

CMP: ₹ 193

Target: ₹ 250 (30%)

Target Period: 12 months

February 10, 2022

BUY

## Normalcy in India, GCC; focus on India expansion...

**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 233 retail pharmacies in the GCC states; 14 hospitals, nine clinics, 90 pharmacies and 66 labs in India; total bed capacity: GCC: 1160, India: 3920
- Revenue break-up 9MFY22: hospitals: 56%, pharmacies: 21%, clinics: 23% with GCC & India contributing 76% & 24% of revenues, respectively

**Q3FY22 Results:** Good numbers driven by significant improvement in footfalls across the hospitals, pharmacies and clinics.

- Sales were up 18.9% YoY to ₹ 2649.6 crore
- EBITDA was at ₹ 397.1 crore, up 21.1% YoY with margins at 15%
- Consequent adjusted PAT was at ₹ 148.3 crore (up 60.5% YoY)

**What should investors do?** Aster's share price has grown by ~1.09x over the past three years (from ~₹ 175 in February 2018 to ~₹ 190.6 levels in February 2022)

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

**Target Price and Valuation:** We value Aster DM at an SOTP of ₹ 250.

### 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
- 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 ₹ 765



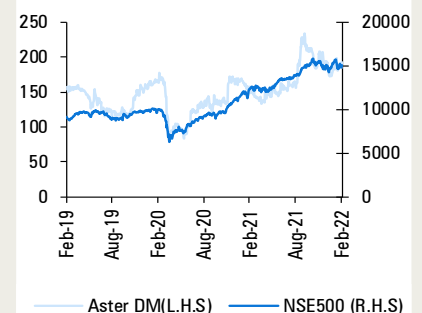
### Particulars

Particular	Amount
Market Capitalisation	₹ 9631 crore
Debt (FY21)	₹ 4804 crore
Cash (FY21)	₹ 63 crore
EV	₹ 14372 crore
52 week H/L (₹)	237/133
Equity capital	₹ 499.5 crore
Face value	₹ 10

### Shareholding pattern

(in %)	Dec-20	Mar-21	Jun-21	Sep-21	Dec-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

- Launched women's & children's wing at MIMS Kottakkal, Kerala
- **Key Risk:** (i) Another Covid wave (ii) Stretched capex cycle

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### 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	10162.5	11200.2	13.8
EBITDA	862.8	1265.6	1062.8	11.0	1467.6	1908.9	34.0
EBITDA margins (%)	10.8	14.5	12.3		14.4	17.0	
Net Profit	333.1	284.9	147.7	-33.4	524.7	876.4	143.6
EPS (₹)	6.7	5.7	3.0		10.5	17.5	
PE (x)	28.9	33.8	65.2		18.4	11.0	
EV to EBITDA (x)	14.0	11.9	13.3		9.3	6.7	
RoCE (%)	8.3	7.2	5.4		9.2	12.8	
ROE	10.4	8.7	4.4		13.5	18.4	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q3FY22 Results: Robust performance continues

- Revenues grew 18.9% YoY to ₹ 2649.6 crore driven by 34.3% YoY growth in the India business to ₹ 618 crore and 13.2% YoY growth in GCC business to ₹ 2113 crore. In GCC, hospitals grew 8.4% YoY to ₹ 868 crore, Clinics grew 18.8% YoY to 637 crore and pharmacy grew 14.9% YoY to 608 crore. EBITDA margins were steady YoY at 15% while EBITDA grew 21.1% YoY to ₹ 397.1 crore. Subsequently, net profit increased 60.5% YoY to ₹ 148.3 crore. Delta vis-à-vis EBITDA was mainly due to higher other income and lower interest and tax expenditure
- Aster DM posted a good set of numbers with revenues above I-direct estimates but margins were a miss mainly due to YoY decline in GCC Hospitals ARPOB. With GCC and India operations being mostly normalised, Aster's better performance is reflected through significant improvement in both out-patient and in-patient numbers at the hospitals and higher footfalls across the pharmacies and clinics. 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

### Q3FY22 Earnings Conference Call highlights

- Net unit additions in Q2FY22: one clinic, 43 pharmacies, two labs and 26 patient experience centres
- In-patient visits: GCC: 23,800 in Q3FY22 vs. 20,700 in Q3FY21 and India: 50,800 in Q3FY22 vs. 37,300 in Q3FY21
- Occupancy in Q3FY22: 62% vs. 57% in Q3FY21; GCC: 52%, India: 65%
- ARPOBD in Q3FY22: ₹ 64,900; GCC: ₹ 1,89,900, India: ₹ 33,600
- Pipeline Projects:**
- GCC:**
  - Aster Hospital, UAE greenfield project (planned beds: 80) to be completed by Q1FY23
  - Aster Hospital, Oman greenfield project (planned beds: 145) to be completed by Q1FY23
  - Sanad Hospital, Saudi Arabia expansion project (planned beds: 69) is under review
  - Aster Hospital, Qatar expansion project (planned beds: 60) to be completed by Q4FY24
- India:**
  - Aster Mother Hospital, Areekode brownfield project (planned beds: 140) to be completed by Q1FY23
  - Aster Whitefield (Phase 2), Bengaluru brownfield project (planned beds: 275) to be completed by Q2FY23
  - Aster Hospital, Chennai greenfield project (planned beds: 500) is under review
  - Aster MIMS Kannur (Phase-I) with 100 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

	Q3FY22	Q3FY22E	Q3FY21	Q2FY22	YoY (%)	QoQ (%)	Comments
Revenue	2,649.6	2,494.0	2,227.6	2,504.3	18.9	5.8	QoQ improvement mainly due to increase in both out-patient and in-patient numbers
Raw Material Expenses	746.0	725.3	651.3	728.3	14.5	2.4	
Employee Expenses	832.8	799.0	714.2	802.3	16.6	3.8	
Other Expenditure	673.7	565.0	534.1	631.0	26.1	6.8	
Operating Profit (EBITDA)	397.1	404.7	327.9	342.8	21.1	15.8	
EBITDA (%)	15.0	16.2	14.7	13.7	26 bps	130 bps	QoQ increase in margins mainly due to lower raw material cost and change in case mix
Interest	66.9	61.4	62.1	61.4	7.8	9.0	
Depreciation	160.9	156.4	157.3	156.4	2.3	2.9	
Other Income	11.5	9.1	5.7	9.1	102.3	26.6	
PBT before EO & Forex	180.8	196.1	114.2	134.2	58.3	34.7	
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT after Exceptional Item	180.8	196.1	114.2	134.2	58.3	34.7	
Tax	13.1	11.1	7.8	7.6	68.9	73.4	
PAT before MI	167.6	185.0	106.4	126.6	57.5	32.4	
MI	19.9	30.3	15.0	20.7	32.1	-4.1	
Net Profit	148.3	155.8	92.4	106.9	60.5	38.8	QoQ delta vis-à-vis EBITDA mainly due to higher other income, lower interest and depreciation being partially offset by higher tax expense
<b>Key Metrics</b>							
India	618.0	557.7	460.0	609.0	34.3	1.5	YoY improved mainly due to normalisation in hospital activity
GCC	2,113.0	2,034.7	1,866.0	1,990.0	13.2	6.2	YoY improved mainly due to normalisation in footfalls across hospitals, pharmacy and clinics
GCC - Hospital	868.0	905.5	801.0	878.0	8.4	-1.1	
GCC - Clinics	637.0	589.6	536.0	592.0	18.8	7.6	
GCC - Pharmacy	608.0	539.6	529.0	520.0	14.9	16.9	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	Change	Old	New	Change	
Revenue	9,992.5	10,162.5	1.7	10,973.2	11,200.2	2.1	Changed mainly due to better-than-expected ramp up in India
EBITDA	1,448.4	1,467.6	1.3	1,835.7	1,908.9	4.0	
EBITDA Margin (%)	14.5	14.4	-6 bps	16.7	17.0	34 bps	Changed mainly due to better margin for India in Q3FY22
PAT	527.9	524.7	-0.6	857.2	876.4	2.2	Changed mainly due to better operational performance
EPS (₹)	10.6	10.5	-0.9	17.2	17.5	2.0	

Source: ICICI Direct Research

Exhibit 3: Assumptions

(₹ crore)	Current				Earlier		Comments
	FY20	FY21	FY22E	FY23E	FY22E	FY23E	
India	1,613	1,655	2,363	2,564	2,303	2,496	Changed mainly due to better-than-expected growth in Q3FY22
GCC	7,354	7,294	8,116	8,953	8,023	8,811	
GCC - Hosp	2,977	3,170	3,475	3,694	3,549	3,772	
GCC - Clinir	2,005	2,017	2,407	2,768	2,348	2,700	
GCC - Phar	2,372	2,107	2,234	2,491	2,127	2,339	

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	33.8	11.9	8.7	7.2
FY21	8647	-0.8	3.0	-48.1	65.2	13.3	4.4	5.4
FY22E	10162	17.5	10.5	255.2	18.4	9.3	13.5	9.2
FY23E	11200	10.2	17.5	67.0	11.0	6.7	18.4	12.8

Source: ICICI Direct Research

**Exhibit 5: Trends in Quarterly Performance**

(₹ crore)	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	YoY (%)	QoQ (%)
Total Operating Inco	2150.1	2201.0	2028.4	2086.7	2321.6	2280.3	1760.6	2267.7	2227.6	2390.9	2371.6	2504.3	2649.6	18.9	5.8
Raw Material Expe	654.8	663.1	627.3	615.8	695.1	676.3	584.2	686.6	651.3	665.1	714.1	728.3	746.0	14.5	2.4
% of Revenue	30.5	30.1	30.9	29.5	29.9	29.7	33.2	30.3	29.2	27.8	30.1	29.1	28.2	-108 bps	-93 bps
Gross Profit	1495.3	1537.9	1401.2	1470.9	1626.5	1604.0	1176.4	1581.1	1576.3	1725.8	1657.5	1776.1	1903.6	20.8	7.2
Gross Profit Margin	69.5	69.9	69.1	70.5	70.1	70.3	66.8	69.7	70.8	72.2	69.9	70.9	71.8	108 bps	93 bps
Employee Expenses	708.4	689.5	707.1	728.8	730.1	737.9	624.5	714.1	714.2	702.5	757.1	802.3	832.8	16.6	3.8
% of Revenue	32.9	31.3	34.9	34.9	31.4	32.4	35.5	31.5	32.1	29.4	31.9	32.0	31.4	-63 bps	-60 bps
Other Expenditure	523.6	498.1	470.5	497.5	511.4	453.9	409.2	595.9	534.1	702.2	619.6	631.0	673.7	26.1	6.8
% of Revenue	24.4	22.6	23.2	23.8	22.0	19.9	23.2	26.3	24.0	29.4	26.1	25.2	25.4	145 bps	23 bps
Total Expenditure	1886.9	1850.7	1804.9	1842.0	1936.6	1868.0	1617.9	1996.7	1899.7	2069.8	2090.7	2161.5	2252.5	18.6	4.2
% of Revenue	87.8	84.1	89.0	88.3	83.4	81.9	91.9	88.0	85.3	86.6	88.2	86.3	85.0	-26 bps	-130 bps
EBITDA	263.2	350.3	223.6	244.7	385.0	412.3	142.7	271.1	327.9	321.1	280.9	342.8	397.1	21.1	15.8
EBITDA Margin (%)	12.2	15.9	11.0	11.7	16.6	18.1	8.1	12.0	14.7	13.4	11.8	13.7	15.0	26 bps	130 bps
Other Income	5.8	7.5	3.3	4.1	3.9	26.6	6.5	7.9	5.7	29.8	8.0	9.1	11.5	102.3	26.6
Interest	56.4	55.4	87.7	88.4	71.5	112.1	80.3	74.6	62.1	76.7	66.5	61.4	66.9	7.8	9.0
Depreciation	78.9	78.0	126.0	149.0	139.8	171.1	154.7	152.9	157.3	152.6	153.0	156.4	160.9	2.3	2.9
PBT	133.7	224.5	13.0	11.4	177.7	155.7	-85.7	51.5	114.2	121.5	69.5	134.2	180.8	58.3	34.7
Total Tax	16.7	4.4	2.2	5.0	8.2	-0.1	3.9	10.3	7.8	5.3	10.9	7.6	13.1	68.9	73.4
Tax rate (%)	12.5	2.0	17.1	43.4	4.6	0.0	-4.5	20.0	6.8	4.3	15.7	5.6	7.3	46 bps	162 bps
PAT	100.3	209.2	3.1	3.0	139.0	139.4	-82.9	32.9	92.4	105.4	44.5	106.9	148.3	60.5	38.8
PAT Margin (%)	4.7	9.5	0.2	0.1	6.0	6.1	-4.7	1.4	4.1	4.4	1.9	4.3	5.6		
EPS (₹)	2.0	4.2	0.1	0.1	2.8	2.8	-1.7	0.7	1.9	2.1	0.9	2.1	3.0		

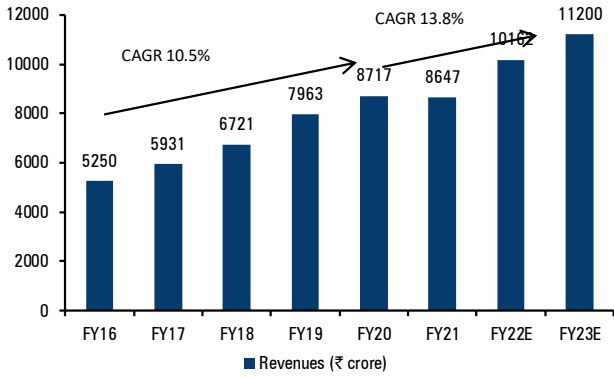
Source: ICICI Direct Research

**Exhibit 6: Valuation**

Particulars	Valuation Matrix	Multiple (x)	EV (₹ cr)
GCC Mature Hospitals	EV/EBITDA	7.0	3,774
India Mature Hospitals	EV/EBITDA	14.0	5,812
GCC New Hospitals	EV/Sales	1.0	522
India New Hospitals	EV/Sales	2.0	927
Clinics	EV/Sales	1.0	2,768
Pharmacies	EV/Sales	1.0	2,491
Net Debt FY23E (₹ cr)			3,107.6
Minority Interest			558.6
Targeted MCap (₹ cr)			12,628
No of shares (cr)			50.0
<b>Per Share Value (₹)</b>			<b>250</b>

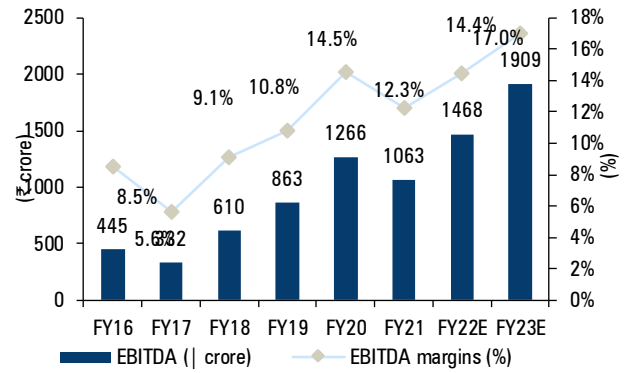
Source: Company

Exhibit 7: Revenue to grow at CAGR of 13.8% over FY20-23E



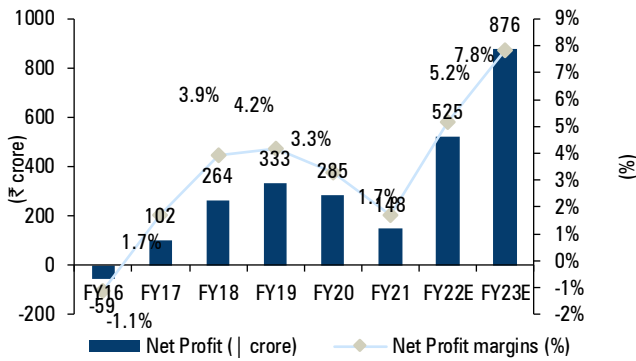
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



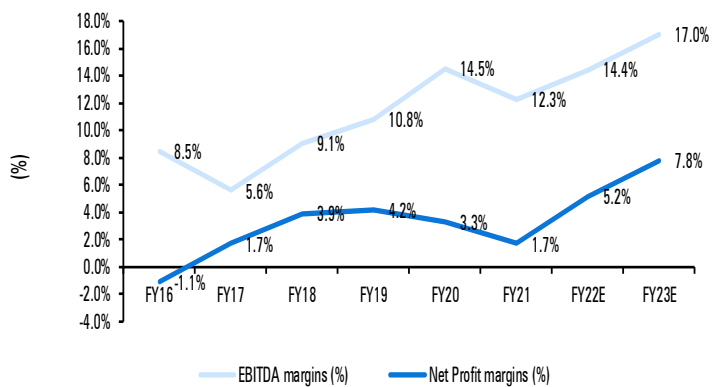
Source: ICICI Direct Research, Company

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
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	4567	5,930	Buy	65669	22.6	7.9	72.9	99.4	202.3	581.0	62.6	46.0	10.2	6.3	18.1	21.7	9.7	2.5	18.6	20.9
Narayana Hrudalaya	NARHRU	646	765	Buy	13209	6.4	-0.7	17.4	19.9	101.8	NA	37.1	32.4	11.0	1.2	21.0	22.3	11.4	-1.3	24.4	22.1
Shalby	SHALIM	143	170	Buy	1548	2.6	3.9	5.9	5.8	56.1	36.5	24.2	24.7	7.2	6.5	8.9	9.6	3.5	5.1	7.2	6.7
Aster DM	ASTDM	191	250	Buy	9523	5.7	3.0	10.5	17.5	33.4	64.5	18.1	10.9	7.2	5.4	9.2	12.8	8.7	4.4	13.5	18.4
Healthcare Global	HEAGLO	250	240	Hold	3131	-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
<b>MNC Pharma</b>																					
Abbott India	ABBIND	16597	20,360	Buy	35267	279.0	325.0	362.3	471.9	59.5	51.1	45.8	35.2	30.7	33.8	35.3	37.2	24.4	26.5	27.6	28.9
P&G Health	MERLIM	4940	6,555	Buy	8200	102.0	106.5	135.7	145.7	48.4	46.4	36.4	33.9	24.0	32.2	41.0	37.7	18.7	25.1	31.6	28.8
Sanofi India	SANOFI	7288	9,800	Buy	16785	179.8	207.4	431.8	280.0	40.5	35.1	16.9	26.0	26.0	32.3	34.2	41.9	19.4	24.5	22.2	33.5
Pfizer	PFIZER	4522	5,350	Buy	20685	111.3	108.8	135.2	133.0	40.6	41.6	33.4	34.0	18.5	27.6	27.4	23.6	15.0	20.8	21.7	18.6
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	2068	2,500	Buy	17895	53.4	74.0	79.3	89.3	38.7	27.9	26.1	23.2	24.7	29.0	25.2	23.8	18.1	21.8	19.9	19.2
Alembic Pharma	ALEMPHA	757	790	Hold	14880	44.4	59.9	33.3	39.6	17.0	12.6	22.7	19.1	21.0	24.2	11.9	13.9	27.1	23.0	11.7	12.6
Aurobindo Pharma	AURPHA	683	795	Hold	39999	48.8	55.0	50.3	61.2	14.0	12.4	13.6	11.1	17.2	16.9	13.8	15.2	17.0	14.7	11.9	12.8
Biocon	BIOCON	404	380	Hold	48438	5.8	6.1	5.4	9.3	69.4	66.3	75.0	43.5	10.2	7.6	7.8	10.0	10.4	9.6	7.9	12.2
Cadila Healthcare	CADHEA	403	477	Hold	41231	14.0	21.5	20.9	21.8	28.8	18.7	19.3	18.5	10.7	12.6	13.4	13.4	13.8	16.9	14.7	13.7
Cipla	CIPLA	975	1,085	Buy	78590	19.2	29.9	34.6	41.8	50.7	32.6	28.1	23.3	12.0	16.3	17.8	18.4	9.8	13.1	13.7	14.6
Dr Reddy's Labs	DRREDD	4374	5,170	Hold	72773	121.8	117.3	181.2	204.2	35.9	37.3	24.1	21.4	9.6	13.1	16.3	17.3	13.0	11.1	14.9	14.7
Glenmark Pharma	GLEPHA	500	580	Hold	14110	26.4	32.9	37.7	43.7	18.9	15.2	13.3	11.4	12.7	13.9	15.3	15.9	12.2	13.1	12.5	12.7
Ipca Laboratories	IPCLAB	1013	2,490	Buy	12854	47.6	89.9	78.0	95.8	21.3	11.3	13.0	10.6	17.6	27.1	20.5	20.9	16.6	24.2	17.5	17.7
Jubilant Pharmova	JUBLIF	466	490	Hold	7426	44.6	37.4	28.7	32.5	10.4	12.5	16.3	14.3	11.7	13.7	10.1	10.4	12.7	12.6	8.9	9.2
Lupin	LUPIN	808	960	Hold	36669	-12.7	26.9	16.2	30.2	NA	30.1	49.9	26.8	9.7	9.1	6.1	10.5	-4.6	8.8	5.8	9.6
Natco Pharma	NATPHA	920	925	Hold	16769	25.3	24.2	17.1	20.1	36.4	38.0	53.8	45.7	14.0	13.1	8.4	9.9	12.2	10.7	7.2	8.0
Sun Pharma	SUNPHA	895	965	Buy	214776	16.8	30.0	30.6	32.2	53.4	29.8	29.2	27.8	10.0	14.2	16.7	16.3	8.9	15.5	14.2	13.2
Torrent Pharma	TORPHA	2589	3,110	Hold	43803	60.6	74.0	78.3	103.7	42.7	35.0	33.0	25.0	15.4	17.7	21.0	22.6	21.2	21.4	19.4	21.5
Indoco Remedies	INDREM	377	575	Buy	3482	2.6	10.1	17.3	23.9	144.1	37.3	21.8	15.8	4.6	11.7	19.8	21.5	3.5	12.1	17.6	20.2
Caplin Point	CAPPOI	796	1,010	Buy	6018	17.2	81.7	76.7	55.5	46.3	9.7	10.4	14.3	25.4	25.6	24.1	23.5	22.7	20.4	20.5	18.8
Advanced Enzymes	ADVENZ	311	380	Buy	3481	11.6	13.1	11.3	13.6	26.9	23.8	27.7	22.9	19.6	19.4	15.4	16.7	15.4	15.1	11.6	12.4
Hester Biosciences	HESPHA	2457	2,780	Hold	2090	34.3	44.4	47.2	52.0	71.6	55.4	52.1	47.3	14.0	16.2	12.8	14.3	14.5	16.5	15.5	15.1
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	4323	5,815	Buy	114769	51.9	74.7	90.6	107.5	83.4	57.8	47.7	40.2	23.9	27.6	27.7	27.7	18.8	21.3	21.8	21.8
Hikal	HIKCHE	427	640	Buy	5267	8.1	10.8	17.2	21.4	52.8	39.6	24.9	20.0	12.8	15.1	17.7	18.5	12.2	14.3	18.7	19.1
Syngene Int.	SYNINT	596	710	Buy	23836	10.3	10.1	9.8	13.9	57.9	58.9	60.9	42.7	14.5	11.5	12.6	15.5	16.8	13.5	13.2	14.9
Granules India	GRANUL	312	360	Buy	7730	12.4	22.2	16.2	19.4	25.2	14.1	19.3	16.1	15.2	24.0	16.2	17.4	16.7	25.3	15.8	16.1
Laurus Labs	LAULAB	541	670	Buy	29038	4.8	18.3	17.6	23.9	113.8	29.5	30.8	22.6	13.0	31.7	25.1	28.0	14.4	37.9	27.4	27.9
Suven Pharmaceuticals	SUVPH	536	555	Hold	13652	12.5	14.2	18.3	17.7	43.1	37.7	29.3	30.3	35.6	31.2	35.0	28.7	37.5	30.7	29.6	23.2

Source: ICICI Direct Research

## Financial Summary

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
<b>Revenues</b>	<b>8,717.1</b>	<b>8,646.8</b>	<b>10,162.5</b>	<b>11,200.2</b>
Growth (%)	9.5	-0.8	17.5	10.2
Raw Material Expenses	2,614.5	2,587.3	2,930.8	3,360.1
Employee Expenses	2,903.9	2,755.4	3,221.0	3,752.1
Other Expenditure	1,933.1	2,241.4	2,543.1	2,179.2
Total Operating Expenditure	7,451.5	7,584.0	8,694.9	9,291.3
<b>EBITDA</b>	<b>1,265.6</b>	<b>1,062.8</b>	<b>1,467.6</b>	<b>1,908.9</b>
Growth (%)		-16.0	38.1	30.1
Interest	359.7	293.7	261.7	237.3
Depreciation	585.9	617.6	631.1	677.7
Other Income	37.9	50.0	40.2	48.7
PBT before Exceptional Items	357.8	201.5	614.9	1,042.7
Less: Forex & Exceptional Items	19.6	0.0	0.0	0.0
PBT	338.2	201.5	614.9	1,042.7
Total Tax	15.4	27.2	48.4	93.8
PAT before MI	322.8	174.3	566.5	948.8
Minority Interest	38.1	30.1	45.3	75.9
<b>PAT</b>	<b>284.9</b>	<b>147.7</b>	<b>524.7</b>	<b>876.4</b>
Adjusted PAT	284.9	147.7	524.7	876.4
Growth (%)	-14.5	-48.1	255.2	67.0
EPS	5.7	3.0	10.5	17.5
<b>EPS (Adjusted)</b>	<b>5.7</b>	<b>3.0</b>	<b>10.5</b>	<b>17.5</b>

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	524.7	876.4
Add: Depreciation & Amortization	585.9	617.6	631.1	677.7
Net Increase in Current Assets	-555.5	269.5	-372.7	-369.6
Net Increase in Current Liabilities	378.2	-73.7	183.8	265.1
Others	530.4	561.8	261.7	237.3
<b>Net cash flow from operating activities</b>	<b>1,223.3</b>	<b>1,569.1</b>	<b>1,228.7</b>	<b>1,686.9</b>
(Inc)/dec in Fixed Assets	-741.5	-386.4	-580.0	-580.0
(Inc)/dec in Investments	-0.1	65.4	0.0	0.0
Others	29.1	-27.8	75.3	82.8
<b>CF from investing activities</b>	<b>-712.5</b>	<b>-348.8</b>	<b>-504.7</b>	<b>-497.2</b>
Inc / (Dec) in Equity Capital	-120.5	-0.2	0.0	0.0
Proceeds/(Repayment) Loan	-217.4	-943.1	-300.0	-549.5
Dividend & Dividend Tax	-9.7	-9.4	0.0	0.0
Others	-327.2	-163.5	-261.7	-237.3
<b>CF from financing activities</b>	<b>-674.8</b>	<b>-1,116.1</b>	<b>-561.7</b>	<b>-786.7</b>
Net Cash flow	-164.0	104.2	162.2	403.0
Opening Cash	341.1	177.1	281.4	443.6
<b>Closing Cash</b>	<b>177.1</b>	<b>281.3</b>	<b>443.6</b>	<b>846.6</b>
<b>FCF</b>	<b>481.7</b>	<b>1,182.7</b>	<b>648.7</b>	<b>1,106.9</b>

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	3,400.1	4,276.6
Total Shareholders fund	3,272.1	3,372.4	3,897.2	4,773.6
Total Debt	5,604.7	4,803.7	4,503.7	3,954.2
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
<b>Source of Funds</b>	<b>9,978.8</b>	<b>9,221.8</b>	<b>9,551.1</b>	<b>9,993.1</b>
Gross Block - Fixed Assets	8,110.8	8,057.0	8,437.0	8,917.0
Accumulated Depreciation	2,055.9	2,360.3	2,991.4	3,669.0
Net Block	6,054.9	5,696.7	5,445.6	5,247.9
Capital WIP	736.0	933.9	1,133.9	1,233.9
Net Fixed Assets	6,790.8	6,630.6	6,579.5	6,481.8
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	974.5	1,074.0
Cash	177.1	281.4	443.6	846.6
Debtors	2,366.4	2,019.0	2,227.4	2,454.8
Loans & Advances & Other CA	579.6	455.7	494.5	537.2
Total Current Assets	4,084.1	3,605.1	4,140.0	4,912.6
Creditors	1,293.9	2,027.3	2,171.7	2,393.5
Provisions & Other CL	1,165.1	394.3	433.8	477.2
Total Current Liabilities	2,459.0	2,421.7	2,605.5	2,870.6
Net Current Assets	1,625.1	1,183.4	1,534.5	2,042.0
LT L&A, Other Assets	427.3	269.5	296.4	326.1
Deferred Tax Assets	32.5	23.4	25.8	28.4
<b>Application of Funds</b>	<b>9,978.8</b>	<b>9,221.8</b>	<b>9,551.1</b>	<b>9,993.1</b>

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
<b>Per share data (₹)</b>				
EPS	5.7	3.0	10.5	17.5
Cash EPS	17.4	15.3	23.1	31.1
BV	65.5	67.5	78.0	95.6
DPS	0.0	0.0	0.0	0.0
Cash Per Share	41.2	47.3	59.9	73.5
<b>Operating Ratios (%)</b>				
Gross Profit	70.0	70.1	71.2	70.0
EBITDA margins	14.5	12.3	14.4	17.0
Net Profit margins	3.3	1.7	5.2	7.8
Inventory days	40.2	35.8	35.0	35.0
Debtor days	99.1	85.2	80.0	80.0
Creditor days	54.2	85.6	78.0	78.0
Assets Turnover	1.1	1.1	1.2	1.3
<b>Return Ratios (%)</b>				
RoE	8.7	4.4	13.5	18.4
RoCE	7.2	5.4	9.2	12.8
RoC	7.5	5.6	10.5	15.6
<b>Valuation Ratios (x)</b>				
P/E	33.8	65.2	18.4	11.0
EV / EBITDA	11.9	13.3	9.3	6.7
EV / Revenues	1.7	1.6	1.3	1.1
Market Cap / Revenues	1.1	1.1	0.9	0.9
Price to Book Value	2.9	2.9	2.5	2.0
<b>Solvency Ratios</b>				
Debt / Equity	1.7	1.4	1.2	0.8
Debt/EBITDA	4.4	4.5	3.1	2.1
Current Ratio	1.6	1.4	1.4	1.4

Source: Company, ICICI Direct Research

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