

CMP: ₹ 193

Target: ₹ 270 (40%)

Target Period: 12 months

May 25, 2022

BUY

## GCC normalises; expanding India presence...

**About the stock:** Aster operates in segments like hospitals, clinics, retail pharmacies and provides healthcare services to patients across economic segments in several GCC states through various brands such as Aster, Medcare and Access.

- Its network consists of 13 hospitals, 109 clinics and 240 retail pharmacies in GCC states; 14 hospitals, 11 clinics, 131 pharmacies and 114 labs in India; total bed capacity: GCC: 1160, India: 3905
- Revenue break-up FY22: hospitals: 56%, pharmacies: 21%, clinics: 23% with GCC & India contributing 77% & 23% of revenues, respectively

**Q4FY22 Results:** Aster DM reported in line numbers driven by GCC - hospitals, pharmacies and clinics (up 12% YoY) and India operations (up 26% YoY).

- Sales were up 14% YoY to ₹ 2728 crore
- EBITDA was at ₹ 463 crore, up 44% YoY with margins at 17%
- Consequent PAT was at ₹ 226 crore (up 115% YoY)

**What should investors do?** Aster's share price has grown by ~1.1x over the past four years (from ~₹ 180 in May 2018 to ~₹ 193 levels in May 2022).

- Maintain **BUY** for a unique blend of GCC healthcare network and a quest to expand in India with a calibrated capex approach

**Target Price and Valuation:** We value Aster DM at an SOTP of ₹ 270.

### Key triggers for future price performance:

- Expansion via asset light model (1000 beds through O&M) in India, keeping an eye on leverage
- Strong RoCE in GCC due to assets light model, integrated business model, faster occupancy & strong brand equity, healthy ARPOB & targeted strategy
- Increased focus on asset light retail models like diagnostics, pharmacy distribution, homecare along with push towards integrated virtual platform
- It is pursuing aggressive expansion in both GCC and India via assets light model but remains on firm footing due to FCF generation from GCC

**Alternate Stock Idea:** Apart from Aster, in our hospital coverage we like Narayana.

- Narayana operates a dual model, which perfectly blends established "Asset-right" India business (more focus towards oncology, transplants, etc, besides cardiac pedigree) with a hospital in Cayman Islands
- BUY with a target price of ₹ 750



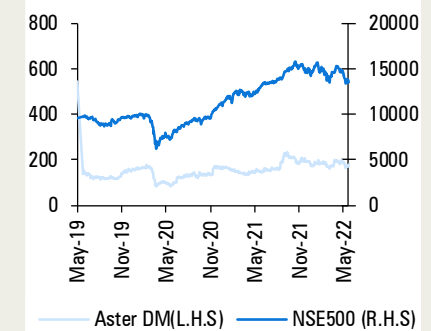
### Particulars

Particular	Amount
Market Capitalisation	₹ 9618 crore
Debt (FY22)	₹ 4907 crore
Cash (FY22)	₹ 45 crore
EV	₹ 14480 crore
52 week H/L (₹)	237/142
Equity capital	₹ 499.5 crore
Face value	₹ 10

### Shareholding pattern

(in %)	Jun-21	Sep-21	Dec-21	Mar-22
Promoter	37.9	37.9	37.9	37.9
Others	62.1	62.1	62.1	62.1

### Price Chart



### Recent Event & Key risks

- Commenced operations at Aster Mother, Kerala and Aster Hospital, Sharjah
- **Key Risk:** (i) Another Covid wave (ii) Stretched capex cycle

### Research Analyst

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### Key Financial Summary

Key Financials (₹ Crore)	FY19	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Revenues	7962.7	8717.1	8608.4	10253.3	11.6	10838.9	12040.6	8.4
EBITDA	862.8	1265.6	1062.8	1483.3	34.9	1822.8	2087.9	18.6
EBITDA margins (%)	10.8	14.5	12.3	14.5		16.8	17.3	
Net Profit	333.1	284.9	147.7	526.0	38.9	718.5	919.2	32.2
EPS (₹)	6.7	5.7	3.0	10.5		14.4	18.4	
PE (x)	28.9	33.8	65.1	18.3		13.4	10.5	
EV to EBITDA (x)	14.0	11.9	13.3	9.5		7.3	5.9	
RoCE (%)	8.3	7.2	5.4	9.0		11.4	12.9	
ROE	10.4	8.7	4.4	13.3		15.4	16.4	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q4FY22 Results: Robust performance continues

- Revenues grew 14% YoY to ₹ 2728 crore driven by 26% YoY growth in the India business to ₹ 607 crore and 12% YoY growth in GCC business to ₹ 2214 crore. In GCC, hospitals grew 14% YoY to ₹ 944 crore, Clinics grew 13% YoY to 661 crore and pharmacy grew 9% YoY to 609 crore. EBITDA margins improved 353 bps YoY to 17% while EBITDA grew 44% YoY to ₹ 463 crore. Subsequently, net profit increased 115% YoY to ₹ 226 crore. Delta vis-à-vis EBITDA was mainly due to lower interest and tax expenditure
- Aster DM posted a good set of numbers with both revenues and margins coming in line with I-direct estimates. At a blended level, occupancy improved to 63% in FY22 from 55% last year and ARPOBD improved to ₹ 66,000 in FY22 from 65,500 last years. Aster owns a unique business model among Indian healthcare services providers with strong established presence in GCC and India. We are positive on Aster's integrated business model and Aster's growth strategy for India to add brownfield facilities with low capex investment but high potential opportunity. We expect gradual margins and RoCE improvement on the back of higher occupancy and capacity optimisation in newer assets

### Q4FY22 Earnings Conference Call highlights

- GCC Hospitals:** The management indicated at a change in case mix to offset pressure from insurance companies in GCC. Also, FY23 is expected to be normal year. However, Q1FY23 can see ~50 bps of margin decline
- GCC Pharmacy:** Uptick in margins for Q4FY22 was on account of purchase benefits. Aster will pursue franchise models and geographical expansion. Pharmacy volumes are likely to grow, going ahead. Sales mix: medicine: 70% and non-pharma:30%
- GCC clinics:** About 33% of revenues were from RTPCR in FY22. Some downturn is likely in H1FY23 due to high base of RTPCR revenues
- India Hospitals:** Aster DM has taken ~ 5-10% price hike. ARPOBD growth in India will continue in FY23
- Capex:** Guidance for ₹ 580 crore every year for the next two to three years, with ~ ₹ 300 crore being allocated to India for expansion.
- Capital employed for GCC: ₹ 6,500 crore and India: ₹ 2,500 crore
- In-patient visits: GCC: 22,300 in Q4FY22 and India: 46,600 in Q4FY22
- Occupancy in Q4FY22: 58%; GCC: 53%, India: 60%
- ARPOBD in Q4FY22: ₹ 73,700; GCC: ₹ 2,05,800, India: ₹ 36,700
- Pipeline Projects:**
- GCC:**
  - Aster Hospital, Oman greenfield project (planned beds: 145) to be completed by Q1FY23
  - Aster Hospital, Qatar expansion project (planned beds: 60) to be completed by Q4FY24
- India:**
  - Aster Whitefield (Phase 2), Bengaluru brownfield project (planned beds: 275) to be completed by Q2FY23
  - Aster MIMS Kasargod (Phase-I) with 200 planned beds to be completed by FY25
  - Aster Hospital, Trivandrum and Aster KLE, Bengaluru greenfield project (planned beds: 350 and 500, respectively) by FY26

Exhibit 1: Variance Analysis

	Q4FY22	Q4FY22E	Q4FY21	Q3FY22	YoY (%)	QoQ (%)	Comments
Revenue	2,727.8	2,671.4	2,390.9	2,649.6	14.1	3.0	QoQ improvement mainly driven by GCC Hospitals and Clinics
Raw Material Expenses	703.4	752.1	665.1	746.0	5.8	-5.7	
Employee Expenses	872.3	839.7	702.5	832.8	24.2	4.7	
Other Expenditure	689.5	630.2	702.2	673.7	-1.8	2.3	
Operating Profit (EBITDA)	462.5	449.4	321.1	397.1	44.1	16.5	
EBITDA (%)	17.0	16.8	13.4	15.0	353 bps	197 bps	QoQ increase in margins mainly due to lower raw material cost and change in case mix
Interest	62.2	66.9	76.7	66.9	-18.9	-7.0	
Depreciation	170.4	160.9	152.6	160.9	11.6	5.9	
Other Income	22.0	11.6	29.8	11.5	-26.3	90.6	
PBT before EO & Forex	251.9	233.2	121.5	180.8	107.3	39.3	
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT after Exceptional Items	251.9	233.2	121.5	180.8	107.3	39.3	
Tax	4.2	17.0	5.3	13.1	-20.2	-68.1	
PAT before MI	247.7	216.3	116.3	167.6	113.0	47.8	
MI	19.4	25.6	11.3	19.9	70.9	-2.5	
Net Profit	226.3	191.2	105.4	148.3	114.7	52.5	QoQ delta vis-à-vis EBITDA mainly due to higher other income, lower interest, depreciation and tax expense
<b>Key Metrics</b>							
India	607.0	586.2	481.0	618.0	26.2	-1.8	YoY improved mainly due to normalisation in hospital activity
GCC	2,214.0	2,147.3	1,972.0	2,113.0	12.3	4.8	YoY improved mainly due to normalisation in footfalls across hospitals, pharmacy and clinics
GCC - Hospital	944.0	886.7	826.0	868.0	14.3	8.8	
GCC - Clinincs	661.0	645.7	587.0	637.0	12.6	3.8	
GCC - Pharmacy	609.0	614.9	559.0	608.0	8.9	0.2	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY22	FY23E		FY24E	Comments	
		Old	New % Change	Introduced		
Revenue	10,253.3	11,200.2	10,838.9	-3.2	12,040.6	Changed FY23 mainly due to loss of RTPCR revenue in GCC clinics for FY23
EBITDA	1,483.3	1,908.9	1,822.8	-4.5	2,087.9	
EBITDA Margin (%)	14.5	17.0	16.8	-23 bps	17.3	Changed mainly due to lower margins in Clinics for FY23
PAT	526.0	876.4	718.5	-18.0	919.2	
EPS (₹)	10.5	17.5	14.4	-17.8	18.4	

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore)	Current			Earlier		Comments
	FY21	FY22	FY23E	FY24E	FY23E	
India	1,655	2,384	2,575	2,919	2,564	Changed due to better-than-expected growth in Q4FY22 and additional beds in FY23
GCC	7,294	8,217	8,612	9,469	8,953	
GCC - Hospital	3,170	3,532	3,813	4,095	3,964	
GCC - Clinincs	2,017	2,440	2,245	2,514	2,768	Changed as FY22 had 33% RTPCR revenues and won't contribute in FY23
GCC - Pharmacy	2,107	2,245	2,554	2,861	2,491	

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	8608	-1.2	3.0	-48.1	65.1	13.3	4.4	5.4
FY22	10253	19.1	10.5	256.0	18.3	9.5	13.3	9.0
FY23E	10839	5.7	14.4	36.6	13.4	7.3	15.4	11.4
FY24E	12041	11.1	18.4	27.9	10.5	5.9	16.4	12.9

Source: ICICI Direct Research

**Exhibit 5: Trends in Quarterly Performance**

(₹ crore)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY (%)	QoQ (%)
Total Operating In	2201.0	2028.4	2086.7	2321.6	2280.3	1760.6	2267.7	2227.6	2390.9	2371.6	2504.3	2649.6	2727.8	14.1	3.0
Raw Material Exp	663.1	627.3	615.8	695.1	676.3	584.2	686.6	651.3	665.1	714.1	728.3	746.0	703.4	5.8	-5.7
% of Revenue	30.1	30.9	29.5	29.9	29.7	33.2	30.3	29.2	27.8	30.1	29.1	28.2	25.8	-203 bps	-237 bps
Gross Profit	1537.9	1401.2	1470.9	1626.5	1604.0	1176.4	1581.1	1576.3	1725.8	1657.5	1776.1	1903.6	2024.4	17.3	6.3
Gross Profit Marg	69.9	69.1	70.5	70.1	70.3	66.8	69.7	70.8	72.2	69.9	70.9	71.8	74.2	203 bps	237 bps
Employee Expense	689.5	707.1	728.8	730.1	737.9	624.5	714.1	714.2	702.5	757.1	802.3	832.8	872.3	24.2	4.7
% of Revenue	31.3	34.9	34.9	31.4	32.4	35.5	31.5	32.1	29.4	31.9	32.0	31.4	32.0	260 bps	55 bps
Other Expenditure	498.1	470.5	497.5	511.4	453.9	409.2	595.9	534.1	702.2	619.6	631.0	673.7	689.5	-1.8	2.3
% of Revenue	22.6	23.2	23.8	22.0	19.9	23.2	26.3	24.0	29.4	26.1	25.2	25.4	25.3	-409 bps	-15 bps
Total Expenditure	1850.7	1804.9	1842.0	1936.6	1868.0	1617.9	1996.7	1899.7	2069.8	2090.7	2161.5	2252.5	2265.3	9.4	0.6
% of Revenue	84.1	89.0	88.3	83.4	81.9	91.9	88.0	85.3	86.6	88.2	86.3	85.0	83.0	-353 bps	-197 bps
EBITDA	350.3	223.6	244.7	385.0	412.3	142.7	271.1	327.9	321.1	280.9	342.8	397.1	462.5	44.1	16.5
EBITDA Margin (%)	15.9	11.0	11.7	16.6	18.1	8.1	12.0	14.7	13.4	11.8	13.7	15.0	17.0	353 bps	197 bps
Other Income	7.5	3.3	4.1	3.9	26.6	6.5	7.9	5.7	29.8	8.0	9.1	11.5	22.0	-26.3	90.6
Interest	55.4	87.7	88.4	71.5	112.1	80.3	74.6	62.1	76.7	66.5	61.4	66.9	62.2	-18.9	-7.0
Depreciation	78.0	126.0	149.0	139.8	171.1	154.7	152.9	157.3	152.6	153.0	156.4	160.9	170.4	11.6	5.9
PBT	224.5	13.0	11.4	177.7	155.7	-85.7	51.5	114.2	121.5	69.5	134.2	180.8	251.9	107.3	39.3
Total Tax	4.4	2.2	5.0	8.2	-0.1	3.9	10.3	7.8	5.3	10.9	7.6	13.1	4.2	-20.2	-68.1
Tax rate (%)	2.0	17.1	43.4	4.6	0.0	-4.5	20.0	6.8	4.3	15.7	5.6	7.3	1.7	-266 bps	-561 bps
PAT	209.2	3.1	3.0	139.0	139.4	-82.9	32.9	92.4	105.4	44.5	106.9	148.3	226.3	114.7	52.5
PAT Margin (%)	9.5	0.2	0.1	6.0	6.1	-4.7	1.4	4.1	4.4	1.9	4.3	5.6	8.3		
EPS (₹)	4.2	0.1	0.1	2.8	2.8	-1.7	0.7	1.9	2.1	0.9	2.1	3.0	4.5		

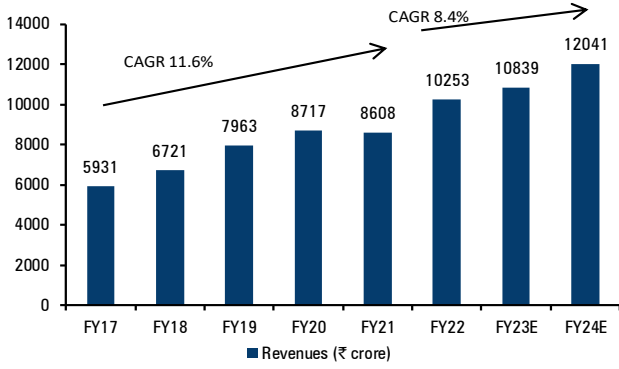
Source: ICICI Direct Research

**Exhibit 6: Valuation**

Particulars	FY24E (₹ cr)	Valuation Matrix	Multiple (x)	EV (₹ cr)
GCC Mature Hospitals	729.2	EV/EBITDA	6.0	4,375
India Mature Hospitals	490.0	EV/EBITDA	12.0	5,880
GCC New Hospitals	101.5	EV/Sales	1.0	102
India New Hospitals	530.1	EV/Sales	2.0	1,060
Clinics	2,514.2	EV/Sales	1.0	2,514
Pharmacies	2,860.5	EV/Sales	1.0	2,861
Net Debt FY23E (₹ cr)				2,626.2
Minority Interest				640.3
Targeted MCap (₹ cr)				13,525
No of shares (cr)				50.0
<b>Per Share Value (₹)</b>				<b>270</b>

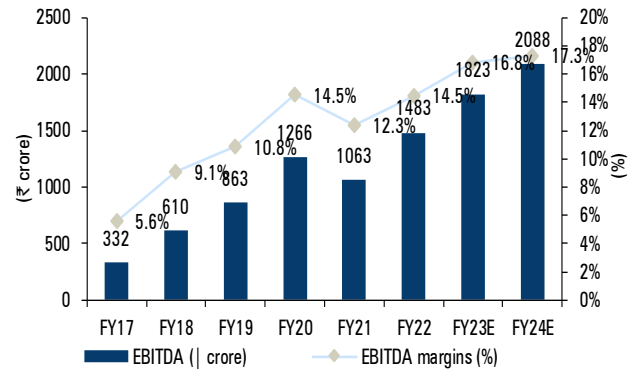
Source: Company

Exhibit 7: Revenue to grow at CAGR of 8.4% over FY22-24E



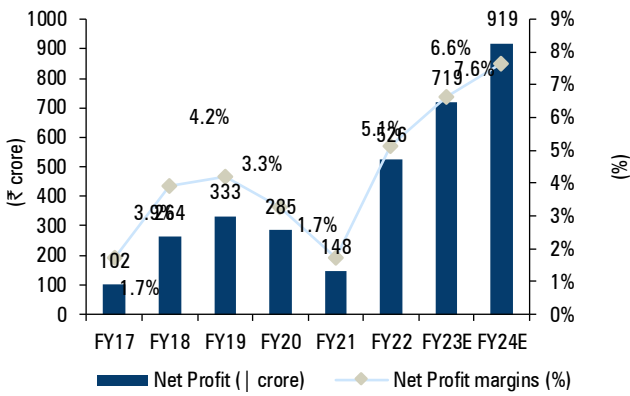
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



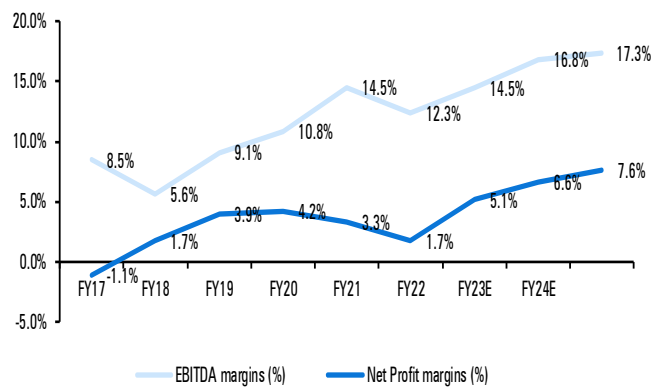
Source: ICICI Direct Research, Company

Exhibit 9: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 10: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 11: ICICI Direct Coverage Universe (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
						FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	3522	5,480	Buy	50641	7.9	67.2	81.3	105.5	448.1	52.4	43.3	33.4	6.3	16.4	18.2	20.7	2.5	17.5	18.1	19.9
Narayana Hrudalaya	NARHRU	634	750	Buy	12956	-0.7	16.7	18.9	21.6	NA	37.9	33.5	29.4	1.2	20.5	18.8	19.5	-1.3	23.0	20.8	19.4
Shalby	SHALIM	104	170	Buy	1120	3.9	5.9	5.7	7.2	26.4	17.6	18.0	14.4	6.5	8.9	9.6	10.5	5.1	7.2	6.7	7.9
Aster DM	ASTDM	180	270	Buy	9001	3.0	10.5	14.4	18.4	60.9	17.1	12.5	9.8	5.4	9.0	11.4	12.9	4.4	13.3	15.4	16.4
Healthcare Global	HEAGLO	274	240	Hold	3440	-21.7	6.0	3.5	NA	NA	45.8	77.8	NA	-0.9	5.2	7.7	NA	NA	NA	3.4	NA
<b>MNC Pharma</b>																					
Abbott India	ABBIND	18063	20,560	Buy	38383	325.0	375.9	439.8	514.0	55.6	48.1	41.1	35.1	33.8	36.6	37.9	36.3	26.5	28.3	29.5	28.1
P&G Health	MERLIM	4225	4,955	Hold	7013	106.5	121.5	130.5	141.6	39.7	34.8	32.4	29.8	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6500	7,740	Hold	14970	207.4	410.1	285.7	276.4	31.3	15.9	22.8	23.5	32.3	33.3	42.3	40.8	24.5	25.9	32.6	31.3
Pfizer	PFIZER	4270	4,810	Hold	19536	108.8	133.9	140.4	160.3	39.3	31.9	30.4	26.6	27.6	26.1	23.5	23.0	20.8	21.4	19.2	18.7
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1702	1,955	Buy	14533	74.0	83.4	83.3	97.8	23.0	20.4	20.4	17.4	29.0	27.0	22.9	22.9	21.8	21.8	18.4	18.3
Alembic Pharma	ALEMPHA	737	720	Hold	14496	62.8	27.8	29.7	35.9	11.7	26.6	24.8	20.5	25.1	10.6	11.2	13.8	24.1	10.4	10.3	11.3
Aurobindo Pharma	AURPHA	524	765	Hold	30674	55.0	44.3	53.4	61.2	9.5	11.8	9.8	8.6	16.9	12.5	14.3	15.2	14.7	10.7	11.5	11.7
Biocon	BIOCON	324	380	Hold	38863	6.3	5.7	6.1	11.7	51.7	56.8	53.4	27.7	7.7	7.5	5.0	6.9	9.9	8.1	3.2	5.9
Zydus Lifesciences	CADHEA	367	475	Hold	37546	21.5	21.1	22.4	25.4	17.1	17.4	16.4	14.4	12.6	13.5	13.7	14.6	16.9	14.8	14.0	14.1
Cipla	CIPLA	972	1,095	Buy	78418	29.9	32.9	36.2	42.5	32.5	29.5	26.8	22.9	16.3	16.7	16.7	17.7	13.1	12.7	12.6	13.3
Dr Reddy's Labs	DRREDD	4301	4,800	Buy	71580	117.3	127.9	192.4	224.6	36.7	33.6	22.4	19.1	13.1	13.0	18.3	21.3	11.1	11.1	14.7	15.0
Glenmark Pharma	GLEPHA	387	550	Hold	10910	32.9	44.2	44.2	49.1	11.8	8.7	8.7	7.9	13.9	15.5	15.2	15.4	13.1	13.1	11.7	11.6
Ipca Laboratories	IPCLAB	937	1,175	Buy	23772	44.9	36.6	42.4	48.2	20.9	25.6	22.1	19.4	27.1	19.8	19.1	18.5	24.2	16.6	16.1	15.6
Jubilant Pharmova	JUBLIF	391	490	Hold	6234	37.4	28.7	32.5	40.8	10.5	13.7	12.0	9.6	13.7	10.1	10.4	12.2	12.6	8.9	9.2	10.4
Lupin	LUPIN	590	610	Hold	26812	26.9	11.9	18.7	30.5	22.0	49.7	31.5	19.4	9.6	3.4	7.6	11.2	8.8	4.4	6.6	9.8
Natco Pharma	NATPHA	682	955	Hold	12437	24.2	15.1	19.6	23.1	28.2	45.1	34.9	29.5	13.1	7.3	9.7	10.7	10.7	6.4	7.8	8.5
Sun Pharma	SUNPHA	911	1,075	Buy	218519	30.0	33.5	33.8	38.6	30.3	27.2	26.9	23.6	14.2	18.3	17.8	17.8	15.5	16.4	14.4	14.3
Torrent Pharma	TORPHA	2634	3,235	Hold	44568	74.0	67.6	94.7	114.5	35.6	38.9	27.8	23.0	17.7	18.2	21.1	23.5	21.4	17.1	20.3	20.7
Indoco Remedies	INDREM	355	510	Buy	3270	10.1	16.8	21.8	28.4	35.1	21.1	16.2	12.5	11.7	17.5	18.8	24.9	12.1	17.1	18.7	20.2
Caplin Point	CAPPOI	721	895	Buy	5464	81.7	85.3	68.3	70.8	8.8	8.4	10.6	10.2	25.3	23.7	22.5	0.0	20.4	20.2	18.5	17.5
Advanced Enzymes	ADVENZ	282	290	Hold	3151	13.1	10.7	10.2	13.2	21.6	26.3	27.6	21.4	19.4	14.3	12.6	14.7	15.1	11.0	9.6	11.1
Hester Biosciences	HESPHA	2190	2,445	Hold	1863	44.4	45.7	41.3	63.2	49.3	47.9	53.0	34.6	16.2	10.9	9.9	13.4	16.5	15.0	12.2	16.3
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	3510	4,655	Buy	93179	74.7	111.5	105.7	122.5	47.0	31.5	33.2	28.6	27.6	30.2	25.8	25.5	21.3	25.2	20.3	20.0
Hikal	HIKCHE	376	500	Buy	4635	10.8	14.6	17.1	22.6	34.8	25.7	21.9	16.6	15.1	15.7	16.0	19.1	14.3	16.7	16.8	18.8
Syngene Int.	SYNINT	528	730	Buy	21180	10.1	9.9	11.4	15.5	52.2	53.5	46.5	34.1	11.5	11.7	12.2	15.7	13.5	12.9	12.3	14.4
Granules India	GRANUL	255	345	Buy	6318	22.2	16.6	19.6	24.6	11.5	15.3	13.0	10.3	24.0	15.6	16.8	18.6	25.3	16.0	16.0	16.9
Laurus Labs	LAULAB	552	690	Buy	29635	18.3	15.4	20.6	26.5	30.1	35.8	26.8	20.8	31.7	21.3	22.6	24.7	37.9	24.7	25.5	25.3
Suven Pharmaceuticals	SUVPH	508	555	Hold	12932	14.2	17.8	17.0	18.5	35.7	28.5	29.8	27.4	31.2	37.5	28.5	26.0	30.7	29.7	23.0	20.8

Source: ICICI Direct Research

## Financial Summary

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Revenues</b>	<b>8,608.4</b>	<b>10,253.3</b>	<b>10,838.9</b>	<b>12,040.6</b>
Growth (%)	-1.2	19.1	5.7	11.1
Raw Material Expenses	2,548.9	2,891.8	3,056.9	3,395.9
Employee Expenses	2,755.4	3,264.5	3,450.9	3,833.5
Other Expenditure	2,241.4	2,613.8	2,508.2	2,723.4
Total Operating Expenditure	7,545.6	8,770.0	9,016.1	9,952.7
<b>EBITDA</b>	<b>1,062.8</b>	<b>1,483.3</b>	<b>1,822.8</b>	<b>2,087.9</b>
Growth (%)	-16.0	39.6	22.9	14.5
Interest	293.7	257.0	260.1	227.5
Depreciation	617.6	640.6	714.5	766.2
Other Income	50.0	50.7	53.6	59.5
PBT before Exceptional Items	201.5	636.3	901.7	1,153.7
Less: Forex & Exceptional Items	0.0	0.0	0.0	0.0
PBT	201.5	636.3	901.7	1,153.7
Total Tax	27.2	35.8	81.2	103.8
PAT before MI	174.3	600.5	820.6	1,049.9
Minority Interest	30.1	75.1	102.6	131.2
<b>PAT</b>	<b>147.7</b>	<b>526.0</b>	<b>718.5</b>	<b>919.2</b>
Adjusted PAT	147.7	526.0	718.5	919.2
Growth (%)	-48.1	256.0	36.6	27.9
EPS	3.0	10.5	14.4	18.4
<b>EPS (Adjusted)</b>	<b>3.0</b>	<b>10.5</b>	<b>14.4</b>	<b>18.4</b>

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	194.0	579.7	718.5	919.2
Add: Depreciation & Amortization	617.6	640.6	714.5	766.2
Net Increase in Current Assets	269.5	-522.5	-240.4	-430.1
Net Increase in Current Liabilities	-73.7	120.1	168.2	300.2
Others	561.8	495.6	260.1	227.5
<b>Net cash flow from operating activities</b>	<b>1,569.1</b>	<b>1,313.5</b>	<b>1,621.1</b>	<b>1,783.0</b>
(Inc)/dec in Fixed Assets	-386.4	-543.9	-580.0	-580.0
(Inc)/dec in Investments	65.4	-31.9	0.0	0.0
Others	-27.8	46.0	69.0	75.9
<b>CF from investing activities</b>	<b>-348.8</b>	<b>-529.8</b>	<b>-511.0</b>	<b>-504.1</b>
Inc / (Dec) in Equity Capital	-0.2	0.6	0.0	0.0
Proceeds/(Repayment) Loan	-943.1	-516.3	-571.5	-544.3
Dividend & Dividend Tax	-9.4	-20.1	0.0	0.0
Others	-163.5	-149.5	-260.1	-227.5
<b>CF from financing activities</b>	<b>-1,116.1</b>	<b>-685.4</b>	<b>-831.6</b>	<b>-771.8</b>
Net Cash flow	104.2	98.3	278.4	507.1
Opening Cash	177.1	281.4	379.6	658.0
<b>Closing Cash</b>	<b>281.3</b>	<b>379.6</b>	<b>658.0</b>	<b>1,165.1</b>
<b>FCF</b>	<b>1,182.7</b>	<b>769.6</b>	<b>1,041.1</b>	<b>1,203.0</b>

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	497.0	497.2	497.2	497.2
Reserve and Surplus	2,875.4	3,456.2	4,174.7	5,093.9
Total Shareholders fund	3,372.4	3,953.4	4,671.9	5,591.1
Total Debt	4,803.7	4,907.1	4,335.6	3,791.3
Deferred Tax Liability	152.6	168.9	185.8	204.4
Minority Interest	461.7	529.2	582.1	640.3
Long term Provisions	358.7	358.9	394.8	434.3
Other Non Current Liabilities	72.8	37.9	41.6	45.8
<b>Source of Funds</b>	<b>9,221.8</b>	<b>9,955.5</b>	<b>10,212.0</b>	<b>10,707.3</b>
Gross Block - Fixed Assets	8,057.0	8,921.6	9,401.6	10,081.6
Accumulated Depreciation	2,360.3	3,000.8	3,715.4	4,481.6
Net Block	5,696.7	5,920.7	5,686.2	5,600.0
Capital WIP	933.9	997.7	1,097.7	997.7
Net Fixed Assets	6,630.6	6,918.5	6,783.9	6,597.7
Goodwill on Consolidation	1,052.2	1,087.9	1,087.9	1,087.9
Investments	62.7	44.8	44.8	44.8
Inventory	849.0	1,025.7	1,084.3	1,204.5
Cash	281.4	379.6	658.0	1,165.1
Debtors	2,019.0	2,020.5	2,135.9	2,372.7
Loans & Advances & Other CA	455.7	664.0	730.4	803.5
Total Current Assets	3,605.1	4,089.8	4,608.6	5,545.7
Creditors	2,027.3	2,118.1	2,239.1	2,487.3
Provisions & Other CL	394.3	472.7	519.9	571.9
Total Current Liabilities	2,421.7	2,590.8	2,759.0	3,059.3
Net Current Assets	1,183.4	1,499.1	1,849.6	2,486.5
LT L& A, Other Assets	269.5	380.2	418.2	460.1
Deferred Tax Assets	23.4	25.0	27.5	30.3
<b>Application of Funds</b>	<b>9,221.8</b>	<b>9,955.5</b>	<b>10,212.0</b>	<b>10,707.3</b>

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Per share data (₹)</b>				
EPS	3.0	10.5	14.4	18.4
Cash EPS	15.3	23.4	28.7	33.7
BV	67.5	79.1	93.5	111.9
DPS	0.0	0.0	0.0	0.0
Cash Per Share	47.3	60.1	74.4	89.7
<b>Operating Ratios (%)</b>				
Gross Profit	70.4	71.8	71.8	71.8
EBITDA margins	12.3	14.5	16.8	17.3
Net Profit margins	1.7	5.1	6.6	7.6
Inventory days	121.6	129.5	129.5	129.5
Debtor days	85.6	71.9	71.9	71.9
Creditor days	290.3	267.3	267.3	267.3
Assets Turnover	1.1	1.1	1.2	1.2
<b>Return Ratios (%)</b>				
RoE	4.4	13.3	15.4	16.4
RoCE	5.4	9.0	11.4	12.9
RoIC	5.6	9.8	13.1	15.5
<b>Valuation Ratios (x)</b>				
P/E	65.1	18.3	13.4	10.5
EV / EBITDA	13.3	9.5	7.3	5.9
EV / Revenues	1.6	1.4	1.2	1.0
Market Cap / Revenues	1.1	0.9	0.9	0.8
Price to Book Value	2.9	2.4	2.1	1.7
<b>Solvency Ratios</b>				
Debt / Equity	1.4	1.2	0.9	0.7
Debt/EBITDA	4.5	3.3	2.4	1.8
Current Ratio	1.4	1.4	1.4	1.4

Source: Company, ICICI Direct Research

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