

CMP: ₹ 215

Target: ₹ 250 (16%)

Target Period: 12 months

August 12, 2022

BUY

New hospitals dent margins; guidance upbeat...

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

Q1FY23 Results: Aster DM reported in line revenues as GCC - hospitals, pharmacies and clinics (down 5% QoQ) and India operations (up 10% QoQ).

- Sales were down 2% QoQ to ₹ 2662 crore due to seasonality in GCC
- EBITDA was at ₹ 292 crore, down 37% QoQ with margins at 11% due to additional expense for newer hospitals & high Covid base in some verticals
- Consequent PAT was at ₹ 68 crore (down 70% QoQ)

What should investors do? Aster's share price has grown by ~1.7x over the past three years (from ~₹ 121 in August 2019 to ~₹ 215 levels in August 2022).

- Maintain **BUY** for a 1) unique blend of GCC healthcare network and a quest to expand in India with calibrated capex approach, 2) visibility on recovery in margins and 3) strategic initiatives for GCC and India on track

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

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 ₹ 800



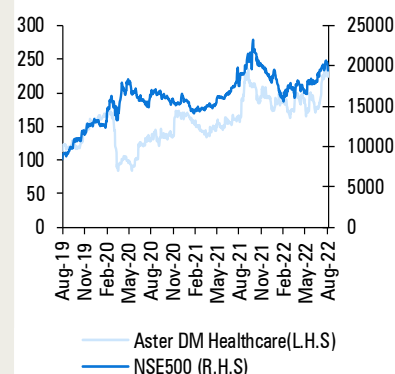
Particulars

Particular	Amount
Market Capitalisation	₹ 10740 crore
Debt (FY22)	₹ 4907 crore
Cash (FY22)	₹ 45 crore
EV	₹ 15602 crore
52 week H/L (₹)	244/151
Equity capital	₹ 499.5 crore
Face value	₹ 10

Shareholding pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-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

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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	10897.6	12024.9	8.3
EBITDA	862.8	1265.6	1062.8	1483.3	34.9	1565.1	2009.8	16.4
EBITDA margins (%)	10.8	14.5	12.3	14.5		14.4	16.7	
Net Profit	333.1	284.9	147.7	526.0	38.9	538.4	831.8	25.8
EPS (₹)	6.7	5.7	3.0	10.5		10.8	16.7	
PE (x)	28.9	37.7	72.7	20.4		19.9	12.9	
EV to EBITDA (x)	14.0	12.8	14.3	10.3		9.3	6.7	
RoCE (%)	8.3	7.2	5.4	9.0		9.4	12.5	
ROE	10.4	8.7	4.4	13.3		12.0	15.6	

Key takeaways of recent quarter & conference call highlights

Q1FY23 Results: Revenues steady while margins drop

- Revenues de-grew 2% QoQ to ₹ 2662 crore as 10% QoQ growth in the India business to ₹ 669 crore was offset by 5% QoQ de-growth in GCC business to ₹ 2111 crore. In GCC, hospitals declined 3% QoQ to ₹ 913 crore, clinics de-grew 19% QoQ to ₹ 538 crore and pharmacy grew 8% QoQ to ₹ 660 crore. EBITDA margins contracted 598 bps QoQ to 11% while EBITDA de-grew 37% QoQ to ₹ 292 crore. Subsequently, net profit declined 70% QoQ to ₹ 68.5 crore
- Aster DM posted in line revenues while margins were a significant miss with I-direct estimates. During Q1, Aster started operations management of the 140-bed Aster mother hospital in Areekode in Kerala. At a blended level, occupancy improved to 60% in Q1FY23 from 58% last quarter and ARPOBD declined to ₹ 69,250 in Q1FY23 from 73,700 last quarter. 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 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

Q1FY23 Earnings Conference Call highlights

- **GCC Hospitals:** GCC grew 26% YoY excluding PCR Covid testing in base of Q1FY22. PCR revenue has de-grown from 33% last year to 9% in Q1FY23. First quarter is seasonally weak and due to festival holidays Q1 numbers came in softer. The management has guided for being on the lookout for minority shareholder/strategic partner for Saudi operations. Earlier, Saudi exit was planned due to high capital requirement but post restructuring, business has improved along with interest from investors. The company is also on track for separating GCC and India operations but timelines are not fixed yet. On the margins front, there was ₹ 16 crore impact in GCC due to new hospitals coming on-stream in this quarter. GCC existing hospitals margins are likely to improve to 17-18% by FY23 end
- **GCC Pharmacy:** Witnessing good traction in retail pharmacy and guidance is for growth to sustain. On the margins front, ramp-up is expected in Q3 and Q4 towards 11.5%
- **GCC Clinics:** About 33% of revenues were from RTPCR in FY22 and on that base the company is expecting 200 bps decline in margins in FY23
- **India Hospitals:** In India, focus remains on hospitals brownfield expansion (800-100 beds guidance in O&M model) with low capex requirements. This is further exemplified by guidance to be EBITDA breakeven in three months for Areekode hospitals. Andhra and Telangana cluster performance are weaker than Kerala and Karnataka mainly due to high base of Covid last year (50% of revenues with margins being 20%+). Other hospitals have gone line with government schemes leading to lower occupancy. The management has guided for margins to get ramped to 18% in FY23 and 20% by FY24
- The company is guiding for 200 bps improvement in RoCE every year

Exhibit 1: Variance Analysis

	Q1FY23	Q1FY23E	Q1FY22	Q4FY22	YoY (%)	QoQ (%)	Comments
Revenue	2,662.1	2,625.9	2,371.6	2,727.8	12.3	-2.4	QoQ decline due to seasonal slow quarter and holidays in GCC
Raw Material Expenses	811.9	740.6	714.1	703.4	13.7	15.4	
Employee Expenses	939.4	836.1	757.1	872.3	24.1	7.7	
Other Expenditure	618.7	608.5	619.6	689.5	-0.1	-10.3	
Operating Profit (EBITDA)	292.1	440.8	280.9	462.5	4.0	-36.8	
EBITDA (%)	11.0	16.8	11.8	17.0	-87 bps	-598 bps	QoQ decline due to loss of ₹ 20 crore from commissioning of new hospitals in India and GCC in Q1FY23 along with lower margins for GCC clinics and GCC pharmacies
Interest	68.8	65.0	66.5	62.2	3.5	10.5	
Depreciation	175.0	178.6	153.0	170.4	14.4	2.7	
Other Income	37.3	13.0	8.0	22.0	363.6	69.6	
PBT before EO & Forex	85.6	210.1	69.4	251.9	23.3	-66.0	
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT after Exceptional Items	85.6	210.1	69.4	251.9	23.3	-66.0	
Tax	5.5	18.9	10.9	4.2	-50.0	30.1	
PAT before MI	80.2	191.2	58.6	247.7	36.9	-67.6	
MI	11.2	23.9	15.1	19.4	-25.8	-42.0	
Net Profit	68.5	167.4	44.5	226.3	54.1	-69.7	QoQ delta vis-à-vis EBITDA mainly due to higher interest and tax
Key Metrics							
India	669.0	620.6	550.0	607.0	21.6	10.2	QoQ improved mainly due to normalisation in hospital activity
GCC	2,111.0	2,083.8	1,900.0	2,214.0	11.1	-4.7	QoQ decline mainly due to holidays and seasonality in operations
GCC - Hospital	913.0	951.7	842.0	944.0	8.4	-3.3	
GCC - Clinincs	538.0	522.5	550.0	661.0	-2.2	-18.6	
GCC - Pharmacy	660.0	609.6	508.0	609.0	29.9	8.4	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY22		FY23E		FY24E		Comments
(₹ Crore)	Old	New	Old	New	Old	New	
		% Change		% Change		% Change	
Revenue	10,253.3	10,838.9	10,897.6	0.5	12,040.6	12,024.9	-0.1
EBITDA	1,483.3	1,822.8	1,565.1	-14.1	2,087.9	2,009.8	-3.7
EBITDA Margin (%)	14.5	16.8	14.4	-246 bps	17.3	16.7	-63 bps
PAT	526.0	718.5	538.4	-25.1	919.2	831.8	-9.5
EPS (₹)	10.5	14.4	10.8	-25.1	18.4	16.7	-9.5

Source: ICICI Direct Research

Exhibit 3: Assumptions

	Current				Earlier		Comments
(₹ crore)	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
India	1,655	2,384	2,512	2,762	2,575	2,919	Changed due to likely slower ramp up in new hospitals
GCC	7,294	8,217	8,773	9,650	8,612	9,469	
GCC - Hospital	3,170	3,532	3,841	4,126	3,813	4,095	Changed mainly on back of better offtake from Saudi hospitals post restructuring
GCC - Clinincs	2,017	2,440	2,245	2,514	2,245	2,514	
GCC - Pharmacy	2,107	2,245	2,687	3,009	2,554	2,861	Guidance for revenue growth to continue in retail pharmacy

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	72.7	14.3	4.4	5.4
FY22	10253	19.1	10.5	256.0	20.4	10.3	13.3	9.0
FY23E	10898	6.3	10.8	2.4	19.9	9.3	12.0	9.4
FY24E	12025	10.3	16.7	54.5	12.9	6.7	15.6	12.5

Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ crore)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)
Total Operating In	2028.4	2086.7	2321.6	2280.3	1760.6	2267.7	2227.6	2390.9	2371.6	2504.3	2649.6	2727.8	2662.1	12.3	-2.4
Raw Material Exp	627.3	615.8	695.1	676.3	584.2	686.6	651.3	665.1	714.1	728.3	746.0	703.4	811.9	13.7	15.4
% of Revenue	30.9	29.5	29.9	29.7	33.2	30.3	29.2	27.8	30.1	29.1	28.2	25.8	30.5	39 bps	471 bps
Gross Profit	1401.2	1470.9	1626.5	1604.0	1176.4	1581.1	1576.3	1725.8	1657.5	1776.1	1903.6	2024.4	1850.2	11.6	-8.6
Gross Profit Marg	69.1	70.5	70.1	70.3	66.8	69.7	70.8	72.2	69.9	70.9	71.8	74.2	69.5	-39 bps	-471 bps
Employee Expense	707.1	728.8	730.1	737.9	624.5	714.1	714.2	702.5	757.1	802.3	832.8	872.3	939.4	24.1	7.7
% of Revenue	34.9	34.9	31.4	32.4	35.5	31.5	32.1	29.4	31.9	32.0	31.4	32.0	35.3	337 bps	331 bps
Other Expenditure	470.5	497.5	511.4	453.9	409.2	595.9	534.1	702.2	619.6	631.0	673.7	689.5	618.7	-0.1	-10.3
% of Revenue	23.2	23.8	22.0	19.9	23.2	26.3	24.0	29.4	26.1	25.2	25.4	25.3	23.2	-288 bps	-204 bps
Total Expenditure	1804.9	1842.0	1936.6	1868.0	1617.9	1996.7	1899.7	2069.8	2090.7	2161.5	2252.5	2265.3	2370.0	13.4	4.6
% of Revenue	89.0	88.3	83.4	81.9	91.9	88.0	85.3	86.6	88.2	86.3	85.0	83.0	89.0	87 bps	598 bps
EBITDA	223.6	244.7	385.0	412.3	142.7	271.1	327.9	321.1	280.9	342.8	397.1	462.5	292.1	4.0	-36.8
EBITDA Margin (%)	11.0	11.7	16.6	18.1	8.1	12.0	14.7	13.4	11.8	13.7	15.0	17.0	11.0	-87 bps	-598 bps
Other Income	3.3	4.1	3.9	26.6	6.5	7.9	5.7	29.8	8.0	9.1	11.5	22.0	37.3	363.6	69.6
Interest	87.7	88.4	71.5	112.1	80.3	74.6	62.1	76.7	66.5	61.4	66.9	62.2	68.8	3.5	10.5
Depreciation	126.0	149.0	139.8	171.1	154.7	152.9	157.3	152.6	153.0	156.4	160.9	170.4	175.0	14.4	2.7
PBT	13.0	11.4	177.7	155.7	-85.7	51.5	114.2	121.5	69.5	134.2	180.8	251.9	85.6	23.3	-66.0
Total Tax	2.2	5.0	8.2	-0.1	3.9	10.3	7.8	5.3	10.9	7.6	13.1	4.2	5.5	-50.0	30.1
Tax rate (%)	17.1	43.4	4.6	0.0	-4.5	20.0	6.8	4.3	15.7	5.6	7.3	1.7	6.4	-931 bps	470 bps
PAT	3.1	3.0	139.0	139.4	-82.9	32.9	92.4	105.4	44.5	106.9	148.3	226.3	68.5	54.1	-69.7
PAT Margin (%)	0.2	0.1	6.0	6.1	-4.7	1.4	4.1	4.4	1.9	4.3	5.6	8.3	2.6		
EPS (₹)	0.1	0.1	2.8	2.8	-1.7	0.7	1.9	2.1	0.9	2.1	3.0	4.5	1.4		

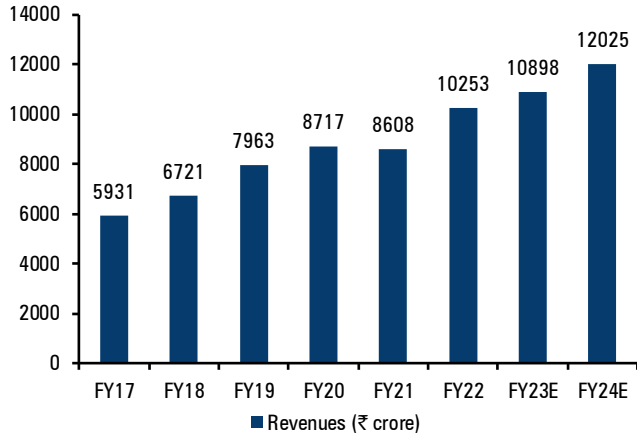
Source: ICICI Direct Research

Exhibit 6: Valuation

Particulars	FY24E (₹ cr)	Valuation Matrix	Multiple (x)	EV (₹ cr)
GCC Mature Hospitals	733.3	EV/EBITDA	6.0	4,400
India Mature Hospitals	502.2	EV/EBITDA	12.0	6,027
GCC New Hospitals	110.4	EV/Sales	1.0	110
India New Hospitals	83.7	EV/Sales	1.0	84
Clinics	2514.2	EV/Sales	1.0	2,514
Pharmacies	3009.3	EV/Sales	1.0	3,009
Net Debt FY23E (₹ cr)				2,802.7
Minority Interest				640.3
Targeted MCap (₹ cr)				12,701
No of shares (cr)				50.0
Per Share Value (₹)				250

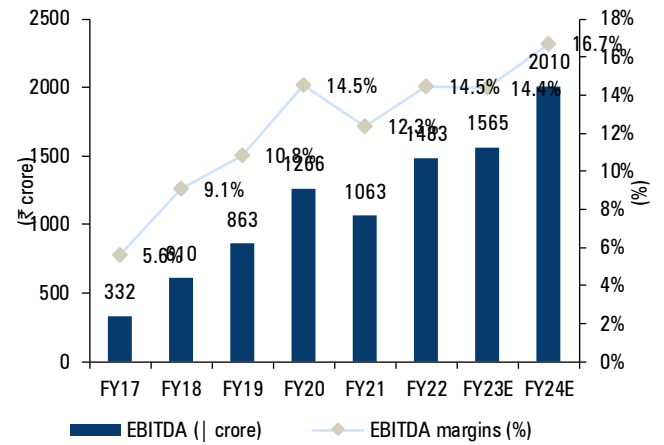
Source: Company

Exhibit 7: Revenue to grow at CAGR of 8.3% over FY22-24E



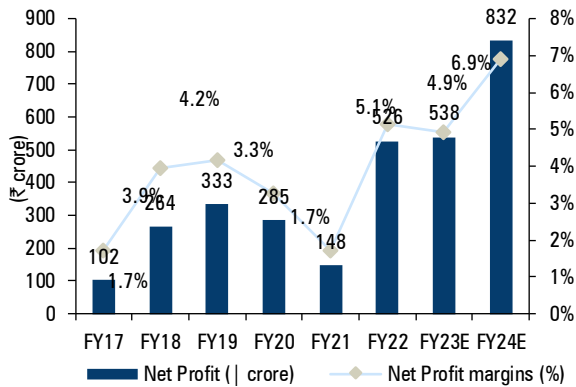
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



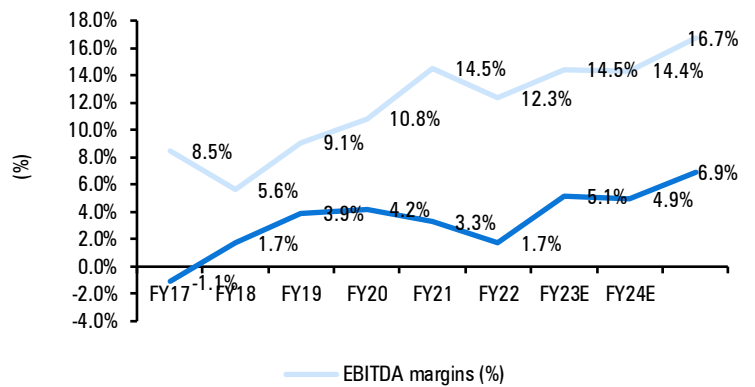
Source: ICICI Direct Research, Company

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	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4299	4,500	Buy	61813	7.9	59.1	80.9	107.4	546.9	72.7	53.1	40.0	6.3	15.1	16.7	19.3	2.5	15.1	17.7	19.9
Narayana Hrudalaya	NARHRU	686	800	Buy	14014	-0.7	16.7	20.6	22.7	NA	41.0	33.3	30.2	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	118	150	Buy	1270	3.9	5.4	7.5	9.9	29.9	21.7	15.7	11.9	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	219	250	Buy	10934	3.0	10.5	10.8	16.7	74.0	20.8	20.3	13.1	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	282	345	Buy	3918	-13.9	3.9	4.5	8.8	-13.9	72.9	62.0	31.9	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
MNC Pharma																					
Abbott India	ABBIND	18976	20,560	Buy	40323	325.0	375.9	439.8	514.0	58.4	50.5	43.1	36.9	33.8	36.6	37.9	36.3	26.5	28.3	29.5	28.1
P&G Health	MERLIM	4380	4,955	Hold	7271	106.5	121.5	130.5	141.6	41.1	36.0	33.6	30.9	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6409	6,885	Hold	14760	207.4	410.1	270.5	264.8	30.9	15.6	23.7	24.2	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4219	4,480	Hold	19301	108.8	133.9	140.4	149.3	38.8	31.5	30.0	28.3	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
Pharma																					
Ajanta Pharma	AJAPHA	1280	1,495	Buy	16394	51.0	55.6	60.1	71.1	25.1	23.0	21.3	18.0	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	655	590	Reduce	12880	62.8	27.8	15.3	26.9	10.4	23.6	42.9	24.3	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	583	610	Hold	34184	55.0	47.4	45.6	51.0	10.6	12.3	12.8	11.4	16.9	12.9	12.5	13.1	14.7	11.3	9.9	10.0
Biocon	BIOCON	312	320	Hold	37399	6.3	5.7	5.5	11.3	49.8	54.7	57.1	27.5	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	385	475	Hold	39414	23.3	21.0	20.2	24.0	16.5	18.3	19.1	16.1	13.8	12.0	11.2	12.4	18.4	12.6	11.0	11.7
Cipla	CIPLA	1033	1,135	Buy	83374	29.9	32.9	38.6	45.8	34.6	31.4	26.8	22.5	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4270	4,750	Buy	71074	117.3	126.9	203.4	191.0	36.4	33.6	21.0	22.4	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	391	460	Hold	11034	32.9	42.7	41.0	48.3	11.9	9.2	9.5	8.1	13.9	14.8	14.5	15.4	13.1	13.2	11.4	11.9
Ipca Laboratories	IPCLAB	935	1,000	Hold	23711	44.9	34.8	32.7	39.9	20.8	26.8	28.6	23.4	27.1	17.4	16.2	17.4	24.2	16.1	13.4	14.4
Jubilant Pharmova	JUBLIF	357	340	Reduce	5686	37.4	26.0	15.9	26.1	9.6	13.7	22.5	13.7	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	684	610	Reduce	31114	26.9	11.9	11.8	27.7	25.5	57.6	58.2	24.7	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	649	820	Hold	11849	24.2	9.3	28.3	33.2	26.9	69.7	23.0	19.6	13.1	4.6	13.3	14.1	10.7	4.0	11.0	11.6
Sun Pharma	SUNPHA	913	1,125	Buy	218987	30.0	32.0	34.8	40.1	30.4	28.6	26.2	22.7	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1549	1,800	Buy	52408	37.0	32.0	43.7	54.6	41.9	48.3	35.5	28.4	17.6	19.7	24.7	29.4	21.4	18.2	20.9	21.8
Indoco Remedies	INDREM	377	525	Buy	3469	10.1	16.8	21.6	29.2	37.3	22.4	17.4	12.9	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	797	1,000	Buy	6039	81.7	85.3	70.4	73.0	9.7	9.3	11.3	10.9	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	265	265	Reduce	2957	13.1	10.7	8.5	12.1	20.2	24.7	31.2	21.9	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2253	2,445	Hold	1916	44.4	45.7	41.3	63.2	50.8	49.3	54.6	35.6	16.2	10.9	9.9	13.4	16.5	15.0	12.2	16.3
API/CRAMS																					
Divi's Lab	DIVLAB	3838	4,655	Buy	101887	74.7	111.5	105.7	122.5	51.3	34.4	36.3	31.3	27.6	30.2	25.8	25.5	21.3	25.2	20.3	20.0
Hikal	HIKCHE	266	340	Buy	3276	10.8	13.0	11.1	19.0	24.6	20.4	24.0	14.0	15.1	13.6	10.9	16.3	14.3	15.0	11.5	16.8
Syngene Int.	SYNINT	584	710	Buy	23458	10.1	9.9	11.5	14.6	57.7	59.3	50.7	40.1	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	311	375	Buy	7702	22.2	16.6	21.9	26.8	14.0	18.7	14.2	11.6	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	566	675	Buy	30423	18.3	15.4	20.7	27.0	30.9	36.8	27.3	21.0	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceuticals	SUVPH	450	530	Hold	11461	14.2	17.8	17.0	17.6	31.6	25.3	26.5	25.5	31.2	37.5	28.7	25.0	30.7	29.7	23.0	20.0

Source: ICICI Direct Research

Financial Summary

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Revenues	8,608.4	10,253.3	10,897.6	12,024.9
Growth (%)	-1.2	19.1	6.3	10.3
Raw Material Expenses	2,548.9	2,891.8	3,323.6	3,667.4
Employee Expenses	2,755.4	3,264.5	3,561.4	3,929.9
Other Expenditure	2,241.4	2,613.8	2,447.5	2,417.8
Total Operating Expenditure	7,545.6	8,770.0	9,332.5	10,015.1
EBITDA	1,062.8	1,483.3	1,565.1	2,009.8
Growth (%)	-16.0	39.6	5.5	28.4
Interest	293.7	257.0	275.2	240.6
Depreciation	617.6	640.6	699.8	766.2
Other Income	50.0	50.7	78.0	59.4
PBT before Exceptional Items	201.5	636.3	668.0	1,062.4
Less: Forex & Exceptional Items	0.0	0.0	0.0	0.0
PBT	201.5	636.3	668.0	1,062.4
Total Tax	27.2	35.8	42.5	95.6
PAT before MI	174.3	600.5	625.5	966.7
Minority Interest	30.1	75.1	87.6	135.4
PAT	147.7	526.0	538.4	831.8
Adjusted PAT	147.7	526.0	538.4	831.8
Growth (%)	-48.1	256.0	2.4	54.5
EPS	3.0	10.5	10.8	16.7
EPS (Adjusted)	3.0	10.5	10.8	16.7

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	538.4	831.8
Add: Depreciation & Amortization	617.6	640.6	699.8	766.2
Net Increase in Current Assets	269.5	-522.5	-346.5	-417.1
Net Increase in Current Liabilities	-73.7	120.1	363.6	303.8
Others	561.8	495.6	275.2	240.6
Net cash flow from operating activities	1,569.1	1,313.5	1,530.5	1,725.4
(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
CF from investing activities	-348.8	-529.8	-511.0	-504.1
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	-275.2	-240.6
CF from financing activities	-1,116.1	-685.4	-846.7	-785.0
Net Cash flow	104.2	98.3	172.7	436.2
Opening Cash	177.1	281.4	379.6	552.3
Closing Cash	281.3	379.6	552.3	988.6
FCF	1,182.7	769.6	950.5	1,145.4

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	3,994.6	4,826.4
Total Shareholders fund	3,372.4	3,953.4	4,491.8	5,323.6
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
Source of Funds	9,221.8	9,955.5	10,031.9	10,439.8
Gross Block - Fixed Assets	8,057.0	8,921.6	9,401.6	10,081.6
Accumulated Depreciation	2,360.3	3,000.8	3,700.7	4,466.9
Net Block	5,696.7	5,920.7	5,700.9	5,614.7
Capital WIP	933.9	997.7	1,097.7	997.7
Net Fixed Assets	6,630.6	6,918.5	6,798.6	6,612.4
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	1,178.8	1,300.8
Cash	281.4	379.6	552.3	988.6
Debtors	2,019.0	2,020.5	2,147.5	2,369.6
Loans & Advances & Other CA	455.7	664.0	730.4	803.5
Total Current Assets	3,605.1	4,089.8	4,609.1	5,462.5
Creditors	2,027.3	2,118.1	2,434.4	2,686.2
Provisions & Other CL	394.3	472.7	519.9	571.9
Total Current Liabilities	2,421.7	2,590.8	2,954.3	3,258.2
Net Current Assets	1,183.4	1,499.1	1,654.7	2,204.3
LT L& A, Other Assets	269.5	380.2	418.2	460.1
Deferred Tax Assets	23.4	25.0	27.5	30.3
Application of Funds	9,221.8	9,955.5	10,031.9	10,439.8

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
EPS	3.0	10.5	10.8	16.7
Cash EPS	15.3	23.4	24.8	32.0
BV	67.5	79.1	89.9	106.6
DPS	0.0	0.0	0.0	0.0
Cash Per Share	47.3	60.1	74.1	89.4
Operating Ratios (%)				
Gross Profit	70.4	71.8	69.5	69.5
EBITDA margins	12.3	14.5	14.4	16.7
Net Profit margins	1.7	5.1	4.9	6.9
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
Return Ratios (%)				
RoE	4.4	13.3	12.0	15.6
RoCE	5.4	9.0	9.4	12.5
RoIC	5.6	9.8	10.3	14.7
Valuation Ratios (x)				
P/E	72.7	20.4	19.9	12.9
EV / EBITDA	14.3	10.3	9.3	6.7
EV / Revenues	1.8	1.5	1.3	1.1
Market Cap / Revenues	1.2	1.0	1.0	0.9
Price to Book Value	3.2	2.7	2.4	2.0
Solvency Ratios				
Debt / Equity	1.4	1.2	1.0	0.7
Debt/EBITDA	4.5	3.3	2.8	1.9
Current Ratio	1.4	1.4	1.4	1.4

Source: Company, ICICI Direct Research

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