

IPO Report

“Subscribe with Caution” to

Rainbow Children’s Medicare Ltd.

A pediatric multi-specialty hospital chain in South India



IPO Report

Salient features of the FPO:

- South India focused pediatric multi-specialty hospital chain operator, **Rainbow Children's Medicare Ltd.** (RCML) is coming up with an IPO to raise Rs. 1,581cr, which opens on 27th Apr. and closes on 29th Apr. 2022. The price band is Rs. 516 - 542 per share.
- The IPO is a combination of fresh issue and OFS portion. It will not receive any proceeds from the OFS part. Of the fresh issue net proceeds, Rs. 40cr will be utilized for the early redemption of non-convertible debentures, while another Rs. 170 will be used to fund the capex requirement mainly towards setting up new hospitals and purchase of medical equipment.
- On 22nd Oct. 2021, the company executed a right issue by allocating 0.193cr shares at Rs. 140 per share.

Key competitive strengths:

- Ability to conceptualize, create and operate specialized children's hospitals
- Leading pediatric multi-specialty healthcare chain with strong clinical expertise in managing complex diseases
- Comprehensive perinatal care provider, with synergies between pediatric and obstetrics and gynecology services
- Hub-and-spoke model that provides synergies and ensures better care and access for patients
- Proven ability to attract, train and retain high-caliber medical professionals
- Strong track record of growth, operational and financial performance
- Experienced senior management team with strong institutional shareholder support

Risk and concerns:

- Unfavorable government policies and regulations
- Delay in hospital network expansion
- Deterioration in hospital operating metrics
- High attrition rate among the medical professionals
- Difficulty in sustaining current profitability margins
- Competition

Below are the key highlights of the company:

- The domestic maternity health market (Rs. 38,000cr) has grown by 8% CAGR over FY16-20 and is expected to grow by 7-8% CAGR between FY20-26 to reach a size of Rs. 60,000cr. This market expansion is likely to be supported by strong growth from the private sector, which is forecasted to grow by 11-12% CAGR during the same period. The private sector is expected to grow faster mainly on account of increased penetration of institutional deliveries, rising share of private hospitals in rural & urban areas, increase expenditure on maternity healthcare, and rise in treatment cost.
- The domestic pediatric market (Rs. 1.01lakh cr), having grown at 14% CAGR over FY16-20 is expected to grow at similar rate going forward, supported by growth in both private and public sector healthcare units. Increasing awareness on childcare and early diagnosis is expected to contribute to growth in the market.
- Among the key players in the domestic maternity & pediatric healthcare market, RCML is one of the largest multi-specialty pediatric care providers (based on hospital beds, as of 31st Mar. 2021), with a presence across various specialties such as neurology, nephrology, gastroenterology, oncology and cardiology. It has built a comprehensive pediatric critical care program with around one-third of its operational beds (at all its hospitals) allocated to critical care. Additionally, the company had established an advanced neonatal & pediatric intensive care services across its hospitals.

Recommendation	Subscribe with Caution
Price band	Rs. 516 - 542 per share
Face value	Rs. 10
Shares for fresh issue	0.517 - 0.543cr shares
Shares for OFS	2.400cr shares
Fresh issue size	Rs. 280cr
OFS issue size	Rs. 1,238.4 - 1,300.8cr
Total issue size	2.917 - 2.943cr shares (Rs. 1,518.4 - 1,580.8cr)
Employee reservation	0.030cr shares (Rs. 15.5 - 16.3cr)
Net issue size	2.887 - 2.913cr shares (Rs. 1,503 - 1,564.6cr)
Bidding date	27 th Apr. - 29 th Apr. 2022
MCAP at higher price band	Rs. 5,501cr
Enterprise value at higher price band	Rs. 5,927cr
Book running lead manager	Kotak Mahindra Capital Company Ltd., J.P. Morgan India Pvt. Ltd. and IIFL Securities Ltd.
Registrar	KFin Technologies Ltd.
Sector	Hospital
Promoters	Dr. Ramesh Kancharla, Dr. Dinesh Kumar Chirla and Dr. Adarsh Kancharla

Issue breakup

Category	Percent of issue (%)	Number of shares
QIB portion	50%	1.443 - 1.456cr shares
Non institutional portion	15%	0.433 - 0.437cr shares
Retail portion	35%	1.010 - 1.019cr shares

Indicative IPO process time line

Finalization of basis of allotment	5 th May 2022
Unblocking of ASBA account	6 th May 2022
Credit to demat accounts	9 th May 2022
Commencement of trading	10 th May 2022

Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	62.19%	49.83%
Public	37.81%	50.17%
Total	100.00%	100.00%

Retail application money at higher cut-off price per lot

Number of shares per lot	27
Employee discount	Rs. 20 per share
Application money	Rs. 14,634 per lot

Analyst

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Key highlights of the company (Contd...):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs. cr)	Stock return (%)				TTM total operating revenue (Rs. cr)	TTM EBITDA (Rs. cr)	TTM PAT (Rs. cr)	TTM gross margin	TTM EBITDA margin	TTM PAT margin
					1 M	3 M	6 M	1 Y						
Rainbow Children's Medicare Ltd.	10	542	5,501	5,927					925	289	127	79.7%	31.2%	13.8%
Apollo Hospitals Enterprise Ltd.	5	4,674	67,205	67,977	3.0%	2.6%	19.4%	49.0%	13,984	2,134	1,133	48.3%	15.3%	8.1%
Aster DM Healthcare Ltd.	10	192	9,608	11,217	12.9%	3.5%	1.5%	30.7%	9,916	1,342	405	71.2%	13.5%	4.1%
Fortis Healthcare Ltd.	10	270	20,391	21,122	4.8%	-0.7%	7.0%	29.7%	5,592	1,044	530	76.2%	18.7%	9.5%
Healthcare Global Enterprises Ltd.	10	291	4,049	4,421	9.3%	17.4%	25.6%	59.8%	1,330	214	(54)	74.7%	16.1%	-4.1%
Indraprastha Medical Corporation Ltd.	10	67	612	584	10.6%	-10.5%	-8.3%	18.3%	870	117	59	80.4%	13.4%	6.7%
Kovai Medical Center & Hospital Ltd.	10	1,685	1,843	2,248	8.9%	-7.2%	3.4%	37.8%	881	261	112	71.8%	29.6%	12.7%
Krishna Institute of Medical Sciences Ltd.	10	1,349	10,795	10,750	1.5%	-2.5%	23.3%	0.0%	1,330	376	201	73.5%	28.3%	15.1%
Max Healthcare Institute Ltd.	10	415	40,190	40,435	25.1%	9.7%	23.7%	82.0%	3,795	897	551	76.3%	23.6%	14.5%
Narayana Hrudayalaya Ltd.	10	699	14,281	14,564	3.5%	10.5%	38.8%	76.3%	3,597	619	341	75.1%	17.2%	9.5%
Shalby Ltd.	10	131	1,414	1,351	7.3%	-6.8%	-20.7%	11.8%	681	127	54	96.3%	18.6%	7.9%
Average												74.4%	19.4%	8.4%

Company name	3Y top-line growth (CAGR)	3Y EBITDA growth (CAGR)	3Y PAT growth (CAGR)	3Y average EBITDA margin	3Y average PAT margin	3Y capital employed growth (CAGR)	3Y CFO growth (CAGR)	3Y average working capital cycle (Days)	3Y average total asset turnover (x)	3Y average RoE	3Y average RoIC
Rainbow Children's Medicare Ltd.	9.4%	4.7%	-5.3%	26.6%	7.4%	6.7%	5.9%	(128.1)	0.6	11.4%	7.3%
Apollo Hospitals Enterprise Ltd.	4.8%	3.3%	-20.2%	11.9%	2.6%	6.3%	18.6%	5.8	0.9	8.0%	5.9%
Aster DM Healthcare Ltd.	4.0%	11.4%	-33.4%	13.0%	3.0%	17.1%	61.6%	(18.5)	0.8	7.7%	7.4%
Fortis Healthcare Ltd.	-5.0%	34.0%	-39.4%	9.4%	-2.7%	14.6%		(72.3)	0.4		11.0%
Healthcare Global Enterprises Ltd.	1.7%	-0.1%	179.3%	13.4%	-10.5%	18.9%	10.6%	(167.6)	0.5		1.0%
Indraprastha Medical Corporation Ltd.	-11.8%	-29.4%	-71.4%	9.1%	3.1%	2.3%	-39.1%	11.0	1.7	9.6%	9.4%
Kovai Medical Center & Hospital Ltd.	4.8%	20.4%	13.7%	24.6%	11.4%	25.6%	21.6%	(13.9)	0.6	18.2%	9.2%
Krishna Institute of Medical Sciences Ltd.	20.4%	110.7%		19.9%	6.9%	-1.8%	63.0%	(116.9)	0.9	11.5%	15.7%
Max Healthcare Institute Ltd.	21.7%	66.6%	537.0%	11.2%	0.0%	79.7%	15.1%	(221.2)	0.4		2.4%
Narayana Hrudayalaya Ltd.	-5.0%	-20.1%		10.4%	1.8%	-5.0%	5.3%	(58.2)	1.0	4.9%	4.6%
Shalby Ltd.	-3.5%	2.3%	15.7%	18.4%	7.5%	0.7%	39.4%	(162.8)	0.4	4.2%	3.7%
Average	3.2%	19.9%	72.7%	14.1%	2.3%	15.8%	21.8%	(81.5)	0.8	9.2%	7.0%

Company name	TTM EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio (x)	Total asset turnover ratio (x)	TTM RoE	TTM RoCE	TTM P/E (x)	P/B (x)	EV / TTM Sales (x)	EV / TTM EBITDA (x)	MCAP / TTM Sales (x)	TTM Earning yield
Rainbow Children's Medicare Ltd.	12.5	46.6	0.0	1.2	0.8	26.9%	24.2%	43.2	11.6	6.4	20.5	5.9	2.3%
Apollo Hospitals Enterprise Ltd.	78.8	320.1	2.7	0.5	1.1	24.6%	18.0%	59.3	14.6	4.9	31.9	4.8	1.7%
Aster DM Healthcare Ltd.	8.1	67.5	0.2	0.6	0.9	12.0%	8.9%	23.7	2.8	1.1	8.4	1.0	4.2%
Fortis Healthcare Ltd.	7.0	81.1	0.0	0.2	0.5	8.7%	8.2%	38.5	3.3	3.8	20.2	3.6	2.6%
Healthcare Global Enterprises Ltd.	(3.9)	50.2	0.0	0.6	0.7	-7.8%	3.9%		5.8	3.3	20.6	3.0	
Indraprastha Medical Corporation Ltd.	6.4	29.8	0.0	0.0	2.0	21.5%	28.4%	10.5	2.2	0.7	5.0	0.7	9.6%
Kovai Medical Center & Hospital Ltd.	102.6	466.1	0.2	1.1	0.7	22.0%	18.1%	16.4	3.6	2.6	8.6	2.1	6.1%
Krishna Institute of Medical Sciences Ltd.	25.1	107.9	0.0	0.3	0.9	23.3%	35.2%	53.6	12.5	8.1	28.6	8.1	1.9%
Max Healthcare Institute Ltd.	5.7	58.2	0.0	0.2	0.4	9.8%	9.7%	72.9	7.1	10.7	45.1	10.6	1.4%
Narayana Hrudayalaya Ltd.	16.7	54.8	0.0	0.5	1.3	30.4%	24.0%	41.9	12.7	4.0	23.5	4.0	2.4%
Shalby Ltd.	5.0	77.3	0.5	0.0	0.6	6.4%	9.7%	26.3	1.7	2.0	10.6	2.1	3.8%
Average			0.4	0.4	0.9	15.1%	16.4%	38.1	6.7	4.1	20.3	4.0	3.7%

Source: Choice Broking Research

- RCML follows a hub-and-spoke model for hospital network expansion. At its hub hospital, the company provides comprehensive outpatient & inpatient care with a focus on tertiary and quaternary care, while at spokes it provides secondary care in pediatric, obstetrics & gynecology and emergency services. Following the success of this business model in Hyderabad (Telangana), the company is in the process of implementing similar hub-and-spoke model in Bengaluru, Chennai and New Delhi-NCR.
- Over FY19-21, its bed capacity has increased by 12.7% CAGR, while number of hospitals increased from 10 to 14. As of 31st Dec. 2021, it operated 14 hospitals and three clinics in six cities, with a total bed capacity of 1,500 beds. Of these, five hospitals are accredited by NABH (National Accreditation Board for Hospitals and Healthcare Providers) and three hospitals are certified by EDGE (Excellence in Design for Greater Efficiencies). Moreover, nine hospitals are recognized by the National Board of Examination, the Indian Association of Pediatrics and the National Neonatology Forum for training doctors in pediatric, neonatology, pediatric sub-specialties, obstetrics and gynecology.
- RCML has entered into a MoU to set up two new hospitals in Hyderabad and one hospital in Chennai. Additionally, it is planning to add two hospitals in Bengaluru and one hospital in NCR. Cumulatively, over 1,250 hospital beds are expected to be added by FY25.

Key highlights of the company (Contd...):

- Despite an increased number of available beds and number of hospitals, RCML's operating and financial performance over FY19-21 was mainly impacted by the Covid-19 pandemic. The company reported a steady growth in the business and profitability. On the back of 12.7% CAGR higher availability of beds and 23.8% CAGR rise in average revenue per bed, the company reported an 8.6% CAGR rise in business from the hospital services (which contributed around 85% to the top-line). As a result, consolidated top-line increased by 9.4% CAGR to Rs. 925.2cr in FY21. Total operating expenditure increased by 11.2% CAGR, which resulted in contraction of EBITDA margin from 27.4% in FY19 to 25% in FY21. Consolidated EBITDA increased by 4.7% CAGR to Rs. 162.8cr in FY21. With higher depreciation charge and finance costs, reported PAT declined by 5.3% CAGR to Rs. 40cr in FY21. PAT margin contracted by 206bps from 8.2% in FY19 to 6.2% in FY21.
- The company had a positive operating cash flow over FY19-21, which increased by 5.9% CAGR. Average operating cash flow during the period was around Rs. 146.8cr. Total financial liabilities increased by 6.7% CAGR, while debt-to-equity ratio improved marginally to 1.2x in FY21 from 1.3x in FY19. Average RoIC and RoE during the period stood at 7.3% and 11.6%, respectively.

Peer comparison and valuation: Pediatric healthcare market is expected to grow by 13-14% over FY20-26. We believe RCML with its pediatrics focused operations and its clinical expertise in managing complex diseases is well placed to benefit from the growth in the market. At the higher price band, the company is demanding a TTM P/E multiple of 43.2x (to its TTM EPS of Rs. 12.5), which is slightly premium to the peer average of 38.1x. Thus, we assign a “**Subscribe with Caution**” rating for the issue.

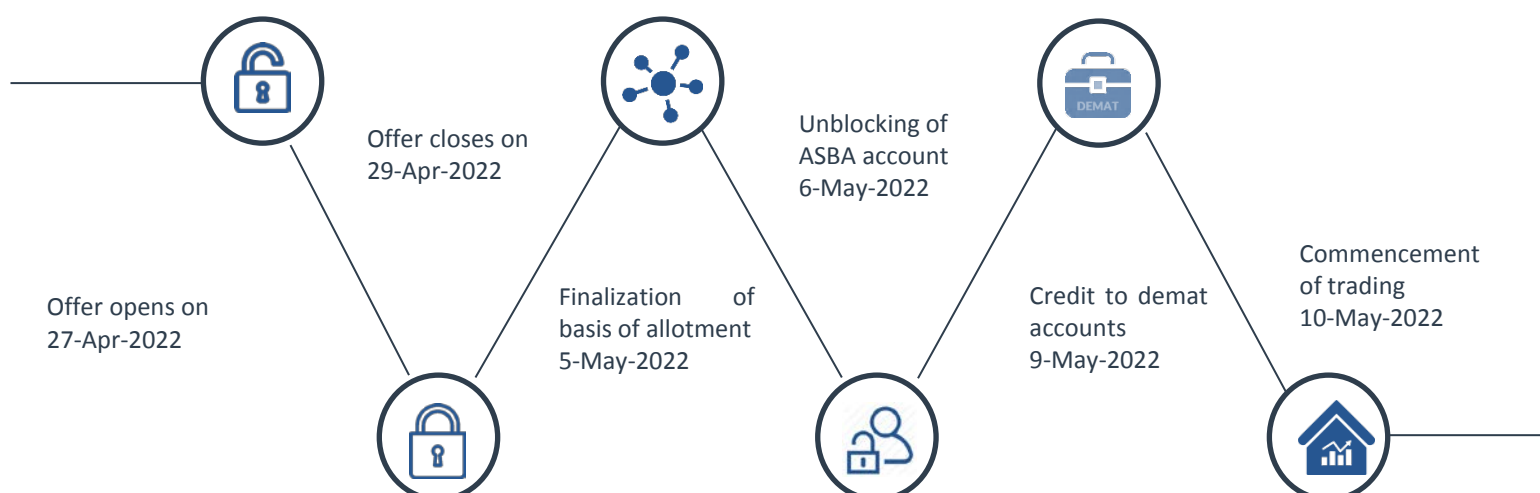
About the issue:

- RCML is coming up with an IPO with 2.917 - 2.943cr shares (fresh issue: 0.517 - 0.543cr shares; OFS shares: 2.400cr shares) in offering. The offer represents around 28.7% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 1,518.4 - 1,580.8cr.
- The issue will open on 27th Apr. 2022 and close on 29th Apr. 2022.
- The issue is through book building process with a price band of Rs. 516 - 542 per share.
- The IPO is a combination of fresh issue and OFS portion. It will not receive any proceeds from the OFS part. Of the fresh issue net proceeds, Rs. 40cr will be utilized for the early redemption of non-convertible debentures, while another Rs. 170 will be used to fund the capex requirement mainly towards setting up new hospitals and purchase of medical equipment.
- 0.03cr shares are reserved for eligible employees, which will be offered a discount of Rs. 20per share. The net IPO size is Rs. 1,503 - 1,564.6cr.
- 50% of the net issue are reserved for qualified institutional buyers, while 15% and 35% of the net issue is reserved for non-institutional bidders and retail investors, respectively.
- Promoter currently holds 62.19% stake in the company and post-IPO this will come down to 49.83%. Public holding will increase from current 37.81% to 50.17%.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	Post-issue (at higher price band)
Promoter & promoter group	62.19%	49.83%
Public	37.81%	50.17%

Source: Choice Equity Broking

Indicative IPO process time line:



Financial performance:

Performance over FY19-21: Despite an increased number of available beds and number of hospitals, RCML's operating and financial performance over FY19-21 was mainly impacted by the Covid-19 pandemic. The company reported a steady growth in the business and profitability.

On the back of 12.7% CAGR higher availability of beds and 23.8% CAGR rise in average revenue per bed, the company reported an 8.6% CAGR rise in business from the hospital services (which contributed around 85% to the top-line). Business from the sales of pharmacy and from medial services increased by 11.2% and 55.3% CAGR, thereby leading to a 9.4% CAGR increase in consolidated top-line to Rs. 925.2cr in FY21.

Total operating expenditure increased by 11.2% CAGR, which resulted in contraction of EBITDA margin from 27.4% in FY19 to 25% in FY21. Consolidated EBITDA increased by 4.7% CAGR to Rs. 162.8cr in FY21.

With expansion in the bed capacity, depreciation charge increased by 10.3% CAGR while higher financial liabilities led to a 6.3% CAGR increase in finance costs. Reported PAT declined by 5.3% CAGR to Rs. 40cr in FY21. PAT margin contracted by 206bps from 8.2% in FY19 to 6.2% in FY21.

The company had a positive operating cash flow over FY19-21, which increased by 5.9% CAGR. Average operating cash flow during the period was around Rs. 146.8cr. Total financial liabilities increased by 6.7% CAGR, while debt-to-equity ratio improved marginally to 1.2x in FY21 from 1.3x in FY19. Average RoIC and RoE during the period stood at 7.3% and 11.6%, respectively.

On TTM basis, RCML reported a top-line of Rs. 925.2cr with EBITDA and PAT margins of 31.2% and 13.8%, respectively.

Consolidated financial snapshot (Rs. cr)	FY19	FY20	FY21	TTM	CAGR over FY19-21	Y-o-Y (Annual)
Revenue from hospital services	456.6	596.9	538.0	804.7	8.6%	-9.9%
Revenue from pharmacy sales	69.4	94.0	85.8	92.1	11.2%	-8.7%
Revenue from medical service fee	6.7	16.3	16.1	17.3	55.3%	-0.8%
Other operating revenue	10.2	12.2	10.1	11.1	-0.5%	-17.4%
Revenue from operations	542.8	719.4	650.0	925.2	9.4%	-9.6%
Gross profit	462.6	614.1	546.8	736.9	8.7%	-11.0%
EBITDA	148.5	197.0	162.8	289.0	4.7%	-17.4%
Reported PAT	44.6	55.7	40.0	127.4	-5.3%	-28.2%
Restated reported EPS	4.4	5.5	3.9	12.5	-5.3%	-28.2%
Cash flow from operating activities	127.2	170.4	142.7	245.4	5.9%	-16.3%
NOPLAT	60.6	68.3	51.1	143.2	-8.2%	-25.2%
FCF		27.0	45.9			
RoIC (%)	7.9%	8.3%	5.8%	14.1%	(212) bps	(251) bps
Revenue growth rate (%)		32.5%	-9.6%			
Gross profit growth rate (%)		32.8%	-11.0%			
Gross profit margin (%)	85.2%	85.4%	84.1%	79.7%	(111) Bps	(125) bps
EBITDA growth rate (%)		32.7%	-17.4%			
EBITDA margin (%)	27.4%	27.4%	25.0%	31.2%	(231) Bps	(234) bps
EBIT growth rate (%)		44.7%	-29.9%			
EBIT margin (%)	16.2%	17.7%	13.8%	22.5%	(248) Bps	(397) bps
Restated reported PAT growth rate (%)		25.0%	-28.2%			
Restated reported PAT margin (%)	8.2%	7.7%	6.2%	13.8%	(206) bps	(159) bps
Inventory days	31.8	39.8	46.1	24.4	20.3%	15.7%
Debtor days	23.5	20.0	24.7	15.8	2.5%	23.3%
Payable days	(196.7)	(175.7)	(197.8)	(127.8)	0.3%	12.5%
Cash conversion cycle	(141.4)	(115.9)	(127.0)	(87.6)	-5.2%	9.6%
Fixed asset turnover ratio (x)	0.7	1.0	0.8	1.1	4.1%	-16.0%
Total asset turnover ratio (x)	0.6	0.7	0.6	0.7	1.3%	-14.8%
Current ratio (x)	1.5	1.6	1.7	2.7	7.5%	3.9%
Quick ratio (x)	1.4	1.5	1.6	2.6	7.6%	7.0%
Total debt (Rs.)	490.4	524.7	557.9	553.9	6.7%	6.3%
Net debt (Rs.)	410.7	417.6	453.0	328.6	5.0%	8.5%
Debt to equity (x)	1.3	1.3	1.2	0.9	-2.6%	-3.4%
Net debt to EBITDA (x)	2.8	2.1	2.8	1.1	0.3%	31.3%
RoE (%)	12.0%	13.7%	9.0%	21.6%	(302) bps	(478) bps
RoA (%)	4.8%	5.5%	3.7%	10.3%	(111) bps	(177) bps
RoCE (%)	11.7%	16.2%	10.4%	23.1%	(126) bps	(579) bps

Source: Choice Equity Broking



Competitive strengths:

- Ability to conceptualize, create and operate specialized children's hospitals
- Leading pediatric multi-specialty healthcare chain with strong clinical expertise in managing complex diseases
- Comprehensive perinatal care provider, with synergies between pediatric and obstetrics and gynecology services
- Hub-and-spoke model that provides synergies and ensures better care and access for patients
- Proven ability to attract, train and retain high-caliber medical professionals
- Strong track record of growth, operational and financial performance
- Experienced senior management team with strong institutional shareholder support

Business strategy:

- Strengthen tertiary and quaternary pediatric services in its existing hospitals
- Further grow the comprehensive perinatal services offered under "Birthright by Rainbow"
- Grow presence through hub and spoke networks across key geographic clusters and new locations
- Initiatives to drive performance efficiencies
- Digital healthcare initiatives to address patient convenience, operational efficiencies and expand reach



Risk and concerns:

- Unfavorable government policies and regulations
- Delay in hospital network expansion
- Deterioration in hospital operating metrics
- High attrition rate among the medical professionals
- Difficulty in sustaining current profitability margins
- Competition

Financial statements:

Consolidated profit and loss statement (Rs. cr)

	FY19	FY20	FY21	TTM	CAGR over FY19 - 21	Annual growth over FY20
Revenue from operations	542.8	719.4	650.0	925.2	9.4%	-9.6%
Medical consumables and pharmacy items consumed	(80.2)	(105.3)	(103.3)	(188.2)	13.5%	-1.9%
Gross profit	462.6	614.1	546.8	736.9	8.7%	-11.0%
Employee benefits expense	(85.7)	(109.0)	(102.1)	(109.7)	9.1%	-6.3%
Other expenses	(228.3)	(308.1)	(281.9)	(338.2)	11.1%	-8.5%
EBITDA	148.5	197.0	162.8	289.0	4.7%	-17.4%
Depreciation and amortization expense	(60.3)	(69.4)	(73.3)	(81.1)	10.3%	5.7%
EBIT	88.2	127.6	89.5	207.9	0.7%	-29.9%
Finance costs	(39.0)	(44.6)	(44.1)	(49.7)	6.3%	-1.2%
Other income	8.4	10.3	10.3	14.9	10.9%	-0.8%
PBT	57.5	93.4	55.7	173.1	-1.6%	-40.3%
Tax expenses	(12.9)	(38.0)	(16.1)	(45.6)	11.7%	-57.6%
PAT before minority interest	44.6	55.3	39.6	127.5	-5.8%	-28.5%
Minority interest		0.4	0.5	(0.1)		
Reported PAT	44.6	55.7	40.0	127.4	-5.3%	-28.2%

Consolidated balance sheet statement (Rs. cr)

	FY19	FY20	FY21	TTM	CAGR over FY19 - 21	Annual growth over FY20
Equity share capital	54.9	54.9	54.9	105.0	0.0%	0.0%
Other equity	317.2	350.5	391.5	485.3	11.1%	11.7%
Minority interest		3.9	2.0	3.4		-48.5%
Non current borrowings	50.5	51.1	45.9	39.8	-4.6%	-10.3%
Non current lease liabilities	407.1	421.7	464.8	485.9	6.8%	10.2%
Non current provisions	5.6	7.1	5.5	5.7	-1.0%	-22.3%
Net deferred tax liabilities		5.3		0.0		
Current borrowings	2.2	6.5	2.1	0.9	-2.5%	-68.1%
Current lease liabilities	5.5	10.8	5.7	7.2	2.0%	-47.1%
Other current financial liabilities	25.1	34.5	39.5	20.2	25.3%	14.5%
Trade payables	43.2	58.2	53.7	65.9	11.5%	-7.6%
Current provisions	0.8	0.8	2.5	1.5	78.6%	213.9%
Net current tax liabilities	5.2	3.6	3.8	7.4	-13.8%	5.7%
Other current liabilities	9.0	10.2	9.4	11.7	2.3%	-7.7%
Total liabilities	926.4	1,019.2	1,081.3	1,239.8	8.0%	6.1%
Property, plant and equipment	338.7	344.6	398.9	416.7	8.5%	15.8%
Intangible assets	3.5	2.3	1.5	1.2	-34.2%	-33.0%
Capital work-in-progress	22.6	42.7	28.8	5.7	12.7%	-32.7%
Right-of-use assets	356.5	351.6	368.9	395.8	1.7%	4.9%
Goodwill	3.0	3.0	3.0	3.0	0.0%	0.0%
Non current investments	0.0	0.0	8.0	0.0		
Non current loans				49.7		
Other non current financial assets	35.1	47.1	54.7	42.2	24.7%	16.0%
Net deferred tax assets	18.0	0.3	2.8	9.4	-60.7%	708.1%
Net income tax assets	4.0	2.2	4.5	2.0	5.6%	107.0%
Other non current assets	12.0	22.7	13.1	6.8	4.7%	-42.3%
Inventories	7.0	16.0	10.1	12.6	20.1%	-36.8%
Trade receivables	35.0	44.0	44.0	40.1	12.1%	0.0%
Current investments	3.2	9.9	10.3	62.3	79.5%	3.7%
Cash and cash equivalents	76.5	97.2	94.7	163.1	11.2%	-2.6%
Current loans	6.9	24.1	27.8	0.0	100.8%	15.4%
Other current financial assets				13.0		
Other current assets	4.3	11.4	10.3	16.1	54.7%	-9.7%
Total assets	926.4	1,019.2	1,081.3	1,239.8	8.0%	6.1%

Source: Choice Equity Broking

Financial statements (Contd...):

Consolidated cash flow statement (Rs. cr)						
	FY19	FY20	FY21	TTM	CAGR over FY19 - 21	Annual growth over FY20
Cash flow before working capital changes	151.4	202.9	166.4	292.7	4.9%	-18.0%
Working capital changes	(9.5)	(12.3)	2.8	6.3		
Cash flow from operating activities	127.2	170.4	142.7	245.4	5.9%	-16.3%
Purchase and construction of property, plant and equipment	(87.5)	(74.5)	(76.1)	(59.8)	-6.7%	2.1%
Cash flow from investing activities	(116.9)	(117.0)	(82.9)	(199.9)	-15.8%	-29.2%
Cash flow from financing activities	(8.7)	(51.8)	(60.9)	(43.6)	164.6%	17.5%
Net cash flow	1.7	1.6	(1.0)	1.9		
Opening balance of cash	3.5	5.1	6.7	5.3	38.9%	30.4%
Closing balance of cash	5.1	6.7	5.7	7.2	5.0%	-15.5%

Financial ratios				
Particulars (Rs. mn)	FY19	FY20	FY21	TTM
Revenue growth rate (%)		32.5%	-9.6%	
Gross profit growth rate (%)		32.8%	-11.0%	
Gross profit margin (%)	85.2%	85.4%	84.1%	79.7%
EBITDA growth rate (%)		32.7%	-17.4%	
EBITDA margin (%)	27.4%	27.4%	25.0%	31.2%
EBIT growth rate (%)		44.7%	-29.9%	
EBIT margin (%)	16.2%	17.7%	13.8%	22.5%
Restated reported PAT growth rate (%)		25.0%	-28.2%	
Restated reported PAT margin (%)	8.2%	7.7%	6.2%	13.8%
Turnover ratios				
Inventories turnover ratio (x)	77.6	62.6	49.9	73.7
Trade receivable turnover ratio (x)	15.5	18.2	14.8	23.1
Accounts payable turnover ratio (x)	12.6	14.2	11.6	14.0
Fixed asset turnover ratio (x)	0.7	1.0	0.8	1.1
Total asset turnover ratio (x)	0.6	0.7	0.6	0.7
Return ratios				
RoE (%)	12.0%	13.7%	9.0%	21.6%
RoA (%)	4.8%	5.5%	3.7%	10.3%
RoCE (%)	11.7%	16.2%	10.4%	23.1%
Per share data				
Restated adjusted EPS (Rs.)	4.4	5.5	3.9	12.5
DPS (Rs.)	0.5	1.4	0.0	0.9
BVPS (Rs.)	36.7	39.9	44.0	58.2
Operating cash flow per share (Rs.)	12.5	16.8	14.1	24.2
Free cash flow per share (Rs.)		2.7	4.5	
Dividend payout ratio	10.4%	24.9%	0.0%	6.9%

Source: Choice Equity Broking

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
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