

CMP: ₹ 158

Target: ₹ 200 (27%)

Target Period: 12 months

August 13, 2021

BUY

Good performance on low base, GCC recovery...

About the stock: Aster operates in segments like hospitals, clinics, retail pharmacies and provide 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, 106 clinics & 223 retail pharmacies in the GCC states; 14 hospitals & 9 clinics in India; total bed capacity: 4907
- Revenue breakup: hospitals:54%, pharmacies:23%, clinics:23% with GCC & India contributing 81% & 19% of revenue, respectively

Q1FY22 Results: Aster DM reported steady Q1FY22 results.

- Sales were up 34.7% YoY to ₹ 2371.6 crore
- EBITDA in Q1FY22 was at ₹ 280 crore, up 96.8% YoY with margins at 11.8%
- Consequent adjusted PAT was at ₹ 44.5 crore

What should investors do? Aster's share price has de-grown by ~0.9x over the past three years (from ~₹ 168 in July 2018 to ~₹ 163 levels in July 2021).

- We maintain BUY on the stock

Target Price and Valuation: We value Aster DM at an SOTP of ₹ 200.

Key triggers for future price performance:

- Aster is now looking to expand its network following asset light model in India, which is likely to improve its overall ARPOB
- Strong RoCE in GCC due to assets light model, integrated business model, faster occupancy & strong brand equity, healthy ARPOB & targeted strategy
- 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

- It has 21 hospitals, five heart centres, 19 primary care facilities & a multi-speciality hospital in Cayman Islands with total 5992 operational beds
- BUY with a target price of ₹ 620



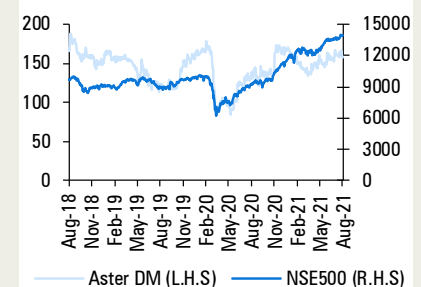
Particulars

Particular	Amount
Market Capitalisation	₹ 7892 crore
Debt (FY21)	₹ 4804 crore
Cash (FY21)	₹ 63 crore
EV	₹ 12633 crore
52 week H/L (₹)	180/120
Equity capital	₹ 499.5 crore
Face value	₹ 10

Shareholding pattern

(in %)	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Promoter	37.9	37.9	37.9	37.9	37.9
Others	62.1	62.1	62.1	62.1	62.1

Price Chart



Recent Event & Key risks

- Greenfield projects in Chennai & Bengaluru put on hold
- **Key Risk:** (i) Another Covid wave (ii) Stretched capex cycle

Research Analyst

Siddhant Khandekar
siddhant.khandekar@icicisecurities.com
Mitesh Shah
mitesh.shah@icicisecurities.com

Key Financial Summary

Key Financials (₹ Crore)	FY19	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	2 year CAGR (FY21-23E)
Revenues	7962.7	8717.1	8646.8	4.2	10006.9	10799.7	11.8
EBITDA	862.8	1265.6	1062.8	11.0	1471.9	1720.2	27.2
EBITDA margins (%)	10.8	14.5	12.3		14.7	15.9	
Net Profit	333.1	284.9	147.7	-33.4	540.0	749.7	125.3
EPS (₹)	6.7	5.7	3.0		10.8	15.0	
PE (x)	23.7	27.7	53.4		14.6	10.5	
EV to EBITDA (x)	12.0	10.5	11.7		8.4	6.6	
RoCE (%)	8.3	7.2	5.4		9.2	11.1	
ROE	10.4	8.7	4.4		13.8	16.1	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q1FY22 Results: Robust performance continues

- Aster DM's revenues grew 34.7% YoY & declined 0.8% QoQ to ₹ 2371.6 crore driven by 83.9% YoY, 14.3% QoQ growth in the India business to ₹ 550 crore and 24.7% YoY growth (3.7% QoQ decline) in GCC countries to ₹ 1900 crore. EBITDA margins improved 374 bps to 11.8% but declined 159 bps QoQ mainly due to increase in raw material and employee expenditure. EBITDA grew 96.8% YoY & declined 12.5% QoQ to ₹ 280.9 crore. Subsequently, net profit declined 57.8% QoQ to ₹ 44.5 crore. Delta vis-à-vis EBITDA was mainly due to higher tax expenditure
- Revenues were above I-direct estimates due to better traction in India business but margins were impacted amid increase in employee & raw materials expenditure. While GCC operations have mostly normalised post second Covid wave impact in UAE, India was impacted by second Covid wave in Q1. Aster has a unique business model among Indian healthcare services providers with a strong established presence in GCC and India. We are positive on Aster's integrated business model and expect gradual margins and RoCE improvement on the back of higher occupancy and capacity optimisation in new assets from FY22E onwards

Q1FY22 Earnings Conference Call highlights

- Existing capacity beds of 3,757 beds in India, addition of 411 beds is being planned in the next 18 months with expansion of 60 beds in Kolhapur to the existing facility, 276 beds being added in Bengaluru and 75 beds being added in Kottakkal
- In GCC, 225 beds to be added in FY22
- Total capacity (post expansion) in GCC and India: 5,544 beds
- The company is investing in an app – "One Aster" to give a unified mode of engagement for patient base for their health and wellness needs, mainly including tele-consult, e-pharmacy, chronic disease management & various streams to support patient. Launch of Virtual care app is expected in Q2 for UAE followed by a launch in India later in FY22
- Patients visit Q1FY22: GCC: 3.7 million, India: 0.4 million
- Revenue breakup Q1FY22: India (23%), GCC (77%); Segment wise: Hospitals (57%), Clinics (22%), Pharmacies (21%)
- Net debt: ₹ 2021 crore; net debt (India): ₹ 314 crore; net debt (GCC): US\$230 million
- GCC Q1FY22: ARPOBD: ₹ 187,800, occupancy: 49%; India Q1FY22: ARPOBD: 30,500, Occupancy: 70%

Exhibit 1: Variance Analysis

	Q1FY22	Q1FY21	Q4FY21	YoY (%)	QoQ (%)	Comments
Revenue	2,371.6	1,760.6	2,390.9	34.7	-0.8	Improved mainly due to lower base and increase Covid cases
Raw Material Expenses	714.1	584.2	665.1	22.2	7.4	
Employee Expenses	757.1	624.5	702.5	21.2	7.8	
Other Expenditure	619.6	409.2	702.2	51.4	-11.8	YoY increase mainly due to additional cost of digitalization
Operating Profit (EBITDA)	280.9	142.7	321.1	96.8	-12.5	
EBITDA (%)	11.8	8.1	13.4	374 bps	-159 bps	QoQ decline in margins mainly due to higher employee cost and change case mix
Interest	66.5	80.3	76.7	-17.2	-13.4	
Depreciation	153.0	154.7	152.6	-1.1	0.2	
Other Income	8.0	6.5	29.8	23.3	-73.0	
PBT before EO & Forex	69.4	-85.7	121.5	LP	-42.8	
Forex & EO	0.0	0.0	0.0	0.0	0.0	
PBT after Exceptional Items	69.4	-85.7	121.5	LP	-42.8	
Tax	10.9	3.9	5.3	181.4	107.4	
PAT before MI	58.6	-89.6	116.3	LP	-49.6	
MI	15.1	-5.7	11.3	LP	33.5	
Net Profit	44.5	-82.9	105.4	LP	-57.8	QoQ delta vis-à-vis EBITDA mainly due to higher tax rate and lower other income
Key Metrics						
India	550.0	299.0	481.0	83.9	14.3	Improved mainly due to lower base and increase Covid cases
GCC	1,900.0	1,524.0	1,972.0	24.7	-3.7	Improved mainly due to strong growth in hospitals and Clinics

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	9,595.2	10,006.9	4.3	10,524.3	10,799.7	2.6	Changed mainly due to better than expected growth in Q1FY22
EBITDA	1,452.3	1,471.9	1.4	1,642.2	1,720.2	4.7	Changed mainly in sync with revenues
EBITDA Margin (%)	15.1	14.7	-43 bps	15.6	15.9	33 bps	
PAT	536.2	540.0	0.7	699.1	749.7	7.2	Changed mainly in sync with operational performance
EPS (₹)	10.7	10.8	0.7	14.0	15.0	7.2	

Source: ICICI Direct Research

Exhibit 3: Assumptions

₹ crore	Current				Earlier		Comments
	FY20	FY21	FY22E	FY23E	FY22E	FY22E	
India	1,613	1,655	2,050	2,170	1,818	2,002	Changed mainly due to better than expected growth in Q1FY21
GCC	7,354	7,294	8,275	8,948	8,058	8,803	
GCC - Hospit	2,977	3,170	3,519	3,716	3,438	3,721	
GCC - Clininc	2,005	2,017	2,379	2,617	2,229	2,451	Changed mainly due to better than expected growth in Q1FY21
GCC - Pharm	2,372	2,107	2,377	2,614	2,392	2,631	

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY20	8717	9.5	5.7	-14.5	27.7	10.5	8.7	7.2
FY21	8647	-0.8	3.0	-48.1	53.4	11.7	4.4	5.4
FY22E	10007	15.7	10.8	265.5	14.6	8.4	13.8	9.2
FY23E	10800	7.9	15.0	38.8	10.5	6.6	16.1	11.1

Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ crore)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY (%)	QoQ (%)
Total Operating Incr	1774.7	1836.9	2150.1	2201.0	2028.4	2086.7	2321.6	2280.3	1760.6	2267.7	2227.6	2390.9	2371.6	34.7	-0.8
Raw Material Expen	552.0	549.9	654.8	663.1	627.3	615.8	695.1	676.3	584.2	686.6	651.3	665.1	714.1	22.2	7.4
% of Revenue	31.1	29.9	30.5	30.1	30.9	29.5	29.9	29.7	33.2	30.3	29.2	27.8	30.1	-307 bps	229 bps
Gross Profit	1222.6	1287.1	1495.3	1537.9	1401.2	1470.9	1626.5	1604.0	1176.4	1581.1	1576.3	1725.8	1657.5	40.9	-4.0
Gross Profit Margin	68.9	70.1	69.5	69.9	69.1	70.5	70.1	70.3	66.8	69.7	70.8	72.2	69.9	307 bps	-229 bps
Employee Expenses	633.1	657.2	708.4	689.5	707.1	728.8	730.1	737.9	624.5	714.1	714.2	702.5	757.1	21.2	7.8
% of Revenue	35.7	35.8	32.9	31.3	34.9	34.9	31.4	32.4	35.5	31.5	32.1	29.4	31.9	-355 bps	254 bps
Other Expenditure	465.7	504.5	523.6	498.1	470.5	497.5	511.4	453.9	409.2	595.9	534.1	702.2	619.6	51.4	-11.8
% of Revenue	26.2	27.5	24.4	22.6	23.2	23.8	22.0	19.9	23.2	26.3	24.0	29.4	26.1	288 bps	-324 bps
Total Expenditure	1650.8	1711.5	1886.9	1850.7	1804.9	1842.0	1936.6	1868.0	1617.9	1996.7	1899.7	2069.8	2090.7	29.2	1.0
% of Revenue	93.0	93.2	87.8	84.1	89.0	88.3	83.4	81.9	91.9	88.0	85.3	86.6	88.2	-374 bps	159 bps
EBITDA	123.8	125.4	263.2	350.3	223.6	244.7	385.0	412.3	142.7	271.1	327.9	321.1	280.9	96.8	-12.5
EBITDA Margin (%)	7.0	6.8	12.2	15.9	11.0	11.7	16.6	18.1	8.1	12.0	14.7	13.4	11.8	374 bps	-159 bps
Other Income	17.3	16.2	5.8	7.5	3.3	4.1	3.9	26.6	6.5	7.9	5.7	29.8	8.0	23.3	-73.0
Interest	40.1	39.5	56.4	55.4	87.7	88.4	71.5	112.1	80.3	74.6	62.1	76.7	66.5	-17.2	-13.4
Depreciation	73.8	75.8	78.9	78.0	126.0	149.0	139.8	171.1	154.7	152.9	157.3	152.6	153.0	-1.1	0.2
PBT	27.3	26.3	133.7	224.5	13.0	11.4	177.7	155.7	-85.7	51.5	114.2	121.5	69.5	-181.0	-42.8
Total Tax	11.7	10.2	16.7	4.4	2.2	5.0	8.2	-0.1	3.9	10.3	7.8	5.3	10.9	181.4	107.4
Tax rate (%)	42.7	38.6	12.5	2.0	17.1	43.4	4.6	0.0	-4.5	20.0	6.8	4.3	15.7	2019 bps	1136 bps
PAT	12.3	11.0	100.3	209.2	3.1	3.0	139.0	139.4	-82.9	32.9	92.4	105.4	44.5	-153.6	-57.8
PAT Margin (%)	0.7	0.6	4.7	9.5	0.2	0.1	6.0	6.1	-4.7	1.4	4.1	4.4	1.9		
EPS (₹)	0.2	0.2	2.0	4.2	0.1	0.1	2.8	2.8	-1.7	0.7	1.9	2.1	0.9		

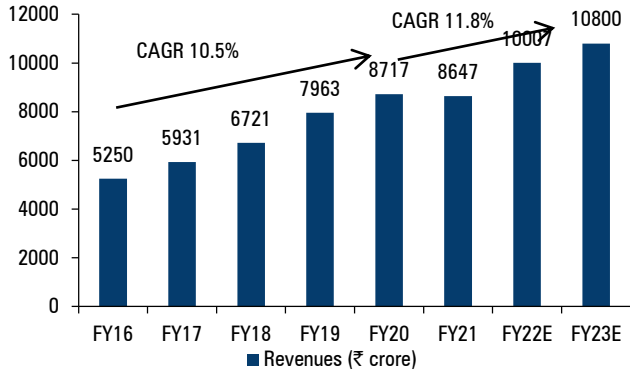
Source: ICICI Direct Research

Exhibit 6: Valuation

Particulars	Valuation Matrix	Multiple (x)	EV (₹ cr)
GCC Mature Hospitals	EV/EBITDA	6.0	3,659
India Mature Hospitals	EV/EBITDA	16.0	4,134
GCC New Hospitals	EV/Sales	1.0	465
India New Hospitals	EV/Sales	2.0	810
Clinics	EV/Sales	1.0	2,617
Pharmacies	EV/Sales	1.0	2,614
Net Debt FY23E (₹ cr)			3,564.6
Minority Interest			558.6
Targeted MCap (₹ cr)			10,177
No of shares (cr)			50.0
Per Share Value (₹)			200

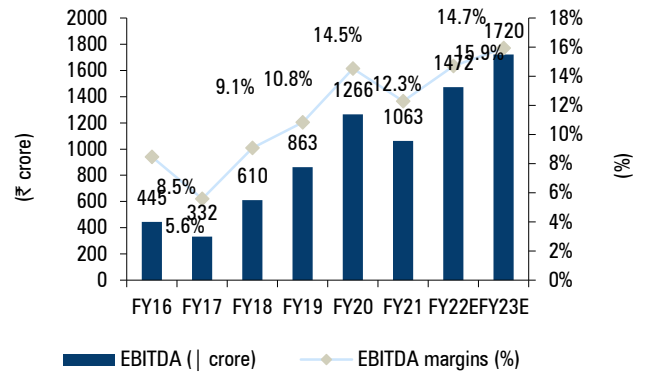
Source: Company

Exhibit 7: Revenues to grow at CAGR of 11% over FY20-22E



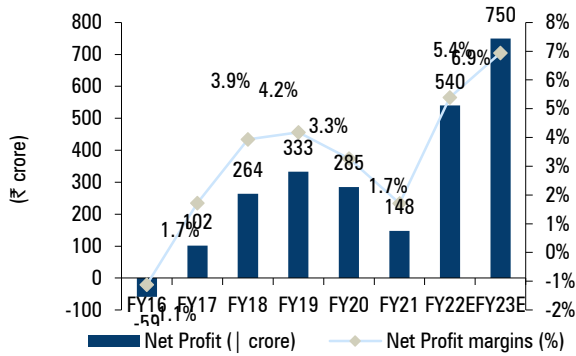
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



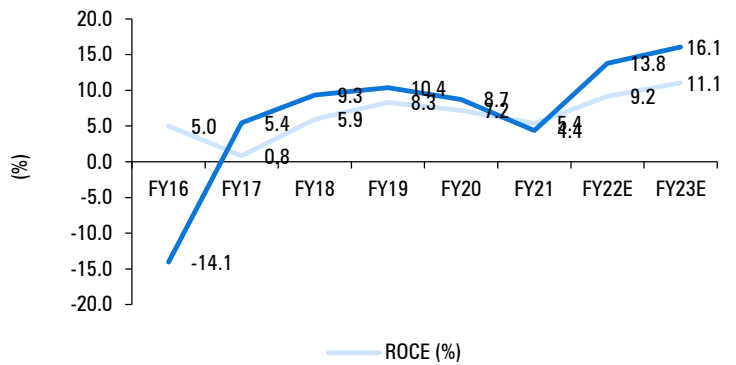
Source: ICICI Direct Research, Company

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 (%)					
					FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	
Ajanta Pharma	AJAPHA	2239	2,695	Buy	19378	53.4	74.0	80.8	89.8	42.0	30.3	27.7	24.9	24.7	29.0	24.9	24.0	18.1	21.8	20.2	19.2
Alembic Pharma	ALEMPHA	758	885	Hold	14894	44.4	59.9	35.2	44.3	17.1	12.6	21.6	17.1	21.0	24.2	12.7	14.8	27.1	23.0	12.3	13.8
Apollo Hospitals	APOHOS	4133	3,870	Buy	59428	22.6	7.9	55.2	81.4	183.0	525.8	74.8	50.8	10.2	6.3	13.7	18.0	9.7	2.5	15.1	18.8
Aurobindo Pharma	AURPHA	826	1,165	Buy	48410	48.8	55.0	61.4	69.3	16.9	15.0	13.5	11.9	17.2	16.8	16.3	16.5	17.0	14.7	14.2	13.9
Biocon	BIOCON	374	400	Hold	44928	5.8	6.1	6.1	12.5	64.3	61.5	61.1	29.8	10.2	7.6	8.7	12.5	10.4	9.6	8.9	15.6
Cadila Healthcare	CADHEA	544	583	Hold	55692	14.0	21.5	20.8	22.0	38.9	25.3	26.1	24.8	10.7	12.6	13.1	12.9	13.8	16.9	12.6	12.1
Cipla	CIPLA	905	1,205	Buy	73009	19.2	29.9	35.5	41.6	47.1	30.3	25.5	21.7	12.0	16.3	17.9	18.4	9.8	13.1	14.0	14.5
Divi's Lab	DIVLAB	4915	5,815	Buy	130475	51.9	74.7	94.7	116.3	94.8	65.8	51.9	42.3	23.9	27.6	28.8	29.2	18.8	21.3	22.5	23.0
Dr Reddy's Labs	DRREDD	4708	5,250	Hold	78322	121.8	117.3	126.8	197.3	38.7	40.1	37.1	23.9	9.6	13.1	12.9	16.5	13.0	11.1	10.8	14.7
Glenmark Pharma	GLEPHA	571	750	Buy	16101	26.4	32.9	42.1	50.1	21.6	17.4	13.6	11.4	12.7	13.7	15.5	16.5	12.2	13.1	14.5	14.8
Hikal	HIKCHE	701	590	Hold	8647	8.1	10.8	16.5	19.6	86.6	64.9	42.5	35.7	12.8	15.1	17.2	18.4	12.2	14.3	18.1	17.9
Ipca Laboratories	IPCLAB	2387	2,560	Buy	30282	47.6	89.9	88.2	102.4	50.2	26.6	27.1	23.3	17.6	27.1	22.2	21.5	16.6	24.2	19.3	18.4
Jubilant Pharmova	JUBLIF	657	850	Buy	10465	44.6	37.4	59.9	84.9	14.7	17.6	11.0	7.7	11.7	13.7	18.2	22.4	12.7	12.6	16.9	19.5
Lupin	LUPIN	976	1,025	Hold	44299	-12.7	26.9	40.0	44.6	NA	36.3	24.4	21.9	9.7	9.0	12.6	13.2	-4.6	8.8	11.8	11.9
Narayana Hrudalaya	NARHRU	504	620	Buy	10294	6.4	-0.7	12.3	15.6	79.3	NA	40.9	32.4	11.0	1.2	14.5	16.8	11.4	-1.3	18.6	19.3
Natco Pharma	NATPHA	1049	1,010	Hold	19124	25.3	24.2	19.5	23.3	41.5	43.4	53.7	45.0	14.0	13.1	10.1	11.2	12.2	10.7	8.1	9.1
Sun Pharma	SUNPHA	777	800	Hold	186344	16.8	30.0	25.1	28.6	46.3	25.8	30.9	27.2	10.0	14.4	15.1	15.3	8.9	15.5	12.0	12.2
Syngene Int.	SYNINT	621	780	Buy	24820	10.3	10.1	11.0	15.6	60.2	61.3	56.3	39.8	14.5	11.5	13.1	16.6	16.8	13.5	13.6	16.1
Torrent Pharma	TORPHA	2900	3,250	Buy	49077	60.6	74.0	78.5	101.5	47.9	39.2	36.9	28.6	15.4	17.7	20.8	22.2	21.2	21.4	19.4	21.1
Shalby	SHALIM	197	210	Hold	2229	2.6	3.9	4.8	5.3	77.1	50.2	40.8	36.9	7.2	6.5	8.3	8.2	3.5	5.1	6.0	6.3
Aster DM	ASTDM	158	200	Buy	8217	5.7	3.0	10.8	15.0	27.7	53.4	14.6	10.5	7.2	5.4	9.2	11.1	8.7	4.4	13.8	16.1
Indoco Remedies	INDREM	520	575	Buy	3945	2.6	10.1	16.7	23.9	198.6	51.5	31.0	21.7	4.6	11.8	19.4	21.8	3.5	12.1	17.1	20.2
Caplin Point	CAPPOI	853	1,135	Buy	6756	28.4	32.0	40.8	47.4	30.0	26.6	20.9	18.0	26.5	25.4	26.1	25.6	22.7	20.4	21.1	20.0
Granules India	GRANUL	373	430	Buy	9741	12.4	22.2	23.6	28.7	30.0	16.8	15.8	13.0	15.2	24.0	23.4	24.2	16.7	25.3	21.5	21.0
Laurus Labs	LAULAB	708	785	Buy	34493	4.8	18.3	22.6	28.0	148.8	38.6	31.3	25.2	13.0	31.7	30.6	30.6	14.4	37.9	32.9	29.8

Source: ICICI Direct Research

Financial Summary

Exhibit 12: Profit and loss statement				
₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E
Revenues	8,717.1	8,646.8	10,006.9	10,799.7
Growth (%)	9.5	-0.8	15.7	7.9
Raw Material Expenses	2,614.5	2,587.3	2,998.7	3,239.9
Employee Expenses	2,903.9	2,755.4	3,194.5	3,607.1
Other Expenditure	1,933.1	2,241.4	2,341.7	2,232.5
Total Operating Expenditure	7,451.5	7,584.0	8,534.9	9,079.5
EBITDA	1,265.6	1,062.8	1,471.9	1,720.2
Growth (%)		-16.0	38.5	16.9
Interest	359.7	293.7	265.8	235.4
Depreciation	585.9	617.6	618.7	655.9
Other Income	37.9	50.0	52.2	62.4
PBT before Exceptional Items	357.8	201.5	639.6	891.3
Less: Forex & Exceptional Item:	19.6	0.0	0.0	0.0
PBT	338.2	201.5	639.6	891.3
Total Tax	15.4	27.2	56.5	80.2
PAT before MI	322.8	174.3	583.1	811.0
Minority Interest	38.1	30.1	46.6	64.9
PAT	284.9	147.7	540.0	749.7
Adjusted PAT	284.9	147.7	540.0	749.7
Growth (%)	-14.5	-48.1	265.5	38.8
EPS	5.7	3.0	10.8	15.0
EPS (Adjusted)	5.7	3.0	10.8	15.0

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E
Profit/(Loss) after taxation	284.2	194.0	540.0	749.7
Add: Depreciation & Amortization	585.9	617.6	618.7	655.9
Net Increase in Current Assets	-555.5	269.5	-489.9	-305.6
Net Increase in Current Liabilities	378.2	-73.7	-342.9	173.7
Others	530.4	561.8	265.8	235.4
Net cash flow from operating act	1,223.3	1,569.1	591.7	1,509.1
(Inc)/dec in Fixed Assets	-741.5	-386.4	-400.0	-400.0
(Inc)/dec in Investments	-0.1	65.4	0.0	0.0
Others	29.1	-27.8	75.3	82.8
CF from investing activities	-712.5	-348.8	-324.7	-317.2
Inc / (Dec) in Equity Capital	-120.5	-0.2	0.0	0.0
Proceeds/(Repayment) Loan	-217.4	-943.1	0.0	-549.5
Dividend & Dividend Tax	-9.7	-9.4	0.0	0.0
Others	-327.2	-163.5	-265.8	-235.4
CF from financing activities	-674.8	-1,116.1	-265.8	-784.9
Net Cash flow	-164.0	104.2	1.1	407.0
Opening Cash	341.1	177.1	281.4	282.5
Closing Cash	177.1	281.3	282.5	689.5
FCF	481.7	1,182.7	191.7	1,109.1

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E
Equity Capital	499.5	497.0	497.0	497.0
Reserve and Surplus	2,772.6	2,875.4	3,415.4	4,165.1
Total Shareholders fund	3,272.1	3,372.4	3,912.4	4,662.1
Total Debt	5,604.7	4,803.6	4,803.6	4,254.1
Deferred Tax Liability	155.2	152.6	167.8	184.6
Minority Interest	446.4	461.7	507.8	558.6
Long term Provisions	327.3	358.7	394.5	434.0
Other Non Current Liabilities	173.2	72.8	80.1	88.1
Source of Funds	9,978.8	9,221.7	9,866.3	10,181.5
Gross Block - Fixed Assets	8,110.8	8,370.2	8,870.2	9,370.2
Accumulated Depreciation	2,055.9	2,673.5	3,292.1	3,948.1
Net Block	6,054.9	5,696.7	5,578.0	5,422.1
Capital WIP	736.0	933.9	833.9	733.9
Net Fixed Assets	6,790.8	6,630.6	6,411.9	6,156.0
Goodwill on Consolidation	1,068.7	1,052.2	1,052.2	1,052.2
Investments	34.4	62.7	62.7	62.7
Inventory	961.0	849.0	982.5	1,060.4
Cash	177.1	281.4	282.5	689.5
Debtors	2,366.4	2,019.0	2,336.6	2,521.7
Loans & Advances & Other CA	579.6	455.7	494.5	537.2
Total Current Assets	4,084.1	3,605.1	4,096.1	4,808.7
Creditors	1,293.9	2,027.3	1,645.0	1,775.3
Provisions & Other CL	1,165.1	394.4	433.9	477.2
Total Current Liabilities	2,459.0	2,421.8	2,078.8	2,252.5
Net Current Assets	1,625.1	1,183.3	2,017.3	2,556.2
LT L& A, Other Assets	427.3	269.5	296.4	326.1
Deferred Tax Assets	32.5	23.4	25.8	28.4
Application of Funds	9,978.8	9,221.7	9,866.3	10,181.5

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
EPS	5.7	3.0	10.8	15.0
Cash EPS	17.4	15.3	23.2	28.1
BV	65.5	67.5	78.3	93.3
DPS	0.0	0.0	0.0	0.0
Cash Per Share	41.2	53.5	65.9	79.0
Operating Ratios (%)				
Gross Profit	70.0	70.1	70.0	70.0
EBITDA margins	14.5	12.3	14.7	15.9
Net Profit margins	3.3	1.7	5.4	6.9
Inventory days	40.2	35.8	35.8	35.8
Debtor days	99.1	85.2	85.2	85.2
Creditor days	54.2	85.6	60.0	60.0
Assets Turnover	1.1	1.0	1.1	1.2
Return Ratios (%)				
RoE	8.7	4.4	13.8	16.1
RoCE	7.2	5.4	9.2	11.1
RoIC	7.5	5.6	9.8	12.2
Valuation Ratios (x)				
P/E	27.7	53.4	14.6	10.5
EV / EBITDA	10.5	11.7	8.4	6.6
EV / Revenues	1.5	1.4	1.2	1.1
Market Cap / Revenues	0.9	0.9	0.8	0.7
Price to Book Value	2.4	2.3	2.0	1.7
Solvency Ratios				
Debt / Equity	1.7	1.4	1.2	0.9
Debt/EBITDA	4.4	4.5	3.3	2.5
Current Ratio	1.6	1.4	1.8	1.8

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Siddhant Khandekar, Inter CA, Mitesh Shah, (cleared all 3 levels of CFA), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc. as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.