

CMP: ₹ 250

Target: ₹ 300 (20%)

Target Period: 12 months

November 12, 2022

## GCC clinics, new hospitals dent margins; India margins upbeat...

**About the stock:** Aster operates a network of hospitals, clinics, retail pharmacies in several GCC countries as well as India.

- Its network consists of 15 hospitals, 110 clinics and 245 retail pharmacies in GCC states; 15 hospitals, 11 clinics and 159 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

**Q2FY23 Results:** Beat on the revenue front but missed on the margin front.

- Revenue increased 6% QoQ to ₹ 2816 crore, driven by strong growth in Indian hospitals
- EBITDA improved 9.2% to ₹ 319 crore. EBITDA margins improved 35 bps QoQ to 11.3%, led by strong margin improvement in India hospitals but offset by lower margins at GCC clinics and new hospitals
- Net profit declined 32.6% QoQ to ₹ 46.2 crore, mainly due to lower other income and higher taxation

**What should investors do?** Aster's share price has grown by ~1.7x over the past three years (from ~₹ 145 in November 2019 to ~₹ 250 levels in November 2022).

- We 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) possible strategic initiatives to unlock value

**Target Price and Valuation:** We value Aster DM at an SOTP of ₹ 350.

**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 a 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

BUY



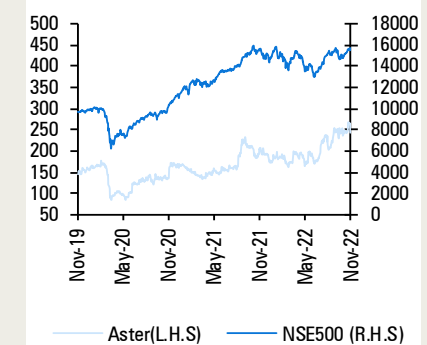
### Particulars

Particular	Amount
Market Capitalisation	₹ 12488 crore
Debt (FY22)	₹ 4907 crore
Cash (FY22)	₹ 45 crore
EV	₹ 17350 crore
52 week H/L (₹)	276/158
Equity capital	₹ 499.5 crore
Face value	₹ 10

### Shareholding pattern

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

- Acquisition of 60% stake in Skin 111 Clinics.
- **Key Risk:** (i) Another Covid like disturbance, (ii) Stretched capex cycle

### Research Analyst

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### Key Financial Summary

Key Financials (₹ Crore)	FY19	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Revenues	7962.7	8717.1	8608.4	10253.3	11.6	11169.3	12461.1	10.2
EBITDA	862.8	1265.6	1062.8	1483.3	34.9	1518.9	2103.2	19.1
EBITDA margins (%)	10.8	14.5	12.3	14.5		13.6	16.9	
Net Profit	333.1	284.9	147.7	526.0	38.9	385.0	899.3	30.8
EPS (₹)	6.7	5.7	3.0	10.5		7.7	18.0	
PE (x)	28.9	43.8	84.5	23.7		32.4	13.9	
EV to EBITDA (x)	14.0	14.1	16.0	11.5		10.8	7.3	
RoCE (%)	8.3	7.2	5.4	9.0		8.8	13.7	
ROE	10.4	8.7	4.4	13.3		8.9	17.2	

## Key takeaways of recent quarter & conference call highlights

### Q2FY23 Results: Revenues steady while margins drop

- Revenue increased 6% QoQ to ₹ 2816 crore, driven by strong growth in Indian hospitals followed by growth in GCC. EBITDA improved 9.2% to ₹ 319 crore. EBITDA margins improved 35 bps QoQ to 11.3%, led by strong margin improvement in India hospitals but offset by subdued performance by GCC Clinics and new hospital overheads, which could not be fully absorbed. Net profit declined 32.6% QoQ at ₹ 46.2 crore, mainly due to higher employee and other expenses
- Aster reported numbers that were a beat on our estimates on the sales front but missed on the margins front as the strong margin performance by Indian hospitals (21% in Q2FY23 vs. 17.2% in Q1FY23) was offset by Aster clinics (12.5% in Q2FY23 vs. 16.9% in Q1FY23). Aster's India hospitals posted robust 8.1% sequential growth on the back of increase in occupancy levels in both matured and new hospitals touching 69% and 48%, respectively, in H1FY23. GCC business is expected to show a resilient performance in H2 due to seasonality. 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

### Q2FY23 Earnings Conference Call highlights

- **GCC Hospitals:** The second quarter was seasonally weak due to extended holidays as air travel resumes. The management has guided for being on the lookout for minority shareholder/strategic partner for Saudi operations. The Saudi business has improved in the past few quarters and seen 12% margins. The company is also on track to separate GCC and India operations but timelines have not been fixed yet. On the margins front, there was ₹ 40 crore impact in GCC due to new hospitals coming on-stream in this quarter
- **GCC Pharmacy:** Witnessing good traction in retail pharmacy and guidance is for growth to sustain on the back on new additions. On the margins front, ramp-up is expected in Q3 and Q4 towards 11.5%
- **GCC Clinics:** Grew 14% YoY excluding PCR Covid testing in base of Q2FY22. PCR revenue has come down to 2% from 12% in Q2FY22
- **India hospitals:** In India, focus remains on hospitals brownfield expansion (800-100 beds guidance in O&M model) with low capex requirements. India hospitals posted robust 8% sequential growth on the back of increase in occupancy levels in both matured and new hospitals touching 69% and 48%, respectively, in H1FY23. Guided for 70% occupancy levels
- The management is focused on quality instead of quantity for patient count. The earlier a patient heals the more is the room for improvement of the ARPOB and reduction in ALOS

**Exhibit 1: Variance Analysis**

	Q2FY23	Q2FY23E	Q2FY22	Q1FY23	YoY (%)	QoQ (%)	Comments
Revenue	2,816.3	2,674.6	2,504.3	2,662.1	12.5	5.8	Revenue increased 6% QoQ to ₹ 2816 crore, driven by strong growth in Indian hospitals followed by growth in
Raw Material Expenses	838.8	815.7	728.3	811.9	15.2	3.3	
Employee Expenses	995.3	851.5	802.3	939.4	24.1	5.9	
Other Expenditure	663.3	612.5	631.0	618.7	5.1	7.2	
Operating Profit (EBITDA)	318.9	394.9	342.8	292.1	-7.0	9.2	EBITDA improved 9.2% to ₹ 319 crore
EBITDA (%)	11.3	14.8	13.7	11.0	-236 bps	35 bps	EBITDA margins improved 35 bps QoQ to 11.3%, which was led by strong margin improvement in India hospitals but was offset by subdued performance by
Interest	77.2	68.8	61.4	68.8	25.8	12.2	
Depreciation	189.4	175.0	156.4	175.0	21.1	8.2	
Other Income	18.4	13.2	9.1	37.3	102.2	-50.6	
PBT before EO & Forex	70.8	164.3	134.2	85.6	-47.3	-17.4	
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT after Exceptional Items	70.8	164.3	134.2	85.6	-47.3	-17.4	
Tax	16.5	10.5	7.6	5.5	118.2	203.5	
PAT before MI	54.2	153.8	126.6	80.2	-57.2	-32.4	
MI	7.9	21.6	20.7	11.2	-61.9	-29.7	
Net Profit	46.2	131.9	106.9	68.5	-56.8	-32.6	Net profit declined 32.6% QoQ at ₹ 46.2 crore, mainly due to higher employee and other expenses
<b>Key Metrics</b>							
India	723.0	605.6	609.0	669.0	18.7	8.1	QoQ improved mainly due to normalisation in hospital
GCC	2,173.0	2,163.7	1,990.0	2,111.0	9.2	2.9	QoQ decline mainly due to holidays and seasonality in operations
GCC - Hospital	950.0	925.3	878.0	913.0	8.2	4.1	
GCC - Clinincs	528.0	562.4	592.0	538.0	-10.8	-1.9	
GCC - Pharmacy	695.0	676.0	520.0	660.0	33.7	5.3	

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

(₹ Crore)	FY22		FY23E		FY24E			Comments
	Old	New	Change	Old	New	Change		
Revenue	10,253.3	10,838.9	11,169.3	3.0	12,040.6	12,461.1	3.5	Changed due to incremental revenue addition from bed and hospital additions
EBITDA	1,483.3	1,822.8	1,518.9	-16.7	2,087.9	2,103.2	0.7	
EBITDA Margin (%)	14.5	16.8	13.6	-322 bps	17.3	16.9	-46 bps	Changed mainly due to lower margins from newer hospitals and Aster Clinics
PAT	526.0	718.5	385.0	-46.4	919.2	899.3	-2.2	
EPS (₹)	10.5	14.4	7.7	-46.4	18.4	18.0	-2.2	

Source: ICICI Direct Research

**Exhibit 3: Assumptions**

(₹ crore)	Current				Earlier		Comments
	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
India	1,655	2,384	2,628	2,932	2,575	2,919	
GCC	7,294	8,217	8,913	9,916	8,612	9,469	
GCC - Hospital	3,170	3,532	3,962	4,372	3,813	4,095	Changed mainly on back of better offtake from new and mature hospitals
GCC - Clinincs	2,017	2,440	2,245	2,514	2,245	2,514	
GCC - Pharmacy	2,107	2,245	2,706	3,031	2,554	2,861	

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	84.5	16.0	4.4	5.4
FY22	10253	19.1	10.5	256.0	23.7	11.5	13.3	9.0
FY23E	11169	8.9	7.7	-26.8	32.4	10.8	8.9	8.8
FY24E	12461	11.6	18.0	133.6	13.9	7.3	17.2	13.7

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 In	2086.7	2321.6	2280.3	1760.6	2267.7	2227.6	2390.9	2371.6	2504.3	2649.6	2727.8	2662.1	2816.3	12.5	5.8
Raw Material Ex	615.8	695.1	676.3	584.2	686.6	651.3	665.1	714.1	728.3	746.0	703.4	811.9	838.8	15.2	3.3
% of Revenue	29.5	29.9	29.7	33.2	30.3	29.2	27.8	30.1	29.1	28.2	25.8	30.5	29.8	70 bps	-71 bps
Gross Profit	1470.9	1626.5	1604.0	1176.4	1581.1	1576.3	1725.8	1657.5	1776.1	1903.6	2024.4	1850.2	1977.5	11.3	6.9
Gross Profit Mar	70.5	70.1	70.3	66.8	69.7	70.8	72.2	69.9	70.9	71.8	74.2	69.5	70.2	-70 bps	71 bps
Employee Expen	728.8	730.1	737.9	624.5	714.1	714.2	702.5	757.1	802.3	832.8	872.3	939.4	995.3	24.1	5.9
% of Revenue	34.9	31.4	32.4	35.5	31.5	32.1	29.4	31.9	32.0	31.4	32.0	35.3	35.3	330 bps	5 bps
Other Expenditur	497.5	511.4	453.9	409.2	595.9	534.1	702.2	619.6	631.0	673.7	689.5	618.7	663.3	5.1	7.2
% of Revenue	23.8	22.0	19.9	23.2	26.3	24.0	29.4	26.1	25.2	25.4	25.3	23.2	23.6	-164 bps	31 bps
Total Expenditur	1842.0	1936.6	1868.0	1617.9	1996.7	1899.7	2069.8	2090.7	2161.5	2252.5	2265.3	2370.0	2497.4	15.5	5.4
% of Revenue	88.3	83.4	81.9	91.9	88.0	85.3	86.6	88.2	86.3	85.0	83.0	89.0	88.7	236 bps	-35 bps
EBITDA	244.7	385.0	412.3	142.7	271.1	327.9	321.1	280.9	342.8	397.1	462.5	292.1	318.9	-7.0	9.2
EBITDA Margin (	11.7	16.6	18.1	8.1	12.0	14.7	13.4	11.8	13.7	15.0	17.0	11.0	11.3	-236 bps	35 bps
Other Income	4.1	3.9	26.6	6.5	7.9	5.7	29.8	8.0	9.1	11.5	22.0	37.3	18.4	102.2	-50.6
Interest	88.4	71.5	112.1	80.3	74.6	62.1	76.7	66.5	61.4	66.9	62.2	68.8	77.2	25.8	12.2
Depreciation	149.0	139.8	171.1	154.7	152.9	157.3	152.6	153.0	156.4	160.9	170.4	175.0	189.4	21.1	8.2
PBT	11.4	177.7	155.7	-85.7	51.5	114.2	121.5	69.5	134.2	180.8	251.9	85.6	70.7	-47.3	-17.4
Total Tax	5.0	8.2	-0.1	3.9	10.3	7.8	5.3	10.9	7.6	13.1	4.2	5.5	16.5	118.2	203.5
Tax rate (%)	43.4	4.6	0.0	-4.5	20.0	6.8	4.3	15.7	5.6	7.3	1.7	6.4	23.4	1773 bps	1701 bps
PAT	3.0	139.0	139.4	-82.9	32.9	92.4	105.4	44.5	106.9	148.3	226.3	68.5	46.2	-56.8	-32.6
PAT Margin (%)	0.1	6.0	6.1	-4.7	1.4	4.1	4.4	1.9	4.3	5.6	8.3	2.6	1.6		
EPS (₹)	0.1	2.8	2.8	-1.7	0.7	1.9	2.1	0.9	2.1	3.0	4.5	1.4	0.9		

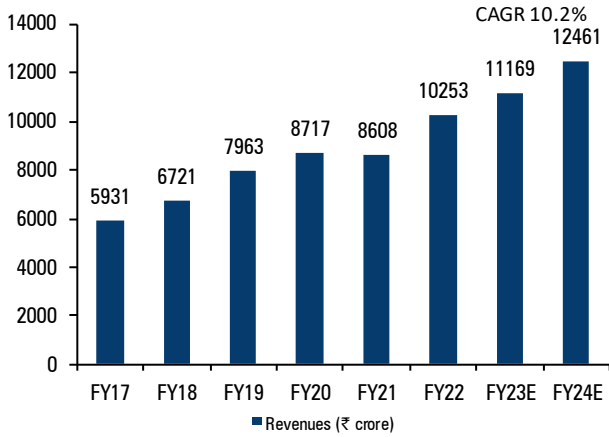
Source: ICICI Direct Research

Exhibit 6: Valuation

Particulars	FY24E (₹ cr)	Valuation Matrix	Multiple (x)	EV (₹ cr)
GCC Mature Hospitals	778.2	EV/EBITDA	6.0	4,669
India Mature Hospitals	597.2	EV/EBITDA	14.0	8,361
GCC New Hospitals	110.5	EV/Sales	1.0	110
India New Hospitals	90.6	EV/Sales	1.0	91
Clinics	2514.2	EV/Sales	1.0	2,514
Pharmacies	3030.6	EV/Sales	1.0	3,031
Net Debt FY23E (₹ cr)				2,906.7
Minority Interest				640.3
Targeted MCap (₹ cr)				15,229
No of shares (cr)				50.0
<b>Per Share Value (₹)</b>				<b>300</b>

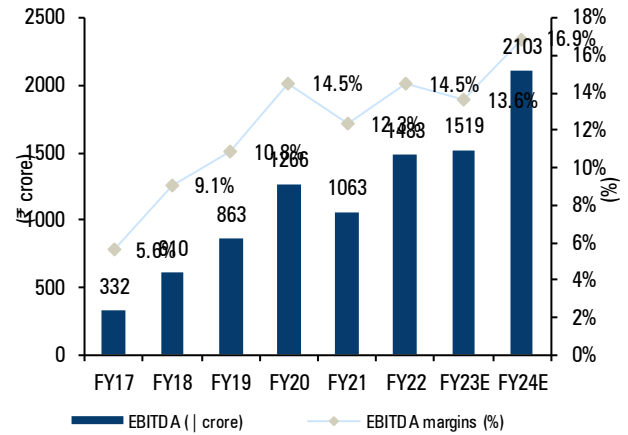
Source: Company

Exhibit 7: Revenue to grow at CAGR of 10.2% over FY22-24E



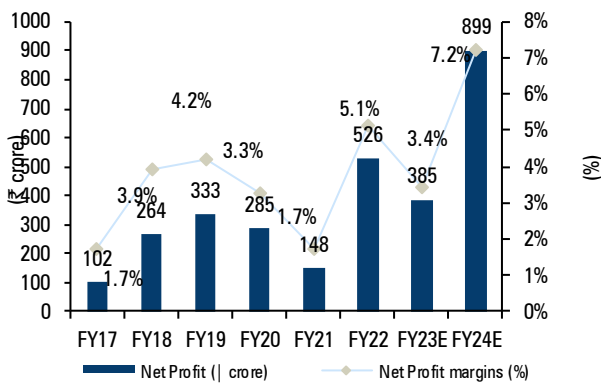
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



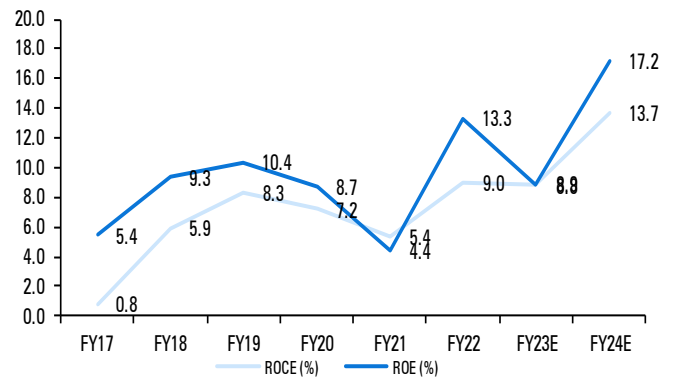
Source: ICICI Direct Research, Company

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
<b>Hospitals</b>																					
Apollo Hospitals	APOHOS	4421	5,080	Buy	63668	7.9	59.1	79.0	101.0	562.5	74.8	56.0	43.8	6.3	15.1	15.3	18.8	2.5	15.1	17.4	18.9
Narayana Hrudalaya	NARHRU	740	800	Buy	15092	-0.7	16.7	20.6	22.7	NA	44.2	36.0	32.6	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	146	150	Buy	1577	3.9	5.4	7.5	9.9	37.2	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	244	300	Buy	12210	3.0	10.5	10.8	16.7	82.6	23.2	22.7	14.7	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	290	345	Buy	4027	-13.9	3.9	4.5	8.8	-13.9	75.0	63.7	32.8	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
<b>MNC Pharma</b>																					
Abbott India	ABBIND	19201	21,140	Hold	40322	325.0	375.9	427.7	528.6	59.1	51.1	44.9	36.3	33.8	36.6	37.1	37.3	26.5	28.3	28.9	28.8
P&G Health	MERLIM	4231	4,500	Hold	7193	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	5579	6,385	Hold	12832	207.4	410.1	270.5	264.8	26.9	13.6	20.6	21.1	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4301	4,480	Hold	19786	108.8	133.9	140.4	149.3	39.5	32.1	30.6	28.8	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1256	1,495	Buy	16083	51.0	55.6	60.1	71.1	24.6	22.6	20.9	17.7	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	635	590	Reduce	12510	62.8	27.8	15.3	26.9	10.1	22.9	41.5	23.6	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	488	615	Hold	28597	55.0	47.4	41.1	51.3	8.9	10.3	11.9	9.5	16.9	12.9	11.5	13.3	14.7	11.3	9.0	10.1
Biocon	BIOCON	281	320	Hold	33754	6.3	5.7	5.5	11.3	44.9	49.3	51.6	24.8	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	429	405	Hold	45043	23.3	21.0	21.0	23.8	18.4	20.5	20.5	18.1	13.8	12.0	11.8	11.7	18.4	12.6	11.4	11.6
Cipla	CIPLA	1123	1,350	Buy	90586	29.9	32.9	38.6	45.8	37.6	34.1	29.1	24.5	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4539	4,750	Buy	75355	117.3	126.9	203.4	191.0	38.7	35.8	22.3	23.8	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	413	440	Hold	11652	32.9	42.7	39.5	44.9	12.6	9.7	10.4	9.2	13.9	14.8	14.7	14.4	13.1	13.2	11.0	11.2
Ipsca Laboratories	IPCLAB	865	985	Hold	21971	44.9	34.8	27.5	35.1	19.3	24.8	31.5	24.6	27.1	17.4	14.3	16.3	24.2	16.1	11.4	13.0
Jubilant Pharmova	JUBLIF	389	340	Hold	6187	37.4	26.0	15.9	26.1	10.4	15.0	24.5	14.9	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	746	680	Reduce	33959	26.9	11.9	11.8	27.7	27.8	62.9	63.4	26.9	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	584	735	Hold	10678	24.2	9.3	41.6	42.3	24.2	62.7	14.0	13.8	13.1	4.6	18.1	16.9	10.7	4.0	15.5	13.9
Sun Pharma	SUNPHA	1014	1,225	Buy	243151	30.0	32.0	34.8	40.1	33.7	31.7	29.1	25.2	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1666	1,730	Hold	56311	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	348	525	Buy	3202	10.1	16.8	21.6	29.2	34.5	20.7	16.1	11.9	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	740	1,000	Buy	5624	81.7	85.3	70.4	73.0	9.1	8.7	10.5	10.1	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	285	265	Reduce	3192	13.1	10.7	8.5	12.1	21.8	26.6	33.7	23.6	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	2000	2,070	HOLD	1742	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
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	3271	3,685	HOLD	86692	74.7	111.5	93.0	113.5	43.8	29.3	35.2	28.8	27.6	30.2	22.8	24.4	21.3	25.2	18.4	19.2
Hikal	HIKCHE	340	330	Reduce	4180	10.8	13.0	3.8	14.4	31.5	26.1	88.7	23.6	15.1	13.6	5.6	13.8	14.3	15.0	4.3	14.2
Syngene Int.	SYNINT	617	710	Buy	24726	10.1	9.9	11.5	14.6	60.9	62.5	53.5	42.3	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	366	375	Buy	9078	22.2	16.6	21.9	26.8	16.5	22.0	16.7	13.7	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	455	675	Buy	24412	18.3	15.4	20.7	27.0	24.8	29.5	21.9	16.9	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceutical	SUVPH	443	530	BUY	11291	14.2	17.8	17.0	17.6	31.1	24.8	26.1	25.1	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
<b>Revenues</b>	<b>8,608.4</b>	<b>10,253.3</b>	<b>11,169.3</b>	<b>12,461.1</b>
Growth (%)	-1.2	19.1	8.9	11.6
Raw Material Expenses	2,548.9	2,891.8	3,345.7	3,732.7
Employee Expenses	2,755.4	3,264.5	3,755.7	4,190.1
Other Expenditure	2,241.4	2,613.8	2,549.0	2,435.1
Total Operating Expenditure	7,545.6	8,770.0	9,650.4	10,357.9
<b>EBITDA</b>	<b>1,062.8</b>	<b>1,483.3</b>	<b>1,518.9</b>	<b>2,103.2</b>
Growth (%)	-16.0	39.6	2.4	38.5
Interest	293.7	257.0	300.4	262.7
Depreciation	617.6	640.6	743.1	766.2
Other Income	50.0	50.7	92.9	81.5
PBT before Exceptional Items	201.5	636.3	568.3	1,155.8
Less: Forex & Exceptional Item	0.0	0.0	0.0	0.0
PBT	201.5	636.3	568.3	1,155.8
Total Tax	27.2	35.8	118.3	104.0
PAT before MI	174.3	600.5	450.0	1,051.8
Minority Interest	30.1	75.1	65.5	153.1
<b>PAT</b>	<b>147.7</b>	<b>526.0</b>	<b>385.0</b>	<b>899.3</b>
Adjusted PAT	147.7	526.0	385.0	899.3
Growth (%)	-48.1	256.0	-26.8	133.6
EPS	3.0	10.5	7.7	18.0
<b>EPS (Adjusted)</b>	<b>3.0</b>	<b>10.5</b>	<b>7.7</b>	<b>18.0</b>

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit/(Loss) after taxation	194.0	579.7	385.0	899.3
Add: Depreciation & Amortization	617.6	640.6	743.1	766.2
Net Increase in Current Assets	269.5	-522.5	-407.9	-464.9
Net Increase in Current Liabilities	-73.7	120.1	379.8	335.4
Others	561.8	495.6	300.4	262.7
<b>Net cash flow from operating ac</b>	<b>1,569.1</b>	<b>1,313.5</b>	<b>1,400.4</b>	<b>1,798.7</b>
(Inc)/dec in Fixed Assets	-386.4	-543.9	-580.0	-580.0
(Inc)/dec in Investments	65.4	-31.9	0.0	0.0
Others	-27.8	46.0	69.0	75.9
<b>CF from investing activities</b>	<b>-348.8</b>	<b>-529.8</b>	<b>-511.0</b>	<b>-504.1</b>
Inc / (Dec) in Equity Capital	-0.2	0.6	0.0	0.0
Proceeds/(Repayment) Loan	-943.1	-516.3	-571.5	-544.3
Dividend & Dividend Tax	-9.4	-20.1	0.0	0.0
Others	-163.5	-149.5	-300.4	-262.7
<b>CF from financing activities</b>	<b>-1,116.1</b>	<b>-685.4</b>	<b>-871.9</b>	<b>-807.1</b>
Net Cash flow	104.2	98.3	17.4	487.5
Opening Cash	177.1	281.4	379.6	397.0
<b>Closing Cash</b>	<b>281.3</b>	<b>379.6</b>	<b>397.0</b>	<b>884.6</b>
<b>FCF</b>	<b>1,182.7</b>	<b>769.6</b>	<b>820.4</b>	<b>1,218.7</b>

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Equity Capital	497.0	497.2	497.2	497.2
Reserve and Surplus	2,875.4	3,456.2	3,841.2	4,740.5
Total Shareholders fund	3,372.4	3,953.4	4,338.4	5,237.7
Total Debt	4,803.7	4,907.1	4,335.6	3,791.3
Deferred Tax Liability	152.6	168.9	185.8	204.4
Minority Interest	461.7	529.2	582.1	640.3
Long term Provisions	358.7	358.9	394.8	434.3
Other Non Current Liabilities	72.8	37.9	41.6	45.8
<b>Source of Funds</b>	<b>9,221.8</b>	<b>9,955.5</b>	<b>9,878.5</b>	<b>10,353.8</b>
Gross Block - Fixed Assets	8,057.0	8,921.6	9,401.6	10,081.6
Accumulated Depreciation	2,360.3	3,000.8	3,743.9	4,510.1
Net Block	5,696.7	5,920.7	5,657.7	5,571.5
Capital WIP	933.9	997.7	1,097.7	997.7
Net Fixed Assets	6,630.6	6,918.5	6,755.4	6,569.2
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	1,186.7	1,323.9
Cash	281.4	379.6	397.0	884.6
Debtors	2,019.0	2,020.5	2,201.0	2,455.6
Loans & Advances & Other CA	455.7	664.0	730.4	803.5
Total Current Assets	3,605.1	4,089.8	4,515.2	5,467.6
Creditors	2,027.3	2,118.1	2,450.6	2,734.0
Provisions & Other CL	394.3	472.7	519.9	571.9
Total Current Liabilities	2,421.7	2,590.8	2,970.5	3,306.0
Net Current Assets	1,183.4	1,499.1	1,544.6	2,161.6
LT L& A, Other Assets	269.5	380.2	418.2	460.1
Deferred Tax Assets	23.4	25.0	27.5	30.3
<b>Application of Funds</b>	<b>9,221.8</b>	<b>9,955.5</b>	<b>9,878.5</b>	<b>10,353.8</b>

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Per share data (₹)</b>				
EPS	3.0	10.5	7.7	18.0
Cash EPS	15.3	23.4	22.6	33.3
BV	67.5	79.1	86.9	104.9
DPS	0.0	0.0	0.0	0.0
Cash Per Share	47.3	60.1	75.0	90.3
<b>Operating Ratios (%)</b>				
Gross Profit	70.4	71.8	70.0	70.0
EBITDA margins	12.3	14.5	13.6	16.9
Net Profit margins	1.7	5.1	3.4	7.2
Inventory days	121.6	129.5	129.5	129.5
Debtor days	85.6	71.9	71.9	71.9
Creditor days	290.3	267.3	267.3	267.3
Assets Turnover	1.1	1.1	1.2	1.2
<b>Return Ratios (%)</b>				
RoE	4.4	13.3	8.9	17.2
RoCE	5.4	9.0	8.8	13.7
RoIC	5.6	9.8	9.3	15.8
<b>Valuation Ratios (x)</b>				
P/E	84.5	23.7	32.4	13.9
EV / EBITDA	16.0	11.5	10.8	7.3
EV / Revenues	2.0	1.7	1.5	1.2
Market Cap / Revenues	1.5	1.2	1.1	1.0
Price to Book Value	3.7	3.2	2.9	2.4
<b>Solvency Ratios</b>				
Debt / Equity	1.4	1.2	1.0	0.7
Debt/EBITDA	4.5	3.3	2.9	1.8
Current Ratio	1.4	1.4	1.4	1.4

Source: Company, ICICI Direct Research

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