

CMP: ₹ 738

Target: ₹ 855 (16%)

Target Period: 12 months

November 12, 2022

BUY



Strong overall performance; focus on new capex...

About the stock: Narayana Hrudayalaya operates a chain of multispecialty, tertiary & primary healthcare facilities that initially focused on cardiac & renal but expanded to cancer, neurology, neurosurgery, orthopaedics & gastroenterology facilities.

- NHL's network comprises 21 hospitals (including two managed hospitals), four heart centres, 18 primary care facilities (including clinics and information centres) and a multi-speciality hospital in Cayman Islands)
- Revenue mix FY22 – India: ₹ 2965.5 crore; (Bengaluru:31%, Southern Peripheral:7%, Kolkata:27%, Eastern Peripheral: 5%, Western: 16%, Northern: 13%); Cayman Islands: US\$91.9 million

Q2FY23 Results: NHL reported strong numbers with beat on margins.

- Revenues grew 10% QoQ to ₹ 1142 crore, as hospitals in India grew 11.2% QoQ followed by Cayman Island, which grew 28% QoQ
- EBITDA grew 26.9% QoQ to ₹ 243.7 crore. EBITDA margins grew 277 bps QoQ to 21.3%
- Adjusted PAT increased 52.7 % YoY to ₹ 169 crore

What should investors do? NHL's share price has grown by ~2.5x over the past three years (from ~₹ 290 in November 2019 to ~₹ 738 levels in November 2022).

- We maintain **BUY** due to 1) pick-up in occupancy levels and ramp-up in new hospitals, 2) consistent performance at Cayman Islands and 3) judicious plan to expand at existing hospitals nearing full utilisation

Target Price and Valuation: We value Narayana at an SOTP of ₹ 855 by valuing matured India & Cayman hospitals at 15x & 14x FY24E EV/EBITDA respectively, heart centres at 10x FY24E EV/EBITDA and other business at 1x FY23E EV/sales.

Key triggers for future price performance:

- With Covid almost completely waning, increase in footfalls is expected to lead flagship hospitals on a steady growth path amid better returns
- New hospitals (SRCC, Gurugram, Dharamshila) are likely to see reduction in losses and turn profitable in near term with ramp up in occupancies
- Improvement in numbers on the back of judicious case mix identification (more focus on oncology, transplants and non-invasive procedures)
- Expansion at Cayman Islands in oncology while being margin dilutive in near term is likely to provide significant additional operating leverage

Alternate Stock Idea: Apart from NHL, in our healthcare coverage we like Apollo.

- Apollo Hospitals is an integrated healthcare provider undergoing an optical transformation towards creating an omni-channel healthcare platform while turning the new hospitals profitable on the back of a judicious case mix

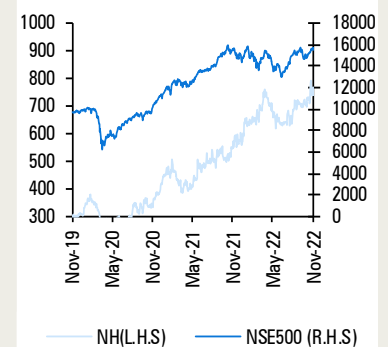
Particulars

Particular	Amount
Market Capitalisation	₹ 15082 crore
Debt (FY22)	₹ 723 crore
Cash (FY22)	₹ 172 crore
EV	₹ 15633 crore
52 week H/L (₹)	820/530
Equity capital	₹ 204.4 crore
Face value	₹ 10

Shareholding pattern

(in %)	Dec-21	Mar-22	Jun-22	Sep-22
Promoter	63.9	63.9	63.9	63.9
Others	36.2	36.2	36.2	36.2

Price Chart



Recent Event & Key risks

- Acquisition of Shiva and Shiv Orthopaedic hospital
- Key Risk:** (i) Delay in capex plan; (ii) Delayed break-even for new hospitals

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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)
Revenues	3127.8	2582.3	3700.4	14.5	4535.8	4920.0	15.3
EBITDA	422.9	182.1	652.6	23.3	885.4	981.3	22.6
EBITDA Margins (%)	13.5	7.1	17.6		19.5	19.9	
Adjusted PAT	129.8	-14.3	341.9	32.3	580.1	522.5	23.6
EPS (₹)	6.4	-0.7	16.7		28.4	25.6	
PE (x)	116.2	NA	44.1		26.0	28.9	
EV to EBITDA (x)	37.5	86.0	23.8		17.8	16.3	
Price to book (x)	13.3	13.5	10.1		7.4	5.9	
RoE (%)	11.4	-1.3	23.0		28.3	20.5	
RoCE (%)	11.0	1.2	20.5		23.9	19.0	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q2FY23 Results: Robust performance in normalised quarter

- Revenues grew 10% QoQ to ₹ 1142 crore, as hospitals in India grew 11.2% QoQ followed by Cayman Island, which grew 28% QoQ. EBITDA grew 26.9% QoQ to ₹ 243.7 crore. EBITDA margins grew 277 bps QoQ to 21.3%. Margins improved as Indian hospitals' EBITDA margins grew 370 bps QoQ to 19.9%. Adjusted PAT increased 52.7% YoY to ₹ 169 crore
- NHL's numbers were in line with our estimates on the revenue front but beat our estimates on the margin front due to better operating leverage in Indian hospitals as well as increase in International patients' mix. Cayman Islands also delivered a strong performance with highest ever quarterly sales at ₹ 232 crore. We continue to believe in the long term prospects of NHL on the back of an asset-right model and affordability philosophy.

Q2FY23 Earnings Conference Call highlights

- Cayman Islands – Operating revenue Q2FY23: US\$29.1 million. EBITDA for Cayman in Q2FY23: US\$12.7 million. Cayman saw normalised operations with robust revenues and 43.6% EBITDA margins
- India – Operating revenue Q2FY23: ₹ 910.2 crore. EBITDA: 181.5 crore, margins at 19.9%. International patient mix was at 8%.
- Revenue break-up: Bengaluru – 37%, Southern Peripheral – 7%, Kolkata – 27%, Eastern Peripheral – 10%, Western – 6%, Northern – 14%
- Cluster wise ARPOB (₹ crore): Bengaluru – 1.5, Southern Peripheral – 0.98, Kolkata – 1.2, Eastern Peripheral – 0.97, Western – 1.06, Northern – 1.37
- Cluster wise EBITDAR margins: Bengaluru – 34.7%, Southern Peripheral – 25.4%, Kolkata – 26.2%, Eastern Peripheral – 40.4%, Western – (1.7%), Northern – 12.2%
- Cost Structure: Consumable – 24.8%, manpower – 39.7% (doctors + nurse – 29.3%), overhead – 18.9% (rental/revenue share – 2.4%)
- Capex guidance for ₹ 1000 crore in FY23. The management is looking at brownfield expansion in Bengaluru health city and expansion in Kolkata. The company is also open to merger and acquisition opportunities

Exhibit 1: Variance Analysis

	Q2FY23	Q2FY23E	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	Comments
Revenue	1,141.6	1,117.0	940.3	21.4%	1,033.4	10.5%	Revenues grew 10 % QoQ to ₹ 1142 crore, QoQ growth as hospitals in India grew 11.2% QoQ followed by Cayman Island, which grew 28% QoQ
Raw Material Expenses	257.2	261.5	237.5	8.3%	241.9	6.3%	
Employee Expenses	217.3	232.3	189.3	14.8%	214.9	1.1%	
Other Expenditure	423.5	414.5	344.6	22.9%	384.6	10.1%	
Operating Profit (EBITDA)	243.7	208.8	168.9	44.3	192.0	26.9	EBITDA grew 26.9% QoQ to ₹ 243.7 crore
EBITDA (%)	21.3%	18.7%	18.0%	338 bps	18.6%	277 bps	EBITDA margins grew 277 bps QoQ to 21.3%. Margins improved as Indian hospitals' EBITDA margins grew 370 bps
Interest	15.1	23.4	16.7	-9.5%	15.1	0.2%	
Depreciation	48.9	60.6	45.9	6.6%	47.5	3.1%	
Other Income	31.2	11.2	12.1	157.2%	8.0	290.1%	
PBT before EO & Forex	210.9	135.9	118.5	78.0	137.5	53.4	
Forex & EO	0.0	0.0	0.0	0.0	0.0	0.0	
PBT after Exceptional Items	210.9	135.9	118.5	78.0	137.5	53.4	
Tax	42.0	27.2	16.8	149.5	26.7	57.7	
PAT before MI	168.8	108.7	101.6	66.2	110.8	52.4	
MI	0.1	0.1	0.1	40.4	0.1	15.9	
Adjusted Net Profit	168.8	106.4	99.3	69.9	110.6	52.7	Adjusted PAT increased 52.7 % YoY to ₹ 169 crore

Key Metrics

Owned/Operated Hospitals	1,105.1	1,081.9	871.4	26.8%	993.5	11.2%	QoQ improvement mainly due to strong numbers led by flagship hospitals
Heart Centres	35.1	35.1	30.6	15.0%	34.1	3.0%	QoQ improvement due to easing of travel restrictions

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	4,399.3	4,535.8	3.1	4,808.5	4,920.0	2.3	Changed due to ramp up in existing and new hospitals
EBITDA	822.0	885.4	7.7	948.0	981.3	3.5	
EBITDA Margin	18.7	19.5	84 bps	19.7	19.9	23 bps	Changed mainly due to better than expected margins in new hospitals
PAT	431.3	580.1	34.5	470.0	522.5	11.2	
EPS (₹)	21.1	28.4	34.5	23.0	25.6	11.2	

Source: ICICI Direct Research

Exhibit 3: Assumptions

(₹ crore)	Current				Earlier				Comments
	FY20	FY21	FY22	FY23E	FY24E	FY23E	FY24E		
Owned/Operated Hospital:	2,991.0	2,478.2	3,521.5	4,424.7	4,763.1	4,247.7	4,651.6	Hospitals to ramp up contribution with increasing maturity profile	
Heart Centres	108.1	78.9	118.6	138.1	149.2	138.1	149.2		
Other businesses	26.6	21.6	15.4	7.7	7.7	7.7	7.7		

Source: ICICI Direct Research

Exhibit 4: Financial Summary

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	2582.3	13.2%	-0.7	-128.0%	-1054.5	86.0	-1.3	1.2
FY22	3700.4	43.3%	16.7	-2490.7%	44.1	23.8	23.0	20.5
FY23E	4535.8	22.6%	28.4	69.7%	26.0	17.8	28.3	23.9
FY24E	4920.0	8.5%	25.6	-9.9%	28.9	16.3	20.5	19.0

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	822.3	785.2	742.9	393.5	600.7	750.4	837.8	859.8	940.3	959.6	940.7	1033.4	1141.6	21.4	10.5
Raw Material Exper	191.5	184.8	178.8	110.5	161.6	198.8	206.9	215.4	237.5	236.4	219.9	241.9	257.2	8.3	6.3
% of revenue	23.3	23.5	24.1	28.1	26.9	26.5	24.7	25.1	25.3	24.6	23.4	23.4	22.5		
Gross Profit	630.8	600.4	564.2	283.0	439.1	551.5	630.8	644.4	702.8	723.3	720.8	791.5	884.4	25.8	11.7
Gross Profit Margin	76.7	76.5	75.9	71.9	73.1	73.5	75.3	74.9	74.7	75.4	76.6	76.6	77.5	273.0	88.3
Employee Expenses	176.0	171.7	168.0	152.9	147.6	156.7	169.6	190.6	189.3	192.5	196.1	214.9	217.3	14.8	1.1
% of revenue	21.4	21.9	22.6	38.9	24.6	20.9	20.2	22.2	20.1	20.1	20.8	20.8	19.0		
Other Manufacturing	333.1	326.1	300.5	221.0	264.8	289.9	319.8	320.1	344.6	355.8	349.7	384.6	423.5	22.9	10.1
% of revenue	40.5	41.5	40.4	56.2	44.1	38.6	38.2	37.2	36.6	37.1	37.2	37.2	37.1		
Total Expenditure	700.6	682.5	647.2	484.5	574.0	645.4	696.4	726.1	771.4	784.6	765.6	841.5	897.9	16.4	6.7
% of revenue	85.2	86.9	87.1	123.1	95.5	86.0	83.1	84.5	82.0	81.8	81.4	81.4	78.7		
EBITDA	121.7	102.7	95.7	-91.0	26.8	104.9	141.4	133.7	168.9	175.0	175.1	192.0	243.7	44.3	26.9
EBITDA Margins (%)	14.8	13.1	12.9	-23.1	4.5	14.0	16.9	15.5	18.0	18.2	18.6	18.6	21.3	338.4	276.9
Depreciation	42.9	46.4	55.1	46.4	46.2	46.5	44.5	44.7	45.9	46.1	46.8	47.5	48.9	6.6	3.1
Interest	21.7	20.6	20.8	19.7	19.4	18.6	18.2	17.1	16.7	16.3	16.3	15.1	15.1	-9.5	0.2
Other Income	6.4	5.5	7.0	4.7	10.4	4.6	8.5	6.7	12.1	6.9	9.8	8.0	31.2	157.2	290.1
PBT before forex &	63.4	41.2	26.9	-152.4	-28.5	44.5	87.2	78.6	118.5	119.5	121.8	137.5	210.9	78.0	53.4
Forex & EO	0.0	0.0	10.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT	63.4	41.2	16.0	-152.4	-28.5	44.5	87.2	78.6	118.5	119.5	121.8	137.5	210.9	78.0	53.4
Total Tax	16.8	8.8	3.6	-33.7	-26.1	0.8	17.2	0.9	16.8	19.6	50.3	26.7	42.0	149.5	57.7
Tax rate (%)	26.5	21.4	22.4	22.1	NA	1.8	19.8	1.1	14.2	16.4	41.3	19.4	19.9		
PAT after MI	45.3	31.4	12.0	-119.7	-3.4	40.8	68.0	76.2	99.3	97.5	68.9	110.6	168.8	69.9	52.7
Adjusted PAT	45.3	31.4	22.8	-119.7	-3.4	40.8	68.0	76.2	99.3	97.5	68.9	110.6	168.8	69.9	52.7
EPS (₹)	2.2	1.5	1.1	-5.9	-0.2	2.0	3.3	3.7	4.9	4.8	3.4	5.4	8.3	69.9	52.7

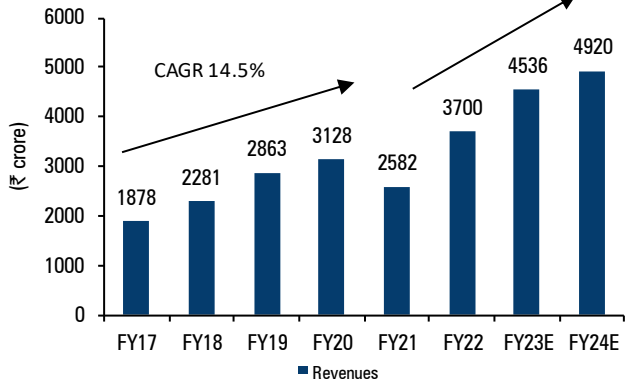
Source: ICICI Direct Research

Exhibit 6: Valuation

Particulars	FY24E (₹ cr)	Valuation Matrix	Multiple (x)	Enterprise value (₹ cr)
India (Owned/Operatec	887.7	EV/EBITDA	15.0	13314.8
Cayman	341.3	EV/EBITDA	14.0	4778.7
Heart Centres	44.0	EV/EBITDA	10.0	440.1
Other Business	7.7	EV/Sales	1.0	7.7
Net Debt FY24E (₹ cr)				1086.5
EV (₹ cr)				17454.8
No of shares (cr)				20.4
Per Share Value (₹)				855.0

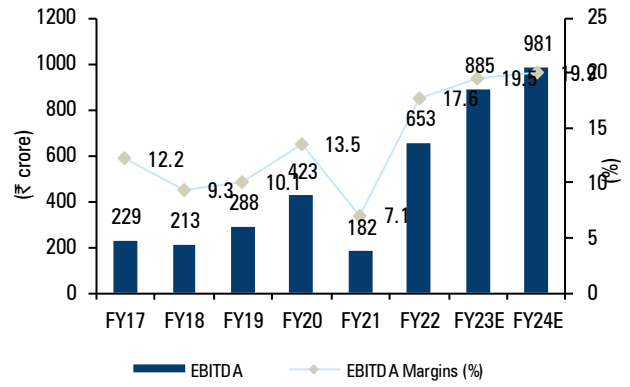
Source: ICICI Direct Research

Exhibit 7: Revenue to grow at CAGR of 15.3% over FY22-24E



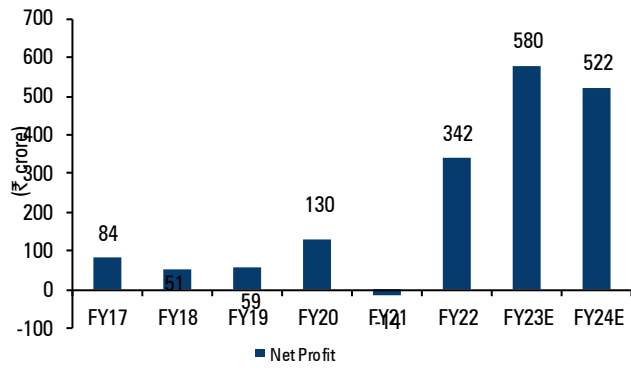
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA & EBITDA margins trend



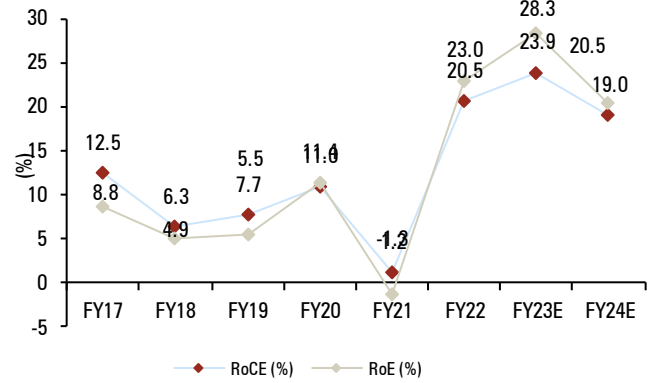
Source: ICICI Direct Research, Company

Exhibit 9: PAT to grow at CAGR of 23.6% over FY22-24E



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	4285	5,080	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 Hrudayalaya	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	345	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
Ipca 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 12: Profit and loss statement		₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E	
Revenues	2,582.3	3,700.4	4,535.8	4,920.0	
Growth (%)	-17.4	43.3	22.6	8.5	
Raw Material Expenses	677.9	909.2	1,030.9	1,118.3	
Employee Expenses	626.8	768.5	881.5	956.2	
Other Manufacturing Expenses	1,095.6	1,370.1	1,738.0	1,864.3	
Total Operating Expenditure	2,400.2	3,047.8	3,650.4	3,938.8	
EBITDA	182.1	652.6	885.4	981.3	
Growth (%)	-56.9	258.4	35.7	10.8	
Interest	76.0	66.3	60.3	78.0	
Depreciation	183.5	183.5	194.2	244.1	
Other Income	28.2	35.5	103.8	49.2	
PBT before Exceptional Items	-49.2	438.3	734.6	708.4	
Less: Forex & Exceptional Items	0.0	0.0	0.0	0.0	
PBT	-49.2	438.3	734.6	708.4	
Total Tax	-41.8	87.7	145.7	177.1	
PAT before MI	-7.5	350.6	588.9	531.3	
Minority Interest	0.0	0.2	0.3	0.3	
PAT	-14.3	341.9	580.1	522.5	
Adjusted PAT	-14.3	341.9	580.1	522.5	
Growth (%)			69.7	-9.9	
EPS	-0.7	16.7	28.4	25.6	
EPS (Adjusted)	-0.7	16.7	28.4	25.6	

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement		₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E	
Profit/(Loss) after taxation	-14.3	341.9	580.1	522.5	
Add: Depreciation & Amortization	183.5	183.5	194.2	244.1	
Net Increase in Current Assets	-20.8	-182.5	-112.0	-56.8	
Net Increase in Current Liabilities	83.5	72.0	68.8	52.3	
Others	76.0	66.3	60.3	78.0	
CF from operating activities	307.9	481.2	791.4	840.0	
(Inc)/dec in Fixed Assets	-47.5	-219.3	-1,000.0	-1,000.0	
(Inc)/dec in Investments	-34.0	-12.0	0.0	0.0	
Others	-6.6	-20.8	6.1	6.4	
CF from investing activities	-88.1	-252.1	-993.9	-993.6	
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0	
Inc / (Dec) in Debt	-126.5	-102.3	300.0	300.0	
Dividend & Dividend Tax	0.0	-20.4	-20.4	-20.4	
Others	-76.0	-66.3	-60.3	-78.0	
CF from financing activities	-202.5	-189.0	219.3	201.6	
Net Cash flow	17.3	40.1	16.8	48.0	
Opening Cash	114.8	132.1	172.2	188.9	
Closing Cash	132.1	172.2	188.9	236.9	
Free Cash Flow	260.3	262.0	-208.6	-160.0	

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet		₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E	
Equity Capital	204.4	204.4	204.4	204.4	
Reserve and Surplus	915.9	1,284.3	1,843.9	2,346.0	
Total Shareholders fund	1,120.3	1,488.6	2,048.3	2,550.3	
Total Debt	825.7	723.4	1,023.4	1,323.4	
Deferred Tax Liability	13.0	51.0	53.5	56.2	
Minority Interest	0.5	0.7	0.8	0.8	
Other liabilities	259.5	242.9	255.0	267.8	
Source of Funds	2,219.0	2,506.6	3,381.0	4,198.5	
Gross Block - Fixed Assets	2,916.4	3,088.7	4,038.7	5,038.7	
Accumulated Depreciation	1,013.7	1,167.0	1,361.2	1,605.3	
Net Block	1,902.8	1,921.7	2,677.5	3,433.4	
Capital WIP	19.9	66.9	116.9	116.9	
Net Fixed Assets	1,922.7	1,988.7	2,794.4	3,550.3	
Goodwill on Consolidation	58.1	58.1	58.1	58.1	
Investments	120.3	132.4	132.4	132.4	
Inventory	47.9	59.4	67.3	73.0	
Cash	132.1	172.2	188.9	236.9	
Debtors	278.5	436.9	535.5	580.9	
Loans & Advances & Other CA	96.7	109.4	114.8	120.6	
Total Current Assets	555.2	777.8	906.6	1,011.4	
Creditors	410.3	449.0	509.2	552.3	
Provisions & Other CL	140.8	174.0	182.7	191.9	
Total Current Liabilities	551.1	623.1	691.9	744.2	
Net Current Assets	4.1	154.7	214.7	267.2	
LT L& A, Other Assets	111.9	171.4	179.9	188.9	
Deferred Tax Assets	1.8	1.4	1.4	1.5	
Application of Funds	2,219.0	2,506.6	3,381.0	4,198.5	

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios					
(Year-end March)	FY21	FY22	FY23E	FY24E	
Per share data (₹)					
EPS	-0.7	16.7	28.4	25.6	
Cash EPS	8.3	24.7	36.9	36.5	
BV	54.8	72.8	100.2	124.8	
DPS	0.0	1.0	1.0	1.0	
Cash Per Share	49.6	57.1	66.6	78.6	
Operating Ratios (%)					
EBITDA margins	7.1	17.6	19.5	19.9	
Net Profit margins	-0.6	9.2	12.8	10.6	
Cash Conversion cycle	-155.8	-113.3	-113.3	-113.3	
Asset Turnover	0.9	1.2	1.2	1.0	
Return Ratios (%)					
RoE	-1.3	23.0	28.3	20.5	
RoCE	1.2	20.5	23.9	19.0	
RoC	-0.1	22.5	23.9	20.2	
Valuation Ratios (x)					
P/E	-1,054.5	44.1	26.0	28.9	
EV / EBITDA	86.0	23.8	17.8	16.3	
EV / Revenues	6.1	4.2	3.5	3.3	
Market Cap / Revenues	5.8	4.1	3.3	3.1	
Price to Book Value	13.5	10.1	7.4	5.9	
Solvency Ratios					
Net Debt / Equity	0.6	0.4	0.4	0.5	
Net Debt / EBITDA	3.2	0.6	0.8	1.0	
Current Ratio	0.8	1.0	1.0	1.0	

Source: Company, ICICI Direct Research

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