

CMP: ₹ 4421

Target: ₹ 5230 (18%)

Target Period: 12 months

November 12, 2022

BUY



Strong performance; upbeat outlook maintained...

About the stock: Apollo is a leading integrated healthcare service provider.

- Group capacity of 9911 beds across 71 hospitals in India. Total 8538 beds owned in 44 hospitals; 278 beds in 11 cradles; 244 beds in 11 day-care/short surgical stay centres; 851 beds in five hospitals under O&M contracts
- It has got a digital presence with "ASK Apollo" & digital health platform "Apollo 24/7". Apollo Hospitals is the exclusive supplier for APL, which operates India's largest standalone pharmacy chain with 4529 outlets
- Apollo Health & Lifestyle Ltd runs the largest chain of standardised primary healthcare models, multi-specialty clinics under the brand: Apollo Clinics in India and Middle East, diabetes management clinics: Apollo Sugar, diagnostic centres: Apollo Diagnostics, specialty formats: Apollo Cradle for women & children, Apollo Spectra for planned surgery

Q2FY23 Results: Apollo delivered a strong performance in line with our estimates.

- Revenues grew 12% QoQ at ₹ 4251 crore
- EBITDA increased 15.2% QoQ to ₹ 566 crore. EBITDA margins increased 37 bps QoQ to 13.3%
- Adjusted net profit declined 35% QoQ to ₹ 205 crore

What should investors do? Apollo's share price grew 3.2x over past three years

- We maintain **BUY** due to 1) pick-up in elective surgeries and margins at hospitals to improve through better operating leverage and optimisation of payer and case mix, 2) impending value unlocking through Apollo HealthCo and 3) increase in reach for all verticals through integrated digital platform to be remunerative in long term albeit with front-loaded cost pressure

Target Price and Valuation: We value Apollo at ₹ 5230 based on SOTP valuation.

Key triggers for future price performance:

- Apollo is undergoing an optical transformational journey towards creating an omni-channel healthcare platform that could set the platform for tapping new-age investors enabling rapid scale up of the digital healthcare platform
- Business normalisation in healthcare is expected to continue with further momentum due to lifting of travel restrictions, international patients. Also with strong healthcare pedigree & asset base, the company is on course to integrate all entities digitally to leverage its brand and physical presence
- The new hospitals, ventures are turning profitable on the back of a judicious case mix besides better occupancy & ramp up at new hospitals and AHLL

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

- Narayana operates a duel model, which perfectly blends established "Asset-right" India business with a hospital in Cayman Islands
- BUY with a target price of ₹ 800

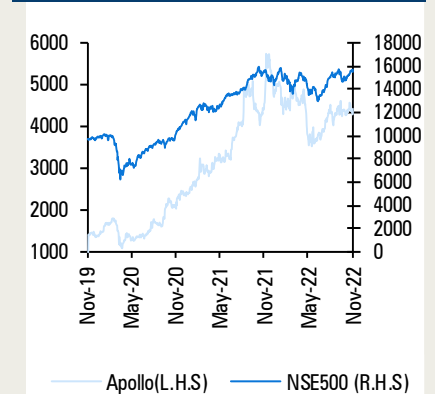
Particulars

Particular	Amount
Market Capitalisation	₹ 61969 crore
Debt (FY22)	₹ 2636 crore
Cash (FY22)	₹ 1036 crore
EV	₹ 63569 crore
52 week H/L (₹)	5931/3366
Equity capital	₹ 71.9 crore
Face value	₹ 5

Shareholding pattern

(in %)	Dec-21	Mar-22	Jun-22	Sep-22
Promoter	29.3	29.3	29.3	29.3
Others	70.7	70.7	70.7	70.7

Price Chart



Recent Event & Key risks

- Acquisition of Ayurveda hospital chain AyurVAID
- Key Risk:** (i) Slower ramp up in elective surgeries (ii) Higher operational expense in 24/7

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Key Financial Summary

Key Financials (₹ crore)	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Net Sales	11246.8	10560.0	14662.6	15.1	16851.4	19270.1	14.6
EBITDA	1583.4	1137.4	2185.1	24.6	2225.4	2634.3	9.8
EBITDA margins (%)	14.1	10.8	14.9		13.2	13.7	
PAT	454.9	113.0	850.4	36.7	973.6	1223.8	20.0
EPS (₹)	22.6	7.9	59.1		67.7	85.1	
PE (x)	139.7	422.7	60.2		65.2	51.9	
P/BV (x)	19.0	13.8	11.3		9.9	8.6	
RoE (%)	9.7	2.5	15.1		15.2	16.6	
RoCE (%)	10.2	6.3	15.1		14.7	16.7	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q2FY23 Results: Strong Performance led by increase in occupancy levels

- Revenues grew 12% QoQ at ₹ 4251 crore, driven by elective surgeries post normalcy, increase in international patient mix. EBITDA increased 15.2% QoQ to ₹ 566 crore. EBITDA margins increased 37 bps QoQ to 13.3%. Margins improved due to the strong margin performance by hospitals at 25% (matured-28%, new- 18%). Hospitals revenue increased 12% QoQ to ₹ 2265 crore. Growth was mainly due to increased occupancy, which increased to 68% vis-à-vis 60% in the previous quarter. Pharmacy revenues increased 13% QoQ to ₹ 1668 crore, mainly due to store additions taking the count to 5000+ stores. Diagnostics and retail healthcare revenues increased 9% QoQ to ₹ 319 crore due to the addition of collection store across various cities. Diagnostic growth was robust at 25% clocking in revenue of ₹ 104 crore. Adjusted net profit declined 35% QoQ to ₹ 205 crore, delta in profit due to high tax rate in this quarter
- Apollo's performance in this quarter was driven by robust occupancy levels, increasing patient count (both domestic, international), which reflects the healthcare industry coming back to normalcy. Pharmacy business delivered strong performance with addition of 240+ store addition followed by growth in GMV of Apollo 24/7 that increased to ₹ 294 crore vs. ₹ 215 crore in Q1FY23. Structurally, cost reduction drives, expanding of complex procedures and profitability of new hospitals remain key management focus areas

Q2FY23 Earnings Conference Call highlights

- Existing hospitals occupancy – 70%, New hospitals occupancy- 64%
- Blended ARPOB (H1FY23) - ₹ 51136
- EBITDA margins – Hospitals - 25.2%; Diagnostics & retail health (AHLL)- 11.8%; Digital Health and Pharmacy distribution- 7.8% (before 247 expenses and ESOP non-cash charge)
- Hospitals payer mix- cash and insurance contribution grew 16% QoQ
- Surgical procedure share in hospitals- 65%, likely to go up due to higher surgeries expected in new hospitals
- Payer mix better than pre-Covid level- Insurance patients 42% compared to 35% during pre-Covid period
- Institutional payer mix (CGHS, state government / Ayushman, PSUs) just 10% of the overall pie
- Internationals patients still below pre-Covid level at 6%. Likely to go to 10% by year end and target is 15% from thereon
- Matured hospitals EBITDA 28% at 70% occupancy rate. The management believes further improvement possible on the back of 1) better case mix, 2) higher contribution from international patients, 3) optimum occupancy up to 82-83% level, 4) continuing cost optimization drives
- Currently generates highest oncology procedure revenues in India
- Capex target - ₹ 3000 crore over three years besides routine capex of ₹ 350 crore
- Plans to add 2000 beds (major greenfield- Gurugram)

Exhibit 1: Variance Analysis

	Q2FY23	Q2FY23E	Q2FY22	Q1FY23	YoY (%)	QoQ (%)	Comments
Revenue	4,251.1	4,082.6	3,717.1	3,795.6	14.4	12.0	Revenues grew 12% QoQ at ₹ 4251 crore, driven by elective surgeries post normalcy, increase in international patient
Raw Material Expenses	2,171.9	2,099.7	1,872.3	1,952.1	16.0	11.3	
Employee Expenses	540.8	481.2	456.8	447.4	18.4	20.9	
Other expenditure	973.0	932.3	772.9	905.3	25.9	7.5	
EBITDA	565.4	569.3	615.0	490.7	-8.1	15.2	EBITDA increased 15.2% QoQ to ₹ 566 crore
EBITDA (%)	13.3	13.9	16.5	12.9	-325 bps	37 bps	EBITDA margins increased 37 bps QoQ to 13.3%. Margins improved due to the strong margin performance by hospitals at 25% (matured-28%, new- 18%)
Interest	92.7	92.7	95.4	92.7	-2.8	0.0	
Depreciation	155.0	162.6	144.8	147.8	7.1	4.9	
Other Income	22.6	21.8	5.6	16.1	300.9	40.5	
PBT before EO & Forex	340.2	335.7	380.5	266.3	-10.6	27.8	
EO	-2.0	0.0	0.0	0.0	0.0	0.0	
PBT after Exceptional lte	342.2	335.7	380.5	266.3	-10.1	28.5	
Tax	114.2	83.9	115.6	-69.5	-1.2	LP	
Tax rate (%)	33.4	25.0	30.4	-26.1	9.9	LP	
Net Profit	206.0	242.2	247.8	317.1	-16.9	-35.0	
Adj. Net Profit	204.7	242.2	247.8	317.1	-17.4	-35.5	Adjusted net profit declined 35% QoQ to ₹ 205 crore, delta in profit due to high tax rate in this quarter)
EPS (₹)	14.3	16.8	17.2	22.1	-16.9	-35.0	
Key Metrics							
Hospitals	2264.5	2164.4	2168.6	2023.4	4.4	11.9	Occupancy in mature hospitals at 70%, new hospitals at
Pharmacy	1668.3	1582.5	1167.1	1479.2	42.9	12.8	Combined pharmacy platform sales at ₹ 2050 crore
AHLL	318.3	335.6	381.4	293.0	-16.5	8.6	Diagnostics: ₹ 104 crore

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23E		FY24E		Comments		
	Old	New % Change	Old	New % Change			
Revenue	16,522.5	16,851.4	2.0	18,634.7	19,270.1	3.4	Changed due to robust occupancy levels across new and existing hospitals
EBITDA	2,328.6	2,225.4	-4.4	2,905.9	2,634.3	-9.3	Higher than estimated 24*7 cost, as well as non-cash Esop expense
EBITDA Margin (%)	14.1	13.2	-89 bps	15.6	13.7	-192 bps	
Adjusted PAT	1,143.0	973.6	-14.8	1,458.8	1,223.8	-16.1	
EPS (₹)	79.5	67.7	-14.8	101.5	85.1	-16.1	Delta vis-à-vis EBITDA

Source: ICICI Direct Research

Exhibit 3: Assumptions

(% Growth)	Current			Earlier			Comments
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Healthcare Services	5,002.2	7,989.2	8,803.5	9,815.7	8,621.0	9,438.7	Occupancy levels to improve in newer hospitals with maturing profile. Guided mid-teen growth
Pharmacy	4,876.0	5,361.0	6,659.2	7,788.0	6,347.5	7,474.8	Guided for 20%+ growth in offline pharmacies
AHLL	681.8	1,312.5	1,388.7	1,666.5	1,576.4	1,970.5	Slower than expected ramp-up

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoNW	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	10560	-6.1	7.9	-75.2	422.7	57.7	2.5	6.3
FY22	14663	38.9	59.1	652.4	60.2	29.8	15.1	15.1
FY23E	16851	14.9	67.7	14.5	65.2	29.3	15.2	14.7
FY24E	19270	14.4	85.1	25.7	51.9	24.6	16.6	16.7

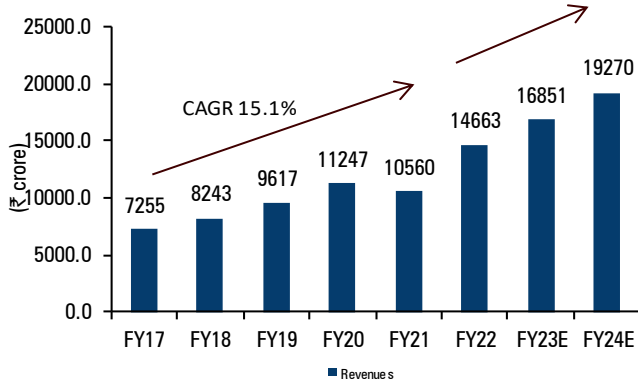
Source: ICICI Direct Research

Exhibit 5: Trends in Quarterly Performance

(₹ crore)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY (%)	QoQ (%)
Total Operating Income	2840.7	2911.7	2922.4	2171.5	2760.7	2759.8	2868.0	3760.2	3717.1	3638.9	3546.4	3795.6	4251.1	14.4	12.0
Raw Material Expenses	1372.9	1417.2	1471.1	1217.5	1505.1	1486.5	1475.0	2062.0	1872.3	1823.5	1815.7	1952.1	2171.9	16.0	11.3
as % revenues	48.3	48.7	50.3	56.1	54.5	53.9	51.4	54.8	50.4	50.1	51.2	51.4	51.1		
Gross Profit	1467.9	1494.6	1451.4	954.0	1255.6	1273.3	1392.9	1698.3	1844.7	1815.4	1730.8	1843.5	2079.2	12.7	12.8
GPM (%)	51.7	51.3	49.7	43.9	45.5	46.1	48.6	45.2	49.6	49.9	48.8	48.6	48.9		
Employee Expenses	468.7	475.4	475.5	448.6	411.6	352.4	388.4	443.5	456.8	439.6	446.6	447.4	540.8	18.4	20.9
as % revenues	16.5	16.3	16.3	20.7	14.9	12.8	13.5	11.8	12.3	12.1	12.6	11.8	12.7		
Other expenditure	580.2	589.2	595.8	469.9	544.2	530.7	592.7	734.9	772.9	788.8	820.9	905.3	973.0	25.9	7.5
as % revenues	20.4	20.2	20.4	21.6	19.7	19.2	20.7	19.5	20.8	21.7	23.1	23.9	22.9		
Total expenditure	2421.7	2481.7	2542.4	2136.0	2460.9	2369.6	2456.1	3240.3	3102.1	3051.9	3083.2	3304.9	3685.7	18.8	11.5
EBITDA	419.0	430.0	380.1	35.5	299.8	390.3	411.8	519.9	615.0	587.0	463.2	490.7	565.4	-8.1	15.2
EBITDA Margins (%)	14.7	14.8	13.0	1.6	10.9	14.1	14.4	13.8	16.5	16.1	13.1	12.9	13.3	-325 bps	37 bps
Depreciation	154.5	157.3	163.9	160.2	149.5	125.0	138.5	140.6	144.8	149.0	166.4	147.8	155.0	7.1	4.9
Interest	134.3	137.4	135.2	127.4	122.3	101.0	98.6	94.7	95.4	93.7	94.9	92.7	92.7	-2.8	0.0
Other Income	3.5	9.7	4.0	7.7	11.3	5.5	20.5	24.6	5.6	17.2	30.7	16.1	22.6	300.9	40.5
PBT	133.7	144.9	84.9	-244.4	39.4	169.8	195.2	309.3	380.5	361.5	232.7	266.3	340.2	-10.6	27.8
Less: Exceptional Items	0.0	0.0	198.3	0.0	35.4	0.0	25.2	294.1	0.0	0.0	0.0	0.0	2.0		
Total Tax	50.6	55.4	74.0	-40.8	6.6	51.2	67.7	98.6	115.6	124.2	138.7	-69.5	114.2	-1.2	LP
Tax rate (%)	37.8	38.2	87.2	16.7	16.8	30.1	34.7	31.9	30.4	34.4	59.6	-26.1	33.6		
PAT	86.2	92.1	219.4	-208.2	60.3	130.5	167.9	489.3	247.8	228.4	90.1	317.1	206.0	-16.9	-35.0
Net Profit Margin (%)	3.0	3.2	7.5	-9.6	2.2	4.7	5.9	13.0	6.7	6.3	2.5	8.4	4.8		
EPS (Adjusted)	6.0	6.4	15.3	-14.5	4.2	9.1	11.7	34.0	17.2	15.9	6.3	22.1	14.3		

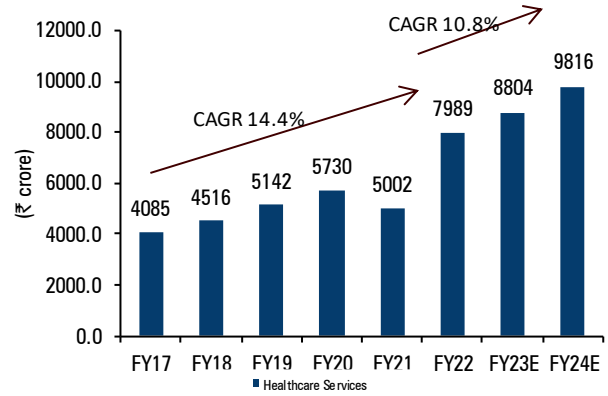
Source: ICICI Direct Research

Exhibit 6: Revenues to grow at 14.6% CAGR over FY22-24E



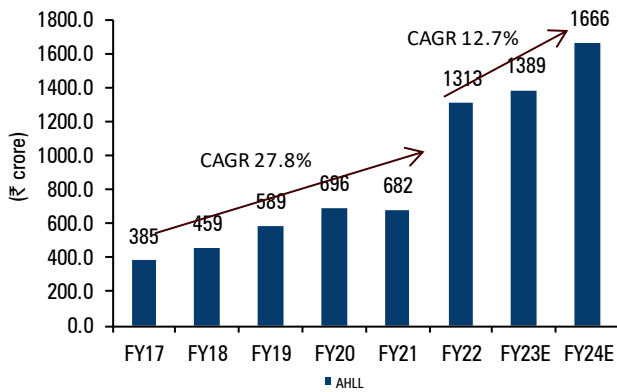
Source: ICICI Direct Research, Company

Exhibit 7: Hospitals to grow at 10.8% CAGR in FY22-24E



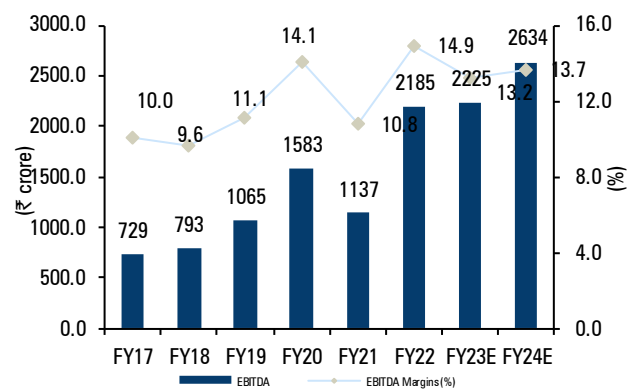
Source: ICICI Direct Research, Company

Exhibit 8: AHLL to grow at CAGR of ~12.7% over FY22-24E



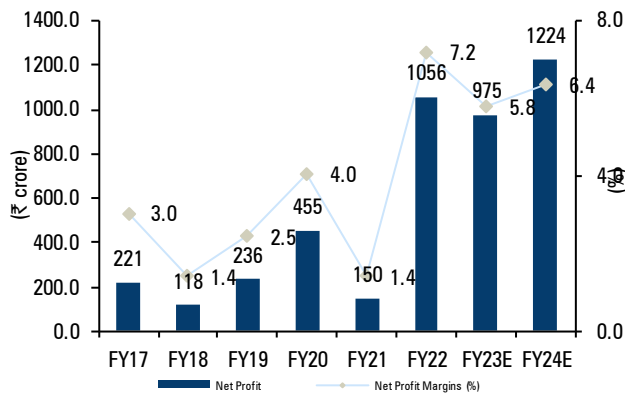
Source: ICICI Direct Research, Company

Exhibit 9: EBITDA & EBITDA margins trend



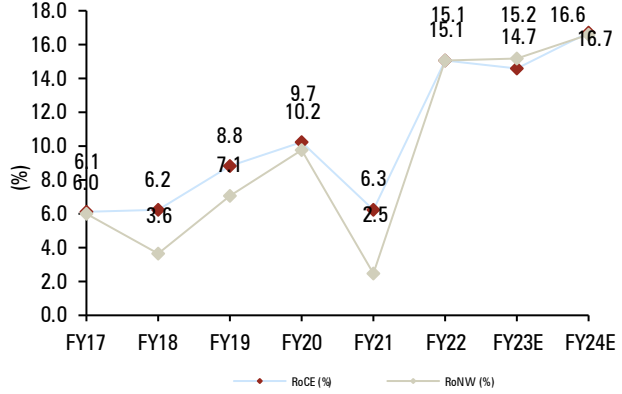
Source: ICICI Direct Research, Company

Exhibit 10: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 11: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 12: Valuation

Particulars	FY24E (₹ cr)	Valuation Matrix	Multiple (x)	EV (₹ cr)
Healthcare (Existing Hospitals)	1866.7	EV/EBITDA	20.0	37,333
Healthcare (New Hospitals)	565.6	EV/EBITDA	14.0	7,919
Pharmacy	8233.4	EV/Sales	3.0	24,700
AHLL	1666.5	EV/Sales	4.0	6,666
Net Debt FY24E (₹ cr)				1,352.8
Targeted MCap (₹ cr)				75,266
No of shares (cr)				14.4
Per Share Value (₹)				5,230

Source: ICICI Direct Research

Exhibit 13: ICICI Direct Universe Coverage (Healthcare)

Company	I-Direct	CMP	TP	Rating	M Cap	EPS (₹)				PE(x)				RoCE (%)				RoE (%)			
	Code	(₹)	(₹)		(₹ cr)	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4285	5,230	Buy	61710	7.9	59.1	79.0	101.0	545.2	72.5	54.3	42.4	6.3	15.1	15.3	18.8	2.5	15.1	17.4	18.9
Narayana Hrudalaya	NARHRU	767	855	Buy	15655	-0.7	16.7	20.6	22.7	NA	45.9	37.3	33.8	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	146	150	Buy	1575	3.9	5.4	7.5	9.9	37.1	26.9	19.5	14.8	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	265	250	Buy	13250	3.0	10.5	10.8	16.7	89.6	25.2	24.6	15.9	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	296	380	Buy	4114	-13.9	3.9	4.5	8.8	-13.9	76.6	65.1	33.5	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
MNC Pharma																					
Abbott India	ABBIND	19175	21,140	Hold	40268	325.0	375.9	427.7	528.6	59.0	51.0	44.8	36.3	33.8	36.6	37.1	37.3	26.5	28.3	28.9	28.8
P&G Health	MERLIM	4230	4,500	Hold	7191	106.5	116.0	124.8	140.6	39.7	36.5	33.9	30.1	32.2	39.8	36.0	33.8	25.1	31.2	28.1	26.2
Sanofi India	SANOFI	5623	6,385	Hold	12932	207.4	410.1	270.5	264.8	27.1	13.7	20.8	21.2	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4339	4,480	Hold	19960	108.8	133.9	140.4	149.3	39.9	32.4	30.9	29.1	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
Pharma																					
Ajanta Pharma	AJAPHA	1254	1,495	Buy	16046	51.0	55.6	60.1	71.1	24.6	22.5	20.9	17.6	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	619	590	Reduce	12193	62.8	27.8	15.3	26.9	9.9	22.3	40.5	23.0	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	478	615	Hold	27999	55.0	47.4	41.1	51.3	8.7	10.1	11.6	9.3	16.9	12.9	11.5	13.3	14.7	11.3	9.0	10.1
Biocon	BIOCON	277	320	Hold	33268	6.3	5.7	5.5	11.3	44.2	48.6	50.8	24.4	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	434	405	Hold	45043	23.3	21.0	21.0	23.8	18.6	20.7	20.7	18.2	13.8	12.0	11.8	11.7	18.4	12.6	11.4	11.6
Cipla	CIPLA	1125	1,350	Buy	90747	29.9	32.9	38.6	45.8	37.6	34.2	29.2	24.5	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4549	4,750	Buy	75521	117.3	126.9	203.4	191.0	38.8	35.8	22.4	23.8	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	414	440	Hold	11675	32.9	42.7	39.5	44.9	12.6	9.7	10.5	9.2	13.9	14.8	14.7	14.4	13.1	13.2	11.0	11.2
Ipsa Laboratories	IPCLAB	888	985	Hold	22564	44.9	34.8	27.5	35.1	19.8	25.5	32.4	25.3	27.1	17.4	14.3	16.3	24.2	16.1	11.4	13.0
Jubilant Pharmova	JUBLIF	388	340	Hold	6161	37.4	26.0	15.9	26.1	10.4	14.9	24.4	14.8	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	719	680	Reduce	32730	26.9	11.9	11.8	27.7	26.8	60.6	61.1	26.0	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	585	735	Hold	10704	24.2	9.3	41.6	42.3	24.2	62.8	14.1	13.8	13.1	4.6	18.1	16.9	10.7	4.0	15.5	13.9
Sun Pharma	SUNPHA	1011	1,225	Buy	242455	30.0	32.0	34.8	40.1	33.6	31.6	29.0	25.2	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1665	1,730	Hold	56292	37.0	32.0	40.0	46.7	45.0	52.0	41.6	35.7	17.6	19.7	19.1	21.4	21.4	18.2	19.8	19.7
Indoco Remedies	INDREM	359	525	Buy	3303	10.1	16.8	21.6	29.2	35.6	21.4	16.6	12.3	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	734	1,000	Buy	5578	81.7	85.3	70.4	73.0	9.0	8.6	10.4	10.1	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	292	265	Reduce	3270	13.1	10.7	8.5	12.1	22.3	27.3	34.5	24.2	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2000	2,070	HOLD	1741	44.4	45.7	35.9	51.8	43.6	42.3	53.9	37.4	16.2	10.9	9.3	11.8	16.5	15.0	10.8	14.0
API/CRAMS																					
Divi's Lab	DIVLAB	3287	3,685	HOLD	87099	74.7	111.5	93.0	113.5	44.0	29.5	35.3	29.0	27.6	30.2	22.8	24.4	21.3	25.2	18.4	19.2
Hikal	HIKCHE	343	330	Reduce	4223	10.8	13.0	3.8	14.4	31.8	26.4	89.6	23.8	15.1	13.6	5.6	13.8	14.3	15.0	4.3	14.2
Syngene Int.	SYNINT	606	710	Buy	24311	10.1	9.9	11.5	14.6	59.9	61.5	52.6	41.6	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	359	375	Buy	8906	22.2	16.6	21.9	26.8	16.2	21.6	16.4	13.4	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	451	675	Buy	24208	18.3	15.4	20.7	27.0	24.6	29.3	21.7	16.7	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceutical	SUVPH	438	530	BUY	11158	14.2	17.8	17.0	17.6	30.7	24.5	25.8	24.8	31.2	37.5	28.7	25.0	30.7	29.7	23.0	20.0

Source: ICICI Direct Research

Financial Summary

Exhibit 14: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Revenues	10,560.0	14,662.6	16,851.4	19,270.1
Growth (%)	-6.1	38.9	14.9	14.4
Raw Material Expenses	5,684.2	7,573.5	8,622.3	9,845.1
Employee Expenses	1,601.0	1,786.5	2,026.2	2,317.0
Other expenditure	2,137.4	3,117.5	3,977.5	4,473.8
Total Operating Expenditure	9,422.6	12,477.5	14,626.0	16,635.9
EBITDA	1,137.4	2,185.1	2,225.4	2,634.3
Growth (%)	-28.2	92.1	1.8	18.4
Depreciation	573.1	600.7	641.5	718.2
Interest	449.2	378.6	370.8	284.0
Other Income	45.0	78.1	85.4	77.1
PBT before exceptionals	160.1	1,283.9	1,298.5	1,709.1
Less: Exceptional Items	-60.6	-294.1	-2.0	0.0
PBT	220.7	1,578.0	1,300.5	1,709.1
Total Tax	84.7	477.0	275.7	427.3
MI & Profit from Associates	14.4	-45.4	-49.6	-58.0
Adjusted PAT	113.0	850.4	973.6	1,223.8
Growth (%)	-75.2	652.4	14.5	25.7
EPS (Adjusted)	7.9	59.1	67.7	85.1

Source: Company, ICICI Direct Research

Exhibit 15: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	172.1	904.1	975.2	1,223.8
Add: Depreciation & Amortization	573.1	600.7	641.5	718.2
Working Capital Changes	-72.1	-463.0	-187.3	-107.9
CF from operating activities	673.1	1,041.8	1,429.4	1,834.2
Change in Capex	247.4	-651.8	-1,350.0	-1,350.0
(Inc)/dec in Investments	-942.5	-185.9	0.0	0.0
Others	19.3	301.2	73.3	82.4
CF from investing activities	-675.8	-536.5	-1,276.7	-1,267.6
Issue of Equity	1,152.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-898.5	-286.6	-500.0	-500.0
Dividend paid & dividend tax	-38.3	-43.3	-209.4	-262.8
Others	-555.3	-437.8	0.0	0.0
CF from financing activities	-340.1	-767.7	-709.4	-762.8
Net Cash flow	-342.8	-262.4	-556.7	-196.2
Opening Cash	466.8	724.4	1,035.9	479.2
Closing Cash	124.0	462.0	479.2	283.0
Free Cash Flow	920.5	390.0	79.4	484.2

Source: Company, ICICI Direct Research

Exhibit 16: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	71.9	71.9	71.9	71.9
Reserve and Surplus	4,530.7	5,573.3	6,339.0	7,300.1
Total Shareholders funds	4,602.6	5,645.2	6,410.9	7,372.0
Total Debt	2,859.6	2,635.7	2,135.7	1,635.7
Deferred Tax Liability	260.5	529.8	540.4	551.2
Minority Interest	199.9	254.3	287.7	329.5
Long term provisions	22.3	23.3	23.8	24.3
Other Non Current Liabilities	1,820.3	1,951.2	1,990.3	2,030.1
Total Liabilities	9,765.2	11,039.5	11,388.8	11,942.8
Gross Block - Fixed Assets	7,713.6	9,168.6	10,218.6	11,568.6
Accumulated Depreciation	2,299.5	2,900.2	3,541.7	4,260.0
Net Block	5,414.1	6,268.4	6,676.9	7,308.6
Capital WIP	233.9	45.5	345.5	345.5
Goodwill on Consolidation	375.3	923.5	923.5	923.5
Total Fixed Assets	7,006.9	8,310.3	9,018.7	9,650.5
Investments	1,347.9	806.3	806.3	806.3
Inventory	249.5	431.8	491.6	561.3
Debtors	1,331.2	1,767.6	2,124.2	2,429.1
Loans & Advances, & other CA	456.4	645.6	332.1	294.9
Cash	724.4	1,035.9	479.2	283.0
Total Current Assets	2,643.7	3,620.1	3,487.5	3,673.8
Creditors	1,159.9	1,631.8	1,857.8	2,121.3
Provisions & Other CL	393.0	410.6	426.2	474.9
Total Current Liabilities	1,651.7	2,174.7	2,411.5	2,686.1
Net Current Assets	992.0	1,445.4	1,076.0	987.7
Long term loans & advances	393.3	469.2	478.6	488.2
Deferred Tax Assets	25.2	8.3	9.2	10.1
Application of Funds	9,765.2	11,039.5	11,388.8	11,942.8

Source: Company, ICICI Direct Research

Exhibit 17: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
Adjusted EPS	7.9	59.1	67.7	85.1
BV per share	320.1	392.6	445.9	512.7
Dividend per share	3.0	14.8	14.6	18.3
Cash Per Share	50.4	72.0	33.3	19.7
Operating Ratios (%)				
Gross Profit Margins	46.2	48.3	48.8	48.9
EBITDA margins	10.8	14.9	13.2	13.7
Net Profit margins	1.1	5.8	5.8	6.4
Inventory days	16.0	20.8	20.8	20.8
Debtor days	46.0	44.0	46.0	46.0
Creditor days	74.5	78.6	78.6	78.6
Asset Turnover	1.4	1.6	1.6	1.7
EBITDA Conversion Rate	59.2	47.7	64.2	69.6
Return Ratios (%)				
RoE	2.5	15.1	15.2	16.6
RoCE	6.3	15.1	14.7	16.7
RoIC	6.5	16.1	15.2	17.1
Valuation Ratios (x)				
P/E	422.7	60.2	65.2	51.9
EV / EBITDA	57.7	29.8	29.3	24.6
EV / Net Sales	6.2	4.4	3.9	3.4
Market Cap / Sales	6.0	4.3	3.8	3.3
Price to Book Value	13.8	11.3	9.9	8.6
Solvency Ratios				
Debt / EBITDA	2.5	1.2	1.0	0.6
Debt / Equity	0.6	0.5	0.3	0.2
Net Debt / Equity	0.6	0.4	0.3	0.2
Current Ratio	1.2	1.2	1.2	1.3

Source: Company, ICICI Direct Research

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