2500 components of output per month. Shalby expects to expand in to following new geographies namely Latin America, Japan, Southeast Asia later this year. The management by aims to deliver ₹ 100 crores in sales from its implant business in FY23 with positive contribution to EBITDA. Regulatory approval for Consensus in India is expected in Q4FY22

Exhibit 1: Variance Analysis

	Q3FY22	Q3FY21	Q2FY22	YoY (%)	QoQ (%)	Comments
Revenue	162.4	131.8	181.6	23.2	-10.6	Strong YoY growth attributable to higher elective surgeries. QoQ decline mainly due to fall in Covid occupancies
Raw Material Expenses	0.3	11.9	3.4	-97.3	-90.4	
Employee Expenses	31.0	16.5	29.5	88.5	5.2	
Other Expenditure	102.8	72.6	119.3	41.5	-13.8	
Total Operating Expenditure	134.2	101.0	152.2	32.8	-11.8	
EBITDA	28.2	30.8	29.4	-8.3	-4.2	
EBITDA (%)	17.4	23.3	16.2	-597 bps	116 bps	YoY decline due to higher consumables cost and other operational expenses
Interest	1.6	0.9	1.6	73.8	-2.5	
Depreciation	11.3	9.3	11.5	21.6	-1.9	
Other income	2.8	2.3	2.8	24.7	-0.1	
PBT before EO	18.2	22.9	19.2	-20.4	-5.1	
Less: Exceptional Items	4.4	0.0	0.0	0.0	0.0	
PBT	13.8	22.9	19.2	-39.8	-28.2	
Tax	0.9	6.0	8.4	-85.9	-89.9	
Minority Interest	0.0	0.0	0.0	NA	NA	
Adj. Net Profit	17.4	16.8	10.8	3.3	61.1	Delta vis-à-vis EBITDA amid deferred tax provision

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY22E			FY23E		FY24E		Comments
(₹ Crore)	Old	New	% Change	Old	New	% Change	Introduced	
Revenue	683.0	701.1	2.7	702.0	741.5	5.6	840.2	Changed mainly due to operational consistency and plan on focused franchise model
EBITDA	116.3	126.8	9.0	119.2	143.5	20.4	162.0	
EBITDA Margin	17.0	18.1	105 bps	17.0	19.4	237 bps	19.3	Management guidance for ~ 20%
PAT	47.0	63.9	36.1	61.3	62.6	2.2	78.6	
EPS (₹)	4.3	5.5	26.7	5.7	5.8	2.2	7.3	Changed mainly in sync with operational performance

Source: ICICI Direct Research

Exhibit 3: Financial Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	431	-11.5	3.9	53.6	37.4	17.6	5.1	6.5
FY22E	701	62.7	5.9	40.4	26.6	11.9	7.2	8.9
FY23E	742	5.8	5.8	5.2	25.3	10.6	6.7	9.6
FY24E	840	13.3	7.3	25.5	20.2	9.3	7.9	10.6

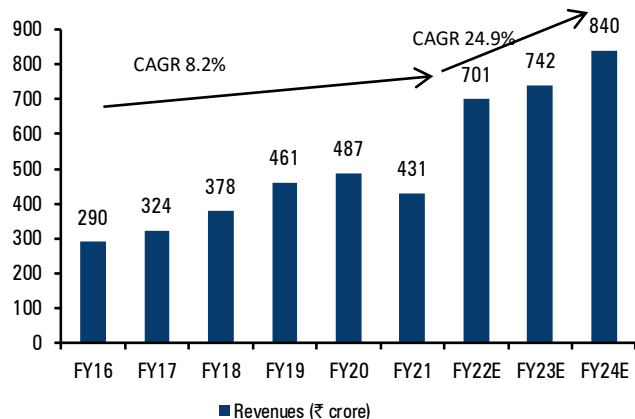
Source: ICICI Direct Research

Exhibit 4: Trends in Quarterly Performance

(₹ crore)	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	YoY (%)	QoQ (%)
Total Operating Income	112.8	113.5	131.4	125.7	120.8	108.9	38.4	115.6	131.8	145.0	192.4	181.6	162.4	23.2	-10.6
Raw Material Expenses	9.3	15.2	21.0	9.2	10.8	12.5	5.4	9.4	11.9	7.9	13.3	3.4	0.3	-97.3	-90.4
% of Revenue	8.2	13.4	16.0	7.4	8.9	11.5	14.0	8.2	9.1	5.5	6.9	1.9	0.2	-886 bps	-166 bps
Gross Profit	103.5	98.3	110.4	116.5	110.0	96.4	33.0	106.2	119.9	137.1	179.0	178.2	162.1	35.2	-9.1
Gross Profit Margin (%)	91.8	86.6	84.0	92.6	91.1	88.5	86.0	91.8	90.9	94.5	93.1	98.1	99.8	886 bps	166 bps
Employee Expenses	16.4	17.1	16.8	16.5	16.1	16.1	8.8	14.3	16.5	17.4	25.0	29.5	31.0	88.5	5.2
% of Revenue	14.5	15.1	12.8	13.1	13.3	14.8	22.9	12.3	12.5	12.0	13.0	16.2	19.1	662 bps	287 bps
Other Expenditure	67.5	66.0	64.2	72.0	72.1	77.8	29.1	62.4	72.6	88.7	115.8	119.3	102.8	41.5	-13.8
% of Revenue	59.8	58.2	48.9	57.3	59.7	71.4	75.6	54.0	55.1	61.2	60.2	65.7	63.3	820 bps	-236 bps
Total Expenditure	93.2	98.3	102.1	97.7	98.9	106.4	43.3	86.1	101.0	114.0	154.1	152.2	134.2	32.8	-11.8
% of Revenue	82.6	86.6	77.7	77.7	81.9	97.7	112.6	74.5	76.7	78.6	80.1	83.8	82.6	597 bps	-116 bps
EBITDA	19.6	15.2	29.4	28.0	21.9	2.5	-4.8	29.5	30.8	31.0	38.3	29.4	28.2	-8.3	-4.2
EBITDA Margin (%)	17.4	13.4	22.3	22.3	18.1	2.3	-12.6	25.5	23.3	21.4	19.9	16.2	17.4	-597 bps	116 bps
Other Income	2.2	2.1	1.9	2.2	2.1	10.1	2.3	2.4	2.3	2.1	2.5	2.8	2.8	24.7	-0.1
Interest	1.5	2.5	1.3	1.0	1.3	1.7	1.2	0.8	0.9	0.8	1.0	1.6	1.6	73.8	-2.5
Depreciation	8.6	7.9	8.9	9.2	8.9	9.0	9.0	9.2	9.3	9.4	9.0	11.5	11.3	21.6	-1.9
PBT	11.8	6.8	21.1	20.0	13.8	1.9	-12.7	21.9	22.9	23.0	30.8	19.2	18.2	-20.4	-5.1
Total Tax	-1.6	3.6	-2.5	7.1	5.6	19.0	-4.0	-2.6	6.0	13.2	10.6	8.4	0.9	-85.9	-89.9
Tax rate (%)	-13.2	52.2	-12.0	35.4	40.8	1005.5	31.4	-11.9	26.4	57.5	34.5	44.0	4.7		
PAT	13.4	3.3	23.6	12.9	8.1	-17.1	-8.7	24.5	16.8	9.8	20.2	10.8	12.9	-23.1	20.0
PAT Margin (%)	11.8	2.9	18.0	10.3	6.7	-15.7	-22.6	21.2	12.8	6.8	10.5	5.9	8.0		
EPS (₹)	1.2	0.3	2.2	1.2	0.8	-1.6	-0.8	2.3	1.6	0.9	1.9	1.0	1.2		

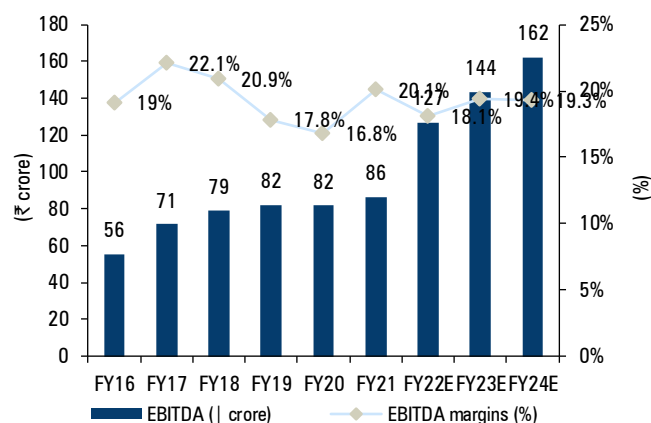
Source: ICICI Direct Research

Exhibit 5: Revenues to grow at CAGR of 25% over FY21-24E



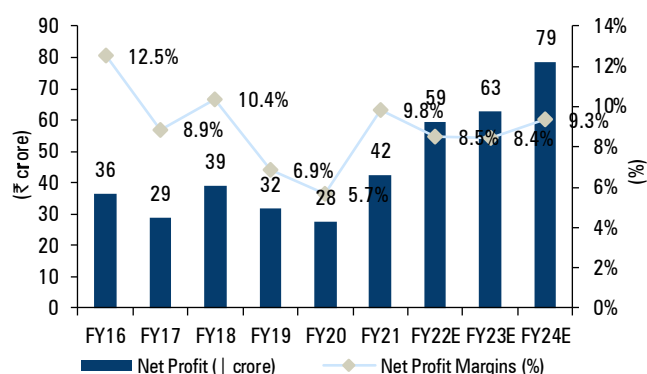
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA & EBITDA margins trend



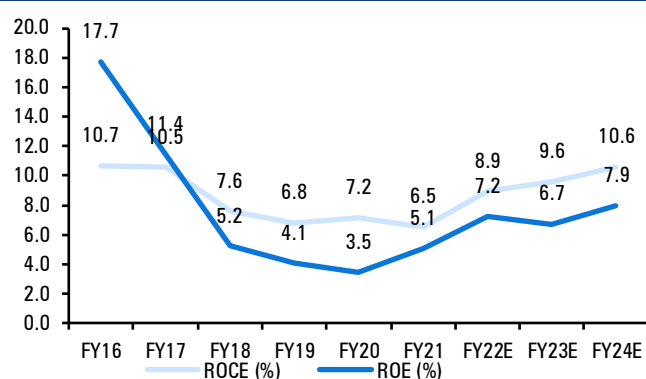
Source: ICICI Direct Research, Company

Exhibit 7: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 8: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 9: Valuation

Particulars	FY24E (₹ cr)	Valuation Matrix	Multiple (x)	EV (₹ cr)
Above 10 years	77.7	EV/EBITDA	15.0	1,165
Between 5-10 years	248.6	EV/Sales	1.0	249
Below 5 years	266.3	EV/Sales	1.0	266
Consensus	120.9	EV/Sales	1.0	120.9
EV				1,801
Net Debt FY24E (₹ cr)				-88.9
Minority Interest				0.0
Targeted MCap (₹ cr)				1,890
No of shares (cr)				10.8
Per Share Value (₹)				170

Source: ICICI Direct Research, Company

Exhibit 10: ICICI Direct Universe Coverage (Healthcare)

Company	I-Direct	CMP	TP	Rating	M Cap	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
	Code	(₹)	(₹)		(₹ cr)	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E
Hospitals																					
Apollo Hospitals	APOHOS	4688	5,930	Buy	67405	22.6	7.9	72.9	99.4	207.6	596.4	64.3	47.2	10.2	6.3	18.1	21.7	9.7	2.5	18.6	20.9
Narayana Hrudalaya	NARHRU	647	650	Buy	13222	6.4	-0.7	16.4	18.3	101.9	NA	39.5	35.4	11.0	1.2	17.5	18.4	11.4	-1.3	23.3	20.9
Shalby	SHALIM	147	170	Buy	1586	2.6	3.9	5.9	5.8	57.5	37.4	24.8	25.3	7.2	6.5	8.9	9.6	3.5	5.1	7.2	6.7
Aster DM	ASTDM	187	250	Buy	9316	5.7	3.0	10.6	17.2	32.7	63.1	17.6	10.9	7.2	5.4	8.7	12.1	8.7	4.4	13.5	18.0
Healthcare Global	HEAGLO	250	240	Hold	3135	-12.0	-21.7	15.6	8.4	NA	NA	16.1	29.6	1.0	-0.9	7.6	10.4	NA	NA	NA	7.2
MNC Pharma																					
Abbott India	ABBIND	15850	20,360	Buy	33680	279.0	325.0	362.3	471.9	56.8	48.8	43.8	33.6	30.7	33.8	35.3	37.2	24.4	26.5	27.6	28.9
P&G Health	MERLIM	5068	6,555	Buy	8412	102.0	106.5	135.7	145.7	49.7	47.6	37.4	34.8	24.0	32.2	41.0	37.7	18.7	25.1	31.6	28.8
Sanofi India	SANOFI	7463	9,800	Buy	17187	179.8	207.4	431.8	280.0	41.5	36.0	17.3	26.7	26.0	32.3	34.2	41.9	19.4	24.5	22.2	33.5
Pfizer	PFIZER	4464	5,350	Buy	20422	111.3	108.8	135.2	133.0	40.1	41.0	33.0	33.6	18.5	27.6	27.4	23.6	15.0	20.8	21.7	18.6
Pharma																					
Ajanta Pharma	AJAPHA	2118	2,500	Buy	18329	53.4	74.0	79.3	89.3	39.7	28.6	26.7	23.7	24.7	29.0	25.2	23.8	18.1	21.8	19.9	19.2
Alembic Pharma	ALEMPHA	748	790	Hold	14704	44.4	59.9	33.3	39.6	16.8	12.5	22.5	18.9	21.0	24.2	11.9	13.9	27.1	23.0	11.7	12.6
Aurobindo Pharma	AURPHA	663	795	Hold	38824	48.8	55.0	50.3	61.2	13.6	12.0	13.2	10.8	17.2	16.9	13.8	15.2	17.0	14.7	11.9	12.8
Biocon	BIOCON	391	380	Hold	46932	5.8	6.1	5.4	9.3	67.2	64.3	72.7	42.2	10.2	7.6	7.8	10.0	10.4	9.6	7.9	12.2
Cadila Healthcare	CADHEA	409	477	Hold	41897	14.0	21.5	20.9	21.8	29.3	19.0	19.6	18.8	10.7	12.6	13.4	13.4	13.8	16.9	14.7	13.7
Cipla	CIPLA	946	1,085	Buy	76299	19.2	29.9	34.6	41.8	49.3	31.7	27.3	22.7	12.0	16.3	17.8	18.4	9.8	13.1	13.7	14.6
Dr Reddy's Labs	DRREDD	4345	5,170	Hold	72283	121.8	117.3	181.2	204.2	35.7	37.0	24.0	21.3	9.6	13.1	16.3	17.3	13.0	11.1	14.9	14.7
Glenmark Pharma	GLEPHA	490	580	Hold	13835	26.4	32.9	37.7	43.7	18.6	14.9	13.0	11.2	12.7	13.9	15.3	15.9	12.2	13.1	12.5	12.7
Ipsa Laboratories	IPCLAB	1037	2,490	Buy	13150	47.6	89.9	78.0	95.8	21.8	11.5	13.3	10.8	17.6	27.1	20.5	20.9	16.6	24.2	17.5	17.7
Jubilant Pharmova	JUBLIF	527	625	Hold	8387	44.6	37.4	44.0	62.6	11.8	14.1	12.0	8.4	11.7	13.7	14.9	18.1	12.7	12.6	13.0	15.7
Lupin	LUPIN	872	960	Hold	39589	-12.7	26.9	16.2	30.2	NA	32.5	53.8	28.9	9.7	9.1	6.1	10.5	-4.6	8.8	5.8	9.6
Natco Pharma	NATPHA	911	925	Hold	16613	25.3	24.2	17.1	20.1	36.1	37.7	53.3	45.3	14.0	13.1	8.4	9.9	12.2	10.7	7.2	8.0
Sun Pharma	SUNPHA	894	965	Buy	214489	16.8	30.0	30.6	32.2	53.3	29.7	29.2	27.7	10.0	14.2	16.7	16.3	8.9	15.5	14.2	13.2
Torrent Pharma	TORPHA	2683	3,110	Hold	45401	60.6	74.0	78.3	103.7	44.3	36.3	34.3	25.9	15.4	17.7	21.0	22.6	21.2	21.4	19.4	21.5
Indoco Remedies	INDREM	385	575	Buy	3553	2.6	10.1	17.3	23.9	147.0	38.1	22.2	16.1	4.6	11.7	19.8	21.5	3.5	12.1	17.6	20.2
Caplin Point	CAPPOI	806	1,010	Buy	6093	17.2	81.7	76.7	55.5	46.9	9.9	10.5	14.5	25.4	25.6	24.1	23.5	22.7	20.4	20.5	18.8
Advanced Enzymes	ADVENZ	340	420	Buy	3805	11.6	13.1	13.0	16.1	29.4	26.0	26.1	21.2	19.6	19.4	16.8	18.3	15.4	15.1	13.2	14.1
Hester Biosciences	HESPHA	2487	2,780	Hold	2116	34.3	44.4	47.2	52.0	72.5	56.0	52.7	47.8	14.0	16.2	12.8	14.3	14.5	16.5	15.5	15.1
API/CRAMS																					
Divi's Lab	DIVLAB	4303	5,815	Buy	114231	51.9	74.7	90.6	107.5	83.0	57.6	47.5	40.0	23.9	27.6	27.7	27.7	18.8	21.3	21.8	21.8
Hikal	HIKCHE	430	640	Buy	5299	8.1	10.8	17.2	21.4	53.1	39.8	25.0	20.1	12.8	15.1	17.7	18.5	12.2	14.3	18.7	19.1
Syngene Int.	SYNINT	568	710	Buy	22712	10.3	10.1	9.8	13.9	55.1	56.1	58.1	40.7	14.5	11.5	12.6	15.5	16.8	13.5	13.2	14.9
Granules India	GRANUL	320	350	Hold	7929	12.4	22.2	15.0	23.3	25.8	14.4	21.3	13.7	15.2	24.0	16.1	21.7	16.7	25.3	14.8	18.9
Laurus Labs	LAULAB	529	670	Buy	28359	4.8	18.3	17.6	23.9	111.1	28.8	30.0	22.1	13.0	31.7	25.1	28.0	14.4	37.9	27.4	27.9
Suven Pharmaceuticals	SUVPH	560	600	Buy	14256	12.5	14.2	15.0	18.7	45.0	39.3	37.2	29.9	35.6	31.2	25.7	24.7	37.5	30.7	24.9	23.9

Source: ICICI Direct Research

Financial Summary

Exhibit 11: Profit and loss statement					₹ crore
Year-end March	FY21	FY22E	FY23E	FY24E	
Total Operating Income	430.9	701.1	741.5	840.2	
Growth (%)	-11.5	62.7	5.8	13.3	
Raw Material Expenses	34.7	20.1	55.6	63.0	
Gross Profit	396.2	681.0	685.9	777.2	
Gross Profit Margins (%)	91.9	97.1	92.5	92.5	
Employee Expenses	57.0	112.3	98.0	111.1	
Other Expenditure	252.8	442.0	444.3	504.1	
Total Operating Expenditure	344.5	574.4	598.0	678.2	
EBITDA	86.4	126.8	143.5	162.0	
Growth (%)	5.7	46.7	13.2	12.9	
Interest	3.6	5.7	22.5	18.0	
Depreciation	36.8	43.0	45.9	47.0	
Other Income	9.1	11.0	8.9	8.4	
PBT before Exceptional Items	55.1	89.1	84.0	105.4	
Less: Exceptional Items	0.0	4.4	0.0	0.0	
PBT after Exceptional Items	55.1	84.6	84.0	105.4	
Total Tax	12.7	25.1	21.4	26.9	
PAT before MI	42.4	59.5	62.6	78.6	
PAT	42.4	59.5	62.6	78.6	
Growth (%)	53.6	40.4	5.2	25.5	
EPS (Adjusted)	3.9	5.9	5.8	7.3	

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement					₹ crore
Year-end March	FY21	FY22E	FY23E	FY24E	
Profit/(Loss) after taxation	45.9	59.5	62.6	78.6	
Add: Depreciation & Amortization	36.8	43.0	45.9	47.0	
Net Increase in Current Assets	-5.7	-82.4	8.0	8.9	
Net Increase in Current Liabilities	6.5	21.7	7.1	13.7	
Others	0.8	5.7	22.5	18.0	
CF from Operating activities	84.3	47.4	146.1	166.2	
Investments	-34.3	20.0	0.0	0.0	
(Purchase)/Sale of Fixed Assets	-27.6	-20.0	-110.0	-100.0	
Others	61.7	-4.9	-5.5	-6.1	
CF from Investing activities	-0.2	-4.9	-115.5	-106.1	
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0	
Dividend & Dividend tax	-5.4	-10.8	-15.7	-19.6	
Other	-24.0	108.8	-22.5	-18.0	
CF from Financing activities	-29.4	98.0	-38.2	-37.6	
Net Cash Flow	54.8	140.5	-7.6	22.4	
Cash and Cash Equivalent	28.7	83.6	224.1	216.5	
Cash	83.6	224.1	216.5	238.9	
Free Cash Flow	56.7	27.4	36.1	66.2	
FCF yield	4%	2%	2%	4%	

Source: Company, ICICI Direct Research

Exhibit 13: Balance Sheet					₹ crore
Year-end March	FY21	FY22E	FY23E	FY24E	
Equity Capital	108.0	108.0	108.0	108.0	
Reserve and Surplus	726.6	775.3	822.3	881.2	
Total Shareholders funds	834.7	883.4	930.3	989.2	
Total Debt	35.5	150.0	150.0	150.0	
Deferred Tax Liability	22.8	23.2	23.7	24.2	
Minority Interest	0.0	0.0	0.0	0.0	
Other Non Current Liabilities	21.9	22.4	22.8	23.3	
Source of Funds	914.9	1,079.0	1,126.8	1,186.7	
Gross Block - Fixed Assets	794.0	814.0	834.0	854.0	
Accumulated Depreciation	144.6	187.6	233.5	280.4	
Net Block	649.4	626.4	600.6	573.6	
Capital WIP	7.5	7.5	97.5	177.5	
Goodwill	10.2	10.2	10.2	10.2	
Fixed Assets	667.1	644.1	708.2	761.3	
Investments	15.6	-4.4	-4.4	-4.4	
Other non-Current Assets	42.6	46.9	51.6	56.7	
Deferred Tax Assets	15.6	17.2	18.9	20.8	
Inventory	23.0	105.7	91.4	69.1	
Debtors	87.8	86.4	91.4	103.6	
Loans and Advances	0.0	0.0	0.0	0.0	
Other Current Assets	61.2	62.4	63.7	65.0	
Cash	83.6	224.1	216.5	238.9	
Total Current Assets	255.7	478.6	463.0	476.5	
Creditors	57.6	76.8	81.3	92.1	
Provisions	0.6	0.6	0.7	0.8	
Other Current Liabilities	23.6	26.0	28.6	31.4	
Total Current Liabilities	81.7	103.4	110.5	124.3	
Net Current Assets	173.9	375.1	352.5	352.3	
Application of Funds	914.9	1,079.0	1,126.8	1,186.7	

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios					
Year-end March	FY21	FY22E	FY23E	FY24E	
Per share data (₹)					
Reported EPS	3.9	5.5	5.8	7.3	
Cash EPS	6.3	8.9	8.6	9.8	
BV per share	77.3	81.8	86.1	91.6	
Cash per Share	7.7	20.7	20.0	22.1	
Dividend per share	1.0	1.0	1.4	1.8	
Operating Ratios (%)					
Gross Profit Margins	91.9	97.1	92.5	92.5	
EBITDA margins	20.1	18.1	19.4	19.3	
PAT Margins	9.8	9.1	8.4	9.3	
Cash Conversion Cycle	45.2	60.0	50.0	35.0	
Asset Turnover	0.5	0.9	0.9	1.0	
EBITDA conversion Rate	97.6	37.4	101.8	102.6	
Return Ratios (%)					
RoE	5.1	7.2	6.7	7.9	
RoCE	6.5	8.9	9.6	10.6	
RoIC	6.3	10.0	12.2	15.3	
Valuation Ratios (x)					
P/E	37.4	26.6	25.3	20.2	
EV / EBITDA	17.6	11.9	10.6	9.3	
EV / Net Sales	3.5	2.2	2.1	1.8	
Market Cap / Sales	3.7	2.3	2.1	1.9	
Price to Book Value	1.9	1.8	1.7	1.6	
Solvency Ratios					
Debt / EBITDA	0.4	1.2	1.0	0.9	
Debt / Equity	0.0	0.2	0.2	0.2	
Current Ratio	2.1	2.5	2.2	1.9	

Source: Company, ICICI Direct Research

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