

Reputed brand in hospitals space...

About the Company: Founded by renowned cardiovascular and cardiothoracic surgeon Dr Naresh Trehan, Global Health Ltd is one of the largest private multi-speciality tertiary care providers operating in the north and east regions of India. Under the 'Medanta brand', it operates five hospitals in five cities.

- It provides healthcare services in over 30 medical specialties and engage over 1,300 doctors spanning an area of 4.7 million square feet (sq ft). Core specialties include cardiology, cardiac science, neurosciences, oncology, digestive and hepatobiliary sciences, orthopaedics
- Its flagship Gurugram facility was ranked as the best private hospital in India for three consecutive years in 2020, 2021 and 2022, and was the only Indian private hospital to be featured in the list of top 200 global hospitals in 2021
- Bed capacity: Installed beds 2467 (mature (>six years): 1766, developing: 701), Q1FY23 occupancy:59.57%, ARPOB: ₹ 58,960, ALOS: 3.22 days

Key triggers/Highlights:

- "Doctor-led hospital management" model led by Dr Naresh Trehan
- Track record of operational and financial performance
- Focus on underserved areas like Lucknow and Patna
- Growth opportunities in existing facilities

What should investors do? Global Health's identity is Medanta brand and the reputation of Dr Trehan besides the flagship "Medanta The Medicity" hospital, Gurugram. At the upper price band, it is valued at ~21x FY22 EV/EBITDA.

- We assign **SUBSCRIBE** rating on the back of improving financials, decent valuation and growing investors interest in the hospitals space

Key risk & concerns

- Concentrated presence in north and east regions
- Dependence on key-personnel
- Comparatively fewer hospitals and high single-asset dependence
- Another Covid like restrictions due to emergence of new variants



IPO Details

Issue Details

Issue Opens	3rd November 2022
Issue Closes	7th November 2022
Issue Size (₹ crore)*	2206
Price Band (₹)	₹ 319 - ₹ 336
No. of Shares on Offer (in crore)	6.56
QIB (%)	50
Retail (%)	35
Non Institutional (%)	15
Minimum lot size (no of shares)	44
* based on upper price band of ₹ 336	

Shareholding pattern

	Pre-Issue	Post-Issue
Promoter Group	35.0%	33.0%
Public	65.0%	67.0%

Objects of the issue

Particulars	₹ crore
Investment in two of its Subsidiaries, GHPPL and MHPL, in the form of debt or equity for repayment/prepayment of borrowings, in full or part, of such Subsidiaries	375.0
General Corporate Purposes	*
Fresh Issue Offer for Sale**	500.0 1706.0
* To be finalised post issue	
**based on upper price band of ₹ 336	

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Key Financial Summary

₹ crore	FY20	FY21	FY22	Q1FY23	CAGR FY20-22 (%)
Total Revenues	1500.4	1446.7	2166.6	617.2	20.2%
Adjusted EBITDA	186.6	191.4	450.5	132.3	55.4%
EBITDA Margins (%)	12.4%	13.2%	20.8%	21.4%	
PAT	36.3	28.8	196.2	58.7	132.3%
EPS (₹)	1.4	1.1	7.3	2.2	
P/E (x)	247.9	312.9	45.9	-	
EV/EBITDA (x)	51.9	50.4	21.3	-	
RoE (%)	2.7	2.1	12.1	-	
RoCE (%)	5.1	5.0	16.3	-	

Source: RHP, ICICI Direct Research

Company Background

Global Health Ltd is one of the largest private multi-speciality tertiary care providers operating under the Medanta brand in the north and east regions of India in terms of bed capacity among players that operate in the north and east regions of India, with key specialties of cardiology and cardiac science, neurosciences, oncology, digestive and hepatobiliary sciences, orthopaedics, liver transplant, and kidney and urology.

Medanta was founded by Dr Naresh Trehan, a world-renowned cardiovascular and cardiothoracic surgeon. Dr Trehan is the driving force in the establishment of the company. Medanta strives to deliver advanced healthcare by establishing institutes of excellence that integrate medical care, teaching and research all while providing affordable medical services to patients.

Medanta provides healthcare services in over 30 medical specialties and engage over 1,300 doctors led by experienced department heads and, spanning an area of 4.7 million sq ft, Medanta's operational hospitals have 2,467 installed beds.

Exhibit 1: Hospital and clinic network

As of June 30, 2022

Unit	Overview	Unit	Overview
 <p>Medanta – The Medicity, Gurugram</p>	<ul style="list-style-type: none"> Flagship facility of Medanta Established in 2009 1,391 installed beds 285 ICU beds 	 <p>Medanta Super Speciality Hospital, Indore</p>	<ul style="list-style-type: none"> Commenced operations under the "Medanta" brand in 2014 175 installed beds 53 ICU beds
 <p>Medanta Hospital, Lucknow</p>	<ul style="list-style-type: none"> Established in 2019 473⁽⁵⁾ installed beds 93 ICU beds 	 <p>Jai Prabha Medanta Super Speciality Hospital, Patna</p>	<ul style="list-style-type: none"> IPD facility has commenced operations during Fiscal 2022 OPD facility was opened in 2020 228 installed beds⁽⁷⁾ 28 ICU beds
 <p>Medanta Abdur Razzaque Ansari Memorial Weavers' Hospital, Ranchi</p>	<ul style="list-style-type: none"> Commenced Operations under "Medanta" brand in 2015 200 installed beds 64 ICU beds 	 <p>Medanta Hospital, Noida ★</p>	<ul style="list-style-type: none"> Commencement expected in FY25 300⁽⁶⁾ expected installed beds <p>★ In Construction Stage</p>

Source: RHP, Company presentation, ICICI Direct Research

Key Performance Indicators

Exhibit 2: Medanta KPIs

KPIs	FY20	FY21	FY22	Q1FY23
Facility build-up area (in million sq. ft.)	3.70	3.70	4.70	4.70
Bed capacity/installed beds	2,141	2,176	2,404	2,467
Operational beds	1517	1,579	1,779	1,866
Total occupied bed	832	814	1,076	1,111
Average occupancy levels (%)	54.85%	51.57%	60.50%	59.57%
Number of operating theatres	65	65	69	69
Number of ICU beds	489	494	504	523
Income from healthcare services (in ₹ Cr)	1480.57	1417.84	2100.40	596.09
Average revenue per occupied bed (ARPOB) (in ₹)	50,166.34	47,730.58	54,547.29	58,960.99
Average length of stays in hospitals (ALOS)	3.52	3.89	3.76	3.22
OPD volumes	1305559	1101780	1971260	559125
IPD volumes	83901	76450	102359	31351
Revenue from outpatient pharmacy business (in ₹Cr)	NIL	11.48	53.63	18.6

Source: RHP, ICICI Direct Research

Hospitals maturity profile

Exhibit 3: Mature hospitals (Gurugram, Indore and Ranchi)

Mature Hospitals	FY20	FY21	FY22	Q1FY23
Total Income contribution to total income (%)	98.15%	84.95%	81.60%	76.70%
EBITDA Margin (%)	16.97%	15.67%	22.81%	22.62%
Operational Beds	1,377	1,284	1,431	1,430
ARPOB (₹)	50,303	47,683	54,273	59,291

Source: RHP, ICICI Direct Research

Exhibit 4: Developing hospitals (Lucknow and Patna)

Developing hospitals	FY20	FY21	FY22	Q1FY23
Total Income contribution to total income (%)	1.92%	15.02%	18.45%	23.43%
EBITDA Margin (%)	-81.29%	15.36%	19.55%	22.55%
Operational Beds	280	295	298	335
ARPOB (₹)	44,224	48,063	55,883	56,500

Source: RHP, ICICI Direct Research

Competitive mapping with industry peers

Exhibit 5: Key Operational Parameters of major players

Key operational parameters (FY22)	No of Hospitals	No of beds	ARPOB (₹ '000 per day)	ALOS
Global Health Ltd	5	2467	58.96	3.22
Rainbow Children's Medicare Ltd	14	1500	51.61	2.83
Apollo Hospitals Enterprise Ltd	44	8538	45.327	3.96
Fortis Healthcare Ltd	26	26	49.31506849	3.73
Max Healthcare Group	17	3412	55.684	4.7
Narayana Hrudayalaya Ltd	44	6584	32.329 - Domestic	4.8
Krishna Institute Of Medical Sciences Ltd	9	3064	25.323	4.79
Shalby Ltd	11	2012	31.347	4.55
Healthcare Global Enterprises Ltd	25	1944	36.697	2.28
Aster DM	27	5065	36.360 - Domestic	3.1

Source: RHP, ICICI Direct Research

Exhibit 6: Key financials of major players

	Key financials (FY22)	Operating income	CAGR(FY20-22)	EBITDA	CAGR(FY20-22)	PAT	CAGR(FY20-22)
Global Health Limited	2166.2	20.2	450.5	55.4	196.2	132.3	
Rainbow Children's Medicare Ltd ^	973.758	16.34	304.875	24.39	138.266	57.88	
Apollo Hospitals Enterprise Ltd	14662.6	14.18	2185.1	17.47	850.407	36.72	
Fortis Healthcare Ltd	5718	11.09	1096	71.96	790	194.64	
Max Healthcare Group	3931	44.44	1069	71.96	605	151.9	
Narayana Hrudayalaya Ltd	3700.421	8.77	652.619	24.22	342	60	
Krishna Institute Of Medical Sciences Ltd	1671	21.67	536	46.1	343.8	72.9	
Shalby Ltd	698.947	20	119.934	21	54	40	
Healthcare Global Enterprises Ltd	1397.79	12.96	236.54	21.63	53.7	Loss to Profit	
Aster DM	10253.3	8.45	1483.3	8.25	526	35.86	

Source: RHP, ICICI Direct Research

Exhibit 7: Key financial ratios of major players

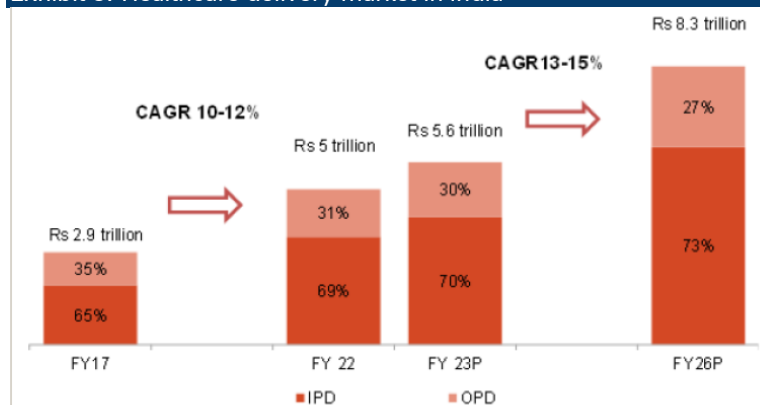
Key financial ratios (FY22)	EBITDA margin(%)	Net Profit Margin(%)	RoCE(%)	RoE(%)
Global Health Ltd	20.8	9.1	16.3	12.1
Rainbow Children's Medicare Ltd	31.30911376	14.2	20.1647	22.937
Apollo Hospitals Enterprise Ltd	14.90254116	5.8	15.07133	15.064
Fortis Healthcare Ltd	18.7	13.81	4	4.9
Max Healthcare Institute Ltd	26	15.38	12.5	13.4
Narayana Hrudayalaya Ltd	17.63634462	9.2	20.54778	22.969
Krishna Institute Of Medical Sciences Ltd	32	20.83	34.1	29.73
Shalby Ltd	17.15924097	8.4	8.372514	6.6825
Healthcare Global Enterprises Ltd	16.92242755	-2.9	4.969586	NA
Aster DM	14.46	5.1	8.973258	13.305

Source: RHP, ICICI Direct Research

Industry Overview

As per Crisil Research estimates, the Indian healthcare delivery market, which mainly comprises hospitals, is expected to reach ~₹ 5.5-5.7 lakh crore in value terms by end of FY23, with growth being contributed by stabilisation of regular treatments, surgeries and OPD amid minimisation of disruption due to the pandemic and expansion of average revenue per occupied bed (ARPOB) for the sector. A potential upside is also expected from picking up of high realisation medical tourism as international travel restrictions are relaxed. Within the overall healthcare delivery market, the IPD is expected to account for nearly 70% (in value terms), while the balance is to be catered by the OPD. Though in terms of volumes, OPD volumes outweigh IPD volumes, with the latter contributing the bulk of revenues to healthcare facilities.

Exhibit 8: Healthcare delivery market in India



Note: IPD stands for in-patient department and OPD stands for out-patient department. According to CRISIL Research out-patients are those who are not required to stay at the hospital overnight. It includes consultancy, day surgeries at eye care centres, and diagnostics, and excludes pharmaceuticals purchased from standalone outlets.

Source: CRISIL Research

Source: RHP, ICICI Direct Research

Growth drivers for healthcare delivery industry

Growing health insurance penetration to propel demand:

Low health-insurance penetration is one of the major impediments to the growth of the healthcare delivery industry in India as affordability of quality healthcare facilities by the lower-income groups remains an issue. Health insurance coverage has increased from 17% in FY12 to ~38% in FY21. As per the Insurance Regulatory and Development Authority (IRDA), nearly 515 million people have health insurance coverage in India (as of FY21) vs. 288 million (in FY15). However, despite this robust growth, the penetration in FY21 was at only 38%.

Medical tourism in India:

The healthcare costs in developed countries is relatively higher compared to India. Some factors, which makes India an attractive destination for medical tourism are presence of technologically advanced hospitals with specialised doctors and facilities like e-medical visa. Treatments mostly sought after in India are for heart surgery, knee implant, cosmetic surgery and dental care, due to low costs of these treatments in India. Medical tourism in India is driven by the private sector in India.

With life expectancy improving, changing demographic profile, healthcare services become essential

With improving life expectancy, the demographic profile of the country is also witnessing a change. As of 2011, nearly 8% of the Indian population was of 60 years or more. This is expected to surge to 12.5% by 2026. However, the availability of a documented knowledge base concerning the healthcare needs of the elderly (aged 60 years or more) remains a challenge. Nevertheless, the higher vulnerability of this age group to health-related issues is an accepted fact.

Rising income levels to make quality healthcare services more affordable:

Though healthcare is considered a non-discretionary expense, considering that ~83% of households in India had an annual income of less than ₹ 2 lakh in FY12, affordability of quality healthcare facilities remains a major constraint. Growth in household incomes and, consequently, disposable incomes, is critical to overall growth in demand for healthcare delivery services in India. The share of households falling in the income bracket above ₹ 2 lakh is expected to go up to 35% in FY22 from 23% in FY17. They provide a potential target segment (with more paying capacity) for hospitals.

Increasing health awareness to boost hospitalisation rate

Majority of healthcare enterprises in India are more concentrated in urban areas. With increasing urbanisation (migration of population from rural to urban areas), awareness among the general populace regarding presence and availability of healthcare services for both preventive and curative care is expected to increase. Crisil Research, therefore, believes the hospitalisation rate for in-patient treatment as well as walk-in out-patients will improve with increased urbanisation and increasing literacy.

Non-communicable diseases, a silent killer:

As opposed to the declining rate in communicable diseases, lifestyle-related illnesses or NCDs have been increasing rapidly in India over the past few years. The contribution of NCDs to the disease profile has risen from 30% in 1990 to 55% in 2016. Statistics show that these illnesses accounted for nearly 62% of all deaths in India in 2016. As per the World Economic Forum, the world will lose nearly \$30 trillion by 2030 for NCD treatments and India's burden from this will be \$5.4 trillion.

Investment Rationale

Doctor-led' hospitals driven by skilled and experienced doctors in healthcare space

Dr Trehan is the driving force behind Medanta's story so far. Under his leadership, Medanta have managed to successfully recruit and retain skilled and experienced healthcare professionals. As at June 30, 2022, Medanta had a team of more than 6,000 medical professionals, including over 1,300 doctors and over 3,700 nurses and over 1,000 paramedical personnel. The day-to-day operational governance of hospitals is overseen by a committee comprising the heads of the major clinical specialties, the Medical Director/CEO/CMD. Each speciality operates on a departmental concept with all doctors in the department working together as a team, thus enabling sub-specialisation, a joint rewards system and a combined team-based approach to patient care. A large degree of autonomy is given to each departmental head to drive their clinical practice to ensure the focus is on delivering the highest standard of healthcare. The majority of the doctors (less than 10% of whom are visiting consultants) work full-time and exclusively at Medanta's hospitals.

Track record of operational and financial performance

Medanta has grown to have hospitals with 2,467 installed beds across five cities as at June 30, 2022. It has consistently delivered high operational and financial performance through high patient volumes, cost efficiency and diversified revenue streams across medical specialties. Over the years of service to patients, Medanta's dedication has helped it in enhancing the "Medanta" brand and belief that the patients have placed a high degree of trust in them. Patient volume in FY20, FY21 and FY22 and the three months ended June 30, 2021 and 2022 was 1,389,460, 1,178,230, 2,073,619, 440,766 and 590,476, respectively. Global Health's newer hospitals have benefited from the established image and credibility of the "Medanta" brand, able to tap into their potential for growth.

Medanta has demonstrated sturdy financial performance over the last three fiscals and weathered the challenges of Covid-19. Since FY20, it has focused on managing operational efficiency and cost base and has been able to secure reductions in our operating costs by reducing employee benefit expense to revenue ratios from 35.91% in FY20 to 32.23% in FY21 and 26.21% in FY22, and from 27.37% in the three months ended June 30, 2021 to 25.20% in the three months ended June 30, 2022.

Focus on under-served areas with dense population, presence in top or capital cities of large states (NCR, Lucknow, Patna)

Medanta aims to deliver advanced healthcare to all and expand beyond its flagship hospital in NCR focusing on under-served areas with dense population. According to the Crisil report, Lucknow had an estimated total of 1,718 beds in key private hospitals, as of March 2022, for a population of ~28 lakh and Patna had an estimated total of 933 beds in key private hospitals, as of March 2022, for a population of ~17 lakh. Medanta is present in major markets which the Crisil Report notes as being under-served in terms of healthcare services i.e. NCR, Lucknow and Patna, which had 1.9, 3.3 and 4.3 beds per 1,000 people, respectively, according to Crisil report. Barring the momentary setbacks in FY21, according to the Crisil report the Indian healthcare delivery industry is estimated to post a healthy 13-15% CAGR between FY22 and FY26, driven by the long term structural factors, strong fundamentals, increasing affordability and potential of the Ayushman Bharat scheme, the national health insurance scheme launched in 2018 to provide access to healthcare for low income earners in India.

Medanta's presence in these under-served markets presents it with great potential to expand its offering and improve the healthcare infrastructure, which its developing hospitals in Lucknow and Patna aim to target. In addition, it has patients from out of state who travel to access healthcare services at their facilities. Strategic locations in these key underserved areas will provide more opportunities to attract a wide base of patients. It has a high degree of full-time doctor retention (at 81% for the period from April 1, 2019 to March 31, 2021).

Growth opportunities in existing facilities, diversification into new services, including digital health.

Medanta's strength is its ability to leverage land space, new products & services and digital health. The capital costs hospitals typically incur, while expanding/entering into top cities, is for the procurement of land in the city. Medanta believes that it has an inherent advantage to expand services in locations it is in. In terms of expansion capacity, as an example, the number of beds that can be added without significant further major investments in infrastructure is 100 beds at Gurugram Hospital, and 400-500 beds at Lucknow Hospital. In particular, at Gurugram Hospital, Medanta has a remaining floor area of 103,703.22 square metre available at the Medicity plot as well as an additional land bank of 13 acres available for ancillary services (i.e., residential and guest house). The permitted usage at this additional land bank provides Medanta with flexibility in complementing its core business.

Medanta opened an in-house pharmacy at Ranchi hospital and south Delhi clinic in FY21 and launched an in-house outpatient department pharmacy at Patna hospital in FY22. It has also recently incorporated a wholly-owned subsidiary of the company, GHL Pharma & Diagnostic Pvt Ltd (GHL Pharma) through which it aims to run all of out-patient pharmacies in its hospitals and clinics as well as explore opportunities for expanding their 'out-of-hospital' laboratory diagnostic services. It has scaled up telemedicine and remote delivery of healthcare services and the monthly average of consultation via video and telephone in Gurugram increased by 1,419.33% from 419 in FY20 to 6,366 in FY21 and by 33.60% to 8,505 in FY22 and was 5,070 in the three months ended June 30, 2022. Home care services now include sample collection at home for laboratory tests, preventive health checks at home, nursing services at home, paediatric immunization at home and medicine delivery at home. The monthly average number of home collections made in FY21 (commencing from August 2020) and FY22, and the three months ended June 30, 2022 was 1,053, 2,238 and 2,129, respectively. The Crisil report notes that the Covid-19 pandemic has changed consumer preferences and led to a higher dependence on the internet to serve basic healthcare needs of individuals. Convenient, affordable and personalised treatments have been preferred as opposed to traditional hospital-based treatments. In line with this trend to provide more convenient, easy-to-access healthcare service platform, Medanta plans to further develop website and online communication platform to educate the public on various health topics, which it believes will help solidify brand as the "go-to" source for medical knowledge.

Key Risk

Dependency on certain key personnel, including promoters, senior management

Medanta is dependent on Dr Trehan and certain other key members of management team to manage current operations and meet future business challenges. They have been integral to Medanta's development and business operations. The attrition rate for Medanta's on-roll and retainer employees was 46.12%, 35.39% and 36.36% for FY20, FY21 and FY22, respectively. The loss of the services of any of the key personnel may have a material adverse impact on Medanta's business, financial condition, results of operations and prospects. If one or more of these individuals or any other member of senior management team are unwilling or unable to continue in their present positions, it may be unable to replace them with persons of comparable skill and expertise promptly.

Stringent restrictions to slow down spread of Covid-19, including limitations on international, local travel, had, may continue to have negative impact on Medanta's business

Medanta's business has been materially and adversely affected due to the ongoing Covid-19 pandemic. Globally, countries, including India, imposed various measures to help avoid, or slow down, the spread of Covid-19, including restrictions on international and local travel, travel to and from India specifically, public gatherings, physical participation in meetings, as well as closures of universities, schools, stores and restaurants. India also experienced a severe second wave of Covid-19 between March 2021 and June 2021, resulting in shortages of medical supplies and equipment and overwhelming the healthcare infrastructure as well as various lockdowns and other restrictions in various parts of India. Further, as a result of the detection of new strains, evolving variants such as the 'Omicron' variant and subsequent waves of Covid-19 infections throughout the world, Medanta may be subject to further lockdowns or other restrictions in the subsequent years, which may adversely affect Medanta's business operations. Accordingly, the scope, duration, and frequency of such measures and the adverse effects of Covid-19 remain uncertain and could be severe.

Dependency on doctors, nurses, other healthcare professionals

Medanta's performance and growth strategy depends substantially on ability to attract and retain experienced doctors, nurses and other healthcare professionals in a highly competitive industry. The demand for doctors is highly competitive. The availability of specialist doctors is limited by the training period, which can be up to 15 years and even longer for certain medical specialties. Skilled doctors are in high demand in India, making it difficult to hire and retain senior doctors. They compete with other healthcare providers including public healthcare institutions to attract and retain doctors from a limited pool of candidates. The key factors that doctors consider for their place of employment include the reputation of the hospital, the quality of the facilities, the range of specialties offered by the hospital, the ability of the hospital to attract adequate patient load, research and teaching opportunities, compensation (subject to local rules and regulations) and community relations.

Comparatively fewer hospitals

Medanta currently operates only five hospitals (Gurugram, Indore, Ranchi, Lucknow and Patna) and six multi-speciality clinics at DLF Cybercity Gurugram, Delhi Airport, south Delhi, Darbhanga, Patna and Subhash Chowk Gurugram and one hospital (Noida), which is under construction. It generates almost all revenues from these hospitals and clinics and any loss of business or disruption in operations of these hospitals and clinics may have an adverse effect on its business, results of operations and financial condition.

Financial Summary

Exhibit 9: Profit and loss statement				
	₹ crore			
Revenue (₹ crore)	FY20	FY21	FY22	Q1FY23
Revenue from operations	1,500.4	1,446.7	2,166.6	617.2
Other income	43.8	31.4	39.2	9.3
Total revenue	1,544.3	1,478.2	2,205.8	626.5
Raw Material Expenses	324.8	348.6	542.9	147.2
Employee expense	538.8	466.3	568.0	155.5
Other expenses	450.2	440.4	605.2	182.2
Total Expenses	1,313.8	1,255.3	1,716.1	484.9
Adjusted EBITDA	186.6	191.4	450.5	132.3
Finance costs	51.5	67.2	79.5	18.5
Depreciation and amortisation exp	115.0	123.2	129.7	36.1
Profit before tax	63.9	32.5	280.6	87.0
Total Tax	27.5	3.7	84.4	28.3
Profit after tax before Minority int	36.3	28.8	196.2	58.7
Less: Share of Minority interest	0.0	0.0	0.0	0.0
Profit after tax	36.3	28.8	196.2	58.7

Source: Company, ICICI Direct Research

Exhibit 10: Cash flow statement			
	₹ crore		
Cash Flow (₹ crore)	FY20	FY21	FY22
PBT	638.9	324.6	2,805.6
Operating profit before working capital c	2,292.5	2,207.1	4,757.6
Changes in working capital	20.7	366.0	-667.7
Income tax paid	-561.8	-164.0	-980.2
CF from operating activities	1,751.4	2,409.1	3,109.7
(Purchase)/Sale of Fixed Assets	-1,877.4	-1,419.4	-2,730.9
Interest Received	194.7	150.3	163.8
Investment in bank deposits	812.0	-1,122.5	-1,641.8
Other Investing Activities	0.0	0.0	0.0
CF from investing activities	-870.7	-2,391.5	-4,208.9
Proceeds from issue of share capital	2.1	2.4	379.5
Adj. of Loan	939.8	-30.2	2,152.1
Interest Paid	-790.4	-624.1	-767.3
Dividends Paid	0.0	0.0	0.0
Other Financial Activities	-160.3	-155.3	-168.5
CF from financing activities	-8.8	-807.2	1,595.9
Net Cash Flow	871.9	-789.7	496.7
Opening Cash	604.5	1,476.5	686.8
Closing Cash Flow	1,476.5	686.8	1,183.5

Source: Company, ICICI Direct Research

Exhibit 11: Balance Sheet			
	₹ crore		
Balance Sheet (₹ crore)	FY20	FY21	FY22
Equity and liabilities			
Shareholders' funds			
Share capital	49.3	49.6	50.6
Reserves and surplus	1,267.7	1,300.3	1,565.4
Instruments entirely equity in nature	32.5	32.5	0.0
Minority interest	0.0	0.0	0.0
Non-current liabilities			
Long-term borrowings	875.8	828.4	1,003.3
Other non-current liabilities	83.3	78.7	106.7
Current liabilities			
Short-term borrowings	53.1	103.0	105.6
Trade payables	130.7	131.6	134.3
Other current liabilities	173.8	170.2	179.6
Total	2,666.3	2,694.1	3,145.5
Assets			
Non current assets			
Fixed assets			
Tangible assets	1,694.6	1,608.4	1,769.6
Goodwill on consolidation	0.0	0.0	0.0
Capital work in progress	381.7	463.8	439.3
Intangible assets	8.5	7.2	6.3
Non-current investments	0.0	0.1	0.1
Deferred tax assets (net)	66.0	72.9	87.3
Loans & Advances	0.0	0.0	0.0
Other financial assets	31.7	27.0	19.9
Other non-current assets	5.2	12.6	11.4
Current assets			
Inventories	38.5	39.8	53.4
Trade receivables	149.2	133.6	180.2
Investments	0.0	0.0	0.0
Cash and bank balances	250.1	289.3	511.8
Loans & Advances	0.0	0.0	0.0
Other financial assets	34.2	31.8	51.6
Other current assets	6.6	7.7	14.8
Total	2,666.3	2,694.1	3,145.5

Source: Company, ICICI Direct Research

Exhibit 12: Key ratios			
Ratio Sheet	FY20	FY21	FY22
Per share data (₹)			
Diluted EPS	1.4	1.1	7.3
Cash EPS	5.6	5.7	12.2
BV per share	49.1	50.3	60.3
Cash Per Share	9.3	10.8	19.1
Operating Ratios (%)			
Gross Profit Margins	78.4	75.9	74.9
EBITDA Margins	12.4	13.2	20.8
PAT Margins	2.4	2.0	9.1
Inventory days	9.4	10.0	9.0
Debtor days	36.3	33.7	30.4
Creditor days	30.9	32.5	22.2
EBITDA Conversion Rate	938.4	1,258.4	690.2
Return Ratios (%)			
RoE	2.7	2.1	12.1
RoCE	5.1	5.0	16.3
RoIC	3.6	3.4	11.8
Valuation Ratios (x)			
EV / Sales	6.5	6.7	4.4
EV/EBITDA	51.9	50.4	21.3
Market Cap / Sales	6.0	6.2	4.2
P/E	247.9	312.9	45.9
Price to Book Value	6.8	6.7	5.6
Solvency Ratios			
Debt / EBITDA	5.0	4.9	2.5
Debt / Equity	0.7	0.7	0.7
Net Debt/ Equity	0.5	0.5	0.4
Current Ratio	1.3	1.2	1.9
Quick Ratio	1.2	1.1	1.8
Asset Turnover	0.7	0.7	1.0

Source: Company, ICICI Direct Research

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Avoid: Do not apply for the IPO

Subscribe only for long term: Apply for the IPO only from a long term investment perspective (>two years)



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