

Sales in line but margins miss...

About the stock: Started by renowned orthopaedic surgeon Dr Vikram Shah, Shalby is a multi-specialty hospitals chain with expertise in joint replacement.

- Revenue-wise breakup Q3FY23: Arthroplasty: 43%, Critical care & General medicine: 9%, Cardiac science: 9%, Orthopaedic: 8%, Oncology: 10%, Neurology: 5%, Nephrology: 4%, Others: 11%
- Shalby registered a blended ARPOB of ₹ 36,291 and ALOS of 3.74 days (without day care procedures) in Q3FY23
- Acquisition of US based Consensus to diversify into related implant business besides supporting arthroplasty and orthopaedic segments

Q3FY23 Results: Revenues were flattish QoQ and in line with our expectations on account of lesser elective surgeries but margins missed on a QoQ basis due to higher-than-expected total expenditure

- Revenues were flat QoQ to ₹ 202.5 crore
- EBITDA was at ~₹ 34 crore, down 8.4% QoQ with margins at 16.8%
- Adjusted PAT was at ₹ 15.3 crore (de-growth of ~17% QoQ)

What should investors do? Shalby's share price has delivered 23.5% CAGR over the past three years (from ~₹ 101 in January 2020 to ~₹ 154 levels in January 2023).

- We maintain **BUY** due to 1) Diversification towards other specialities especially high end surgeries 2) Asset light model via franchisee drive, 3) Launch of implant business in newer geographies and ramp up of production likely to aid growth

Target Price and Valuation: We value Shalby at ₹ 180 based on SOTP valuation.

Key triggers for future price performance:

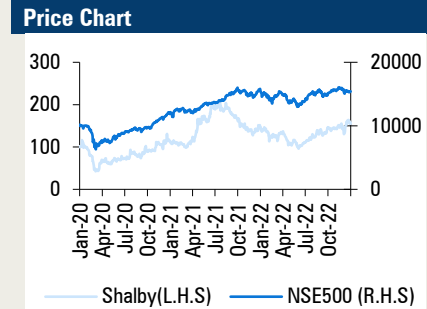
- Shalby is a market leader in arthroplasty procedure with ~15% market share of all joint replacement surgeries by organised private corporate hospitals
- Diversification of arthroplasty and orthopaedics with cardiac science, oncology and neuro-science, additional 40% bed capacity available to support organic growth
- Re-establishment of implant business in core-markets while creating a platform to enter growth markets with goal of ₹ 100 crore revenue in FY23
- Set on an inspirational target to achieve 2.5x sales in the next three to five years on the back of expansion to 50 franchises in next three years, better occupancies and new service offerings (home care & Shalby Care cards)

Alternate Stock Idea: Besides Shalby, in our hospital coverage we like Narayana.

- It operates a chain of multispecialty, tertiary & primary healthcare facilities. Operations are improving on the back of judicious case mix identification.
- BUY with target price of ₹ 855.

Particulars	
Particular	Amount
Market Capitalisation	₹ 1675 crore
Debt (FY22)	₹ 155 crore
Cash (FY22)	₹ 111 crore
EV	₹ 1719 crore
52 week H/L	168/95
Equity capital	₹ 108.0 crore
Face value	₹ 10

Shareholding pattern				
(in %)	Mar-22	Jun-22	Sep-22	Dec-22
Promoter	74.0	74.0	74.0	74.1
Others	26.0	26.0	26.0	25.9



Recent Event & Key risks

- Full operationalisation of Gwalior SOCE under FOSO model.
- Key Risk:** (i) Slower ramp up in elective surgeries (ii) Lower than guided traction from implants.

Research Analyst

Siddhant Khandekar
siddhant.khandekar@icicisecurities.com

Kushal Shah
kushal.shah@icicisecurities.com

Utkarsh Jain
utkarsh.jain@icicisecurities.com

Key Financial Summary

Key Financials (₹ Crore)	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	FY25E	3 year CAGR (FY22-25E)
Revenues	430.9	698.9	16.6	813.2	931.9	1067.8	9.5%
EBITDA	86.4	119.9	10.9	153.5	183.3	206.6	10.4%
EBITDA margins (%)	20.1	17.2		18.9	19.7	19.3	
Net Profit	42.4	54.0	13.5	74.6	102.2	123.5	18.3%
EPS (₹)	3.9	5.4		6.9	9.5	11.4	
PE (x)	37.2	29.1		21.1	15.4	12.8	
EV to EBITDA (x)	17.6	13.3		10.2	8.2	6.9	
RoCE (%)	6.5	8.4		11.5	13.9	15.7	

Key takeaways of recent quarter & conference call highlights

Q3FY23 Results: Flattish quarter on account of lesser elective surgeries

- Revenues were flat QoQ at ₹ 202.5 crore on account of fewer surgeries taking place due to festive quarter. It was at 6,782 in Q3FY23 against 6,806 in Q2FY23. On the operational front, EBITDA showed de growth of 8.4% QoQ to ~₹ 34 crore. EBITDA margins saw a QoQ decline of 160 bps due to rise in total expenditure. PAT came at ₹ 15.3 crore, down ~17% QoQ
- Q3 results were in line with our estimates on the revenue front but missed our estimates on the margin front. Arthroplasty (~15% market share) in Q3FY23 contributed 43% of revenue vis-a-vis 39% in Q2FY23. In asset light franchise model, Shalby remains focused on having over 50 Shalby franchise hospital across India within the next three years. Shalby continues to maintain leadership position in arthroplasty but has also transformed itself as a multispecialty hospital with diversified revenue mix. Shalby's strategic initiatives are expected to drive its sustainable growth momentum in the coming years

Q3FY23 Earnings Conference Call highlights

Segmental performance:

- Hospital business continued to show a good performance through overall performance from various hospitals
- Total surgeries count for Q3FY23 was 6,782 vs. 6,806 in Q2FY23. Knee and hip implantation has made steady progress in Q3FY23
- Total inpatient count in Q3FY23 came in at 11,713 vs. 12,606 in Q2FY23. Total beds occupied in Q3FY23 were at 544 vs. 600 in Q2FY23 with occupancy rate hovering around 43.2% vs. 49% in Q2FY23. Average revenue per operating bed (ARPOB) during Q3FY23 was ₹ 36,291 vs. ₹ 33,439 in Q2FY23 and average length of stay was 3.7 in Q3FY23 vs. 3.9 days in Q2FY23. Home care revenue was ₹ 2.65 crore vs. ₹ 2.25 crore in Q2FY23
- In Q3FY23, Shalby hospitals in existence for up to 10 years contributed 60% to revenue with EBITDA margins of ~15% and for mature hospitals in existence for 10+ years contributed 40% to revenues where EBITDA margins were at ~36%
- In Q3FY23, Shalby Consensus posted revenues of ₹ 22.8 crore, of which sales to India were at ~₹ 9 crore. It improved production capacity by ~50% to average 4,500 components through the year. Out of US customer sales, mix retail contributed 59% and wholesale 41%. The management remains confident of achieving ₹ 100 crore sales and positive EBITDA in FY23
- On the expenses front, manufacturing costs are declining due to introduction of newer products in implant business. It could manage to bring down the raw material cost by 50% of components, which supported COGS. It also plans to bring it down to 30-35% of overall costs, which should aid operational performance in the coming quarters
- It has concrete plans to launch implants in Indonesia, Argentina and Middle East regions. It finds realisation in Japan and the US comparatively higher compared to India and Indonesia business as it will be more of volume game than margin

Growth Opportunities:

- Mumbai & Nashik region are the newer opportunities, which will be coming in. The expected capex would of ~Rs 200 crore.
- The franchise businesses (Lucknow & Ahmedabad) are already operational, whereas during the quarter it has signed MoU at Aurangabad & Rajkot.
- The company has shortlisted 30 cities where it plans to open up the franchises over the next 3 to 5 years.

Other highlights:

- Day time occupancy is 15% higher than reported night time bed occupancy
- It does not require additional capex for increasing operational beds. Targets 15-20% growth in operational beds from current levels. Plans to reach 2000 operational beds in the coming years
- The spread between Shalby operated and managed is 50:50 as on date
- It intends to change the revenue mix in the ratio of US 40% and RoW 60% in the coming years
- Its three units SG, Indore and Jaipur are performing at peak utilisation
- Focus remains on adding more international patients for high end and rare surgeries

Exhibit 1: Variance Analysis

	Q3FY23	Q3FY23E	Q3FY22	Q2FY23	YoY (%)	QoQ (%)	Comments
Revenue	202.5	198.8	162.4	201.8	24.7	0.3	Revenues were flat QoQ amid high base with increase ARPOB
Raw Material Expenses	16.4	14.2	0.3	14.4	4,962.8	13.6	
Employee Expenses	36.6	33.2	31.0	33.7	18.0	8.7	
Other Expenditure	115.5	111.8	102.8	116.6	12.4	-1.0	
Total Operating Expenditure	168.5	159.2	134.2	164.7	25.6	2.3	
EBITDA	34.0	39.6	28.2	37.1	20.4	-8.4	
EBITDA (%)	16.8	19.9	17.4	18.4	-59 bps	-160 bps	QoQ decrease of 160 bps.
Interest	2.7	1.8	1.6	1.8	70.1	48.4	
Depreciation	11.8	11.0	11.3	11.9	4.8	-0.8	
Other income	4.0	5.2	2.8	5.3	43.6	-23.8	
PBT before EO	23.5	32.1	18.2	28.7	29.4	-17.9	
Less: Exceptional Items	0.0	0.0	4.4	0.0	0.0	0.0	
PBT	23.5	32.1	13.8	28.7	71.1	-17.9	
Tax	8.3	11.5	0.9	10.3	872.0	-19.7	
Minority Interest	0.0	0.0	0.0	0.0	NA	NA	
Adj. Net Profit	15.3	20.6	17.4	18.4	-11.9	-17.0	Net profit decreased 17.0% QoQ mainly on the back of high other expenditures and high employee costs

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore)	FY23E		FY24E		Comments	
	Old	New % Change	Old	New % Change		
Revenue	810.1	813.2	0.4	938.6	931.9	-0.7
EBITDA	165.3	153.5	-7.1	207.0	183.3	-11.4
EBITDA Margin	20.4	18.9	-152 bps	22.0	19.7	-238 bps
PAT	85.7	74.8	-12.7	119.8	102.4	-14.5
EPS (₹)	7.9	6.9	-12.7	11.1	9.5	-14.5

Source: ICICI Direct Research

Exhibit 3: Financial Summary

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY21	431	-11.5	3.9	53.6	37.2	17.6	5.1	6.5
FY22	699	62.2	5.4	27.4	29.1	13.3	6.7	8.4
FY23E	813	16.3	6.9	38.3	21.1	10.2	8.0	11.5
FY24E	932	14.6	9.5	37.0	15.4	8.2	10.1	13.9
FY25E	1068	14.6	11.4	20.8	12.8	6.9	11.1	15.7

Source: ICICI Direct Research

Exhibit 4: Trends in Quarterly Performance

(₹ crore)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ (%)
Total Operating Income	120.8	108.9	38.4	115.6	131.8	145.0	192.4	181.6	162.4	162.6	201.7	201.8	202.5	24.7	0.3
Raw Material Expenses	10.8	12.5	5.4	9.4	11.9	7.9	13.3	3.4	0.3	23.8	16.8	14.4	16.4	4962.8	13.6
% of Revenue	8.9	11.5	14.0	8.2	9.1	5.5	6.9	1.9	0.2	14.6	8.3	7.1	8.1	788 bps	94 bps
Gross Profit	110.0	96.4	33.0	106.2	119.9	137.1	179.0	178.2	162.1	138.8	184.9	187.4	186.1	14.8	-0.7
Gross Profit Margin (%)	91.1	88.5	86.0	91.8	90.9	94.5	93.1	98.1	99.8	85.4	91.7	92.9	91.9	-788 bps	-94 bps
Employee Expenses	16.1	16.1	8.8	14.3	16.5	17.4	25.0	29.5	31.0	32.9	32.3	33.7	36.6	18.0	8.7
% of Revenue	13.3	14.8	22.9	12.3	12.5	12.0	13.0	16.2	19.1	20.2	16.0	16.7	18.1	-103 bps	140 bps
Other Expenditure	72.1	77.8	29.1	62.4	72.6	88.7	115.8	119.3	102.8	81.9	112.5	116.6	115.5	12.4	-1.0
% of Revenue	59.7	71.4	75.6	54.0	55.1	61.2	60.2	65.7	63.3	50.4	55.8	57.8	57.1	-625 bps	-74 bps
Total Expenditure	98.9	106.4	43.3	86.1	101.0	114.0	154.1	152.2	134.2	138.6	161.6	164.7	168.5	25.6	2.3
% of Revenue	81.9	97.7	112.6	74.5	76.7	78.6	80.1	83.8	82.6	85.2	80.1	81.6	83.2	59 bps	160 bps
EBITDA	21.9	2.5	-4.8	29.5	30.8	31.0	38.3	29.4	28.2	24.0	40.1	37.1	34.0	20.4	-8.4
EBITDA Margin (%)	18.1	2.3	-12.6	25.5	23.3	21.4	19.9	16.2	17.4	14.8	19.9	18.4	16.8	-59 bps	-160 bps
Other Income	2.1	10.1	2.3	2.4	2.3	2.1	2.5	2.8	2.8	4.3	4.0	5.3	4.0	43.6	-23.8
Interest	1.3	1.7	1.2	0.8	0.9	0.8	1.0	1.6	1.6	1.7	1.8	1.8	2.7	70.1	48.4
Depreciation	8.9	9.0	9.0	9.2	9.3	9.4	9.0	11.5	11.3	11.2	11.6	11.9	11.8	4.8	-0.8
PBT	13.8	1.9	-12.7	21.9	22.9	23.0	30.8	19.2	18.2	15.4	30.6	28.7	23.5	29.4	-17.9
Total Tax	5.6	19.0	-4.0	-2.6	6.0	13.2	10.6	8.4	0.9	5.3	10.5	10.3	8.3	872.0	-19.7
Tax rate (%)	40.8	1005.5	31.4	-11.9	26.4	57.5	34.5	44.0	4.7	34.2	34.4	35.9	35.1		
PAT	8.1	-17.1	-8.7	24.5	16.8	9.8	20.2	10.8	12.9	10.2	20.1	18.4	15.3	18.3	-17.0
PAT Margin (%)	6.7	-15.7	-22.6	21.2	12.8	6.8	10.5	5.9	8.0	6.3	10.0	9.1	7.6		
EPS (₹)	0.8	-1.6	-0.8	2.3	1.6	0.9	1.9	1.0	1.2	0.9	1.9	1.7	1.4		
No. of shares	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8		

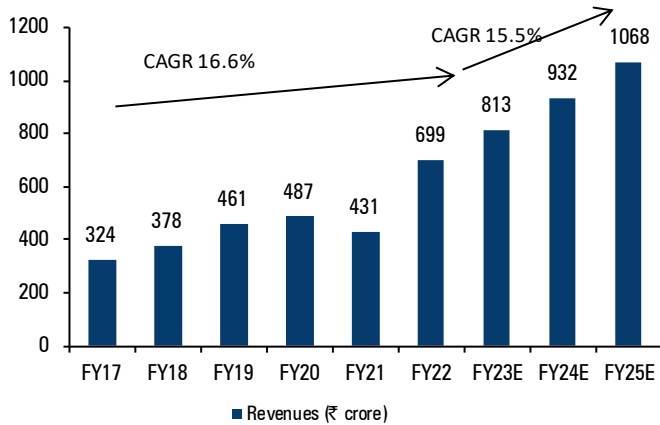
Source: ICICI Direct Research

Exhibit 5: EV/EBITDA Band



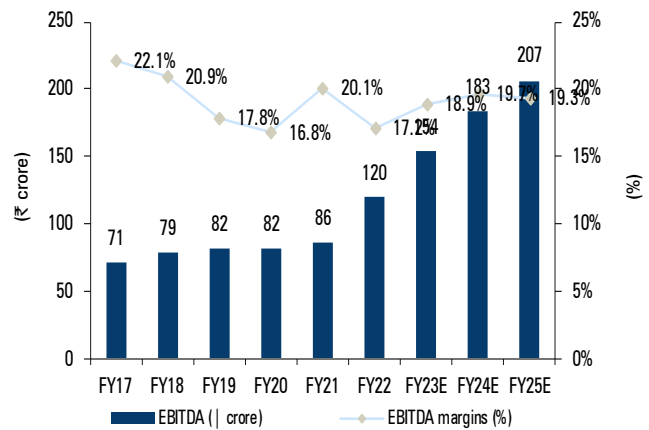
Source: ICICI Direct Research

Exhibit 6: Revenue to grow at CAGR of 15.5% over FY22-25E



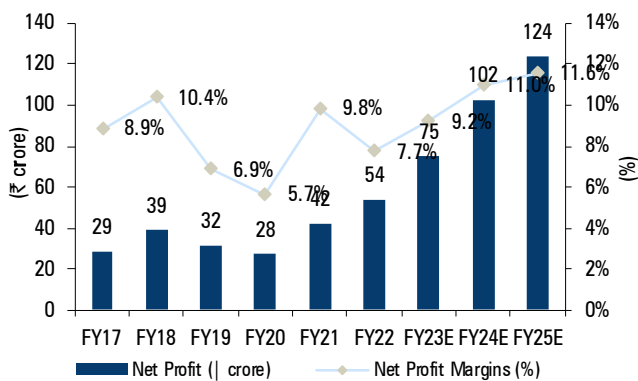
Source: ICICI Direct Research, Company

Exhibit 7: EBITDA & EBITDA margins trend



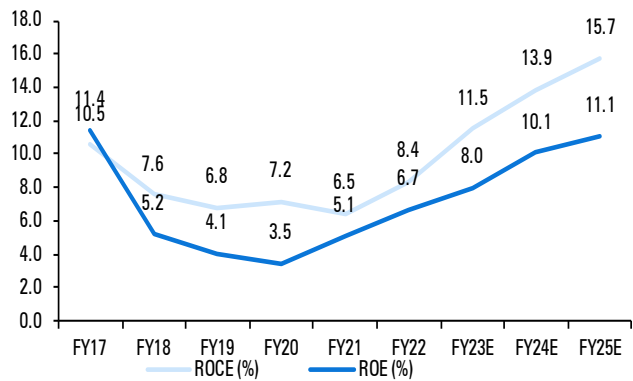
Source: ICICI Direct Research, Company

Exhibit 8: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 9: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 10: Valuation

Particulars	FY25E (₹ cr)	Valuation Matrix	Multiple (x)	EV (₹ cr)
Above 10 years	105.0	EV/EBITDA	10.0	1,050
Between 5-10 years	111.0	EV/EBITDA	6.0	666
Shalby Consensus	144.0	EV/Sales	1.0	144
EV				1,860
Net Debt FY25E (₹ cr)				-133.7
Minority Interest				-0.2
Targeted MCap (₹ cr)				1,994
No of shares (cr)				10.8
Per Share Value (₹)				180

Source: ICICI Direct Research, Company

Exhibit 11: ICICI Direct Universe Coverage (Healthcare)

Company	I-Direct Code	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)				EV/EBITDA(x)				RoCE (%)			RoE (%)				
						FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Hospitals																					
Apollo Hospitals	APOHOS	4280	5,230	Buy	61539	7.8	59.1	67.8	85.2	57.7	29.8	29.3	24.6	6.3	15.1	14.7	16.7	6.3	15.1	14.7	16.7
Narayana Hrudalaya	NARHRU	727	855	Buy	14860	-0.7	16.7	27.9	25.6	86.0	23.8	18.1	16.4	1.2	20.5	23.6	19.0	-1.3	23.0	28.0	20.6
Shalby	SHALIM	154	180	Buy	1658	3.9	5.4	7.9	11.1	17.6	13.3	9.4	7.2	6.5	8.4	12.9	15.8	5.1	6.7	9.1	11.5
Aster DM	ASTDM	220	300	Buy	10992	3.0	10.5	8.1	18.5	16.0	11.5	10.6	7.2	5.4	9.0	9.1	14.0	4.4	13.3	9.3	17.5
Healthcare Global	HEAGLO	287	370	Buy	3986	-13.9	3.9	4.0	8.4	39.4	20.1	14.9	12.0	-0.9	5.0	9.3	12.3	-0.9	5.0	6.0	11.1
MNC Pharma																					
Abbott India	ABBIND	21750	21,725	Hold	46219	325.0	375.9	452.0	543.1	66.9	57.9	48.1	40.0	33.8	36.6	38.6	37.5	26.5	28.3	30.1	29.0
P&G Health	MERLIM	4081	5,235	Buy	6774	106.5	116.0	150.0	163.6	38.3	35.2	27.2	24.9	32.2	39.8	42.5	38.0	25.1	31.2	32.0	28.5
Sanofi India	SANOFI	5659	6,385	Hold	13032	207.4	410.1	265.9	255.5	27.3	13.8	21.3	22.2	32.3	33.3	40.9	50.2	24.5	25.9	30.8	38.1
Pfizer	PFIZER	4137	4,505	Hold	18925	108.8	133.9	151.4	150.2	38.0	30.9	27.3	27.6	27.6	26.1	25.0	23.7	20.8	21.4	18.8	18.1
Pharma																					
Ajanta Pharma	AJAPHA	1162	1,505	Buy	14888	51.1	55.7	55.9	68.4	22.7	20.9	20.8	17.0	29.0	27.0	23.4	24.4	21.8	21.8	18.8	19.5
Alembic Pharma	ALEMPHA	553	625	Hold	10870	62.6	27.7	14.6	21.0	8.8	20.0	37.8	26.4	25.1	10.6	6.3	8.6	24.1	10.4	5.3	7.3
Aurobindo Pharma	AURPHA	444	540	Hold	26053	55.0	47.4	34.7	44.8	8.1	9.4	12.8	9.9	16.9	12.9	9.6	11.9	14.7	11.3	7.7	9.1
Biocon	BIOCON	245	290	Hold	29421	6.3	5.7	3.0	4.8	39.1	43.0	81.4	50.5	7.7	7.5	3.8	6.1	9.9	8.1	1.5	2.4
Zydus Lifesciences	CADHEA	435	480	Hold	44016	23.3	21.0	21.1	25.3	18.6	20.7	20.6	17.2	13.8	12.0	11.7	12.2	18.4	12.6	11.4	12.2
Cipla	CIPLA	1055	1,350	Buy	85173	29.8	32.9	39.9	49.6	35.4	32.0	26.5	21.3	17.0	16.3	18.6	20.5	13.1	12.7	13.8	15.2
Dr Reddy's Labs	DRREDD	4346	5,215	Buy	72367	117.6	127.2	226.6	205.5	37.0	34.2	19.2	21.2	13.1	13.0	21.9	19.8	11.1	11.0	16.8	13.6
Glenmark Pharma	GLEPHA	417	440	Hold	11777	32.9	42.7	36.4	50.0	12.7	9.8	11.5	8.3	13.9	14.8	16.0	16.0	13.1	13.2	10.2	12.4
Ipca Laboratories	IPCLAB	859	925	Hold	21794	44.9	34.8	24.5	35.7	19.1	24.7	35.1	24.1	27.1	17.4	13.3	16.5	24.2	16.1	10.3	13.3
Jubilant Pharmova	JUBLIF	356	395	Hold	5680	37.4	26.0	22.5	32.8	9.5	13.7	15.8	10.8	13.7	9.0	7.8	9.7	12.6	7.8	6.4	8.6
Lupin	LUPIN	755	680	Hold	34380	26.9	11.9	9.1	26.4	28.1	63.6	82.6	28.7	9.6	3.4	5.9	11.3	8.8	4.4	3.3	8.8
Natco Pharma	NATPHA	534	660	Hold	9739	24.2	9.3	38.6	46.3	22.1	57.3	13.9	11.5	13.1	4.6	16.8	18.5	10.7	4.0	14.6	15.2
Sun Pharma	SUNPHA	1030	1,225	Buy	247096	30.1	32.0	34.3	40.9	34.3	32.2	30.0	25.2	14.2	18.2	17.4	19.0	15.5	16.0	15.0	15.5
Torrent Pharma	TORPHA	1576	1,690	Hold	53347	37.0	32.0	37.6	45.6	42.6	49.2	41.9	34.5	17.6	19.7	18.3	21.1	21.4	18.2	18.8	19.4
Indoco Remedies	INDREM	392	465	Buy	3610	10.1	16.8	22.1	28.9	38.8	23.3	17.7	13.5	11.7	17.5	18.4	23.0	12.1	17.1	18.9	20.4
Caplin Point	CAPPOI	694	955	Buy	5269	81.7	85.3	79.0	74.8	8.5	8.1	8.8	9.3	25.3	24.2	23.4	0.0	20.4	20.2	20.2	18.2
Advanced Enzymes	ADVENZ	283	265	Reduce	3161	13.1	10.7	9.6	13.3	21.6	26.5	29.6	21.3	19.4	14.3	10.9	14.0	15.1	11.0	9.0	11.3
Hester Biosciences	HESPHA	1753	2,280	Hold	1491	44.4	45.7	37.8	58.6	39.5	38.3	46.4	29.9	16.2	10.9	9.5	12.7	16.5	15.0	11.3	15.4
API/CRAMS																					
Divi's Lab	DIVLAB	3361	3,685	Hold	89222	74.7	111.5	87.7	96.9	45.0	30.1	38.3	34.7	27.6	30.2	21.1	21.8	21.3	25.2	17.7	17.2
Hikal	HIKCHE	387	330	Hold	4777	10.8	13.0	6.8	16.6	35.8	29.7	57.1	23.4	15.1	13.6	7.8	14.9	14.3	15.0	7.4	15.6
Syngene Int.	SYNINT	604	710	Buy	24263	10.1	9.9	11.6	14.3	59.7	61.2	52.1	42.1	11.5	11.7	12.9	15.1	13.5	12.9	12.5	13.5
Granules India	GRANUL	314	410	Buy	7799	22.2	16.6	22.7	27.2	14.2	18.9	13.8	11.6	24.0	15.6	20.5	21.7	25.3	16.0	19.7	19.3
Laurus Labs	LAULAB	348	630	Buy	18772	18.3	15.4	17.0	23.3	19.0	22.6	20.4	15.0	31.7	21.3	20.8	24.3	37.9	24.7	21.9	23.6
Suven Pharmaceutical	SUVPH	495	530	Buy	12597	14.2	17.8	14.7	17.7	34.8	27.8	33.6	28.0	31.2	37.5	26.0	25.6	30.7	29.7	20.6	20.5

Source: ICICI Direct Research

Financial Summary

Exhibit 12: Profit and loss statement				
	₹ crore			
Year-end March	FY22	FY23E	FY24E	FY25E
Total Operating Income	698.9	813.2	931.9	1,067.8
Growth (%)	62.2	16.3	14.6	14.6
Raw Material Expenses	41.6	62.3	66.5	76.2
Gross Profit	657.4	750.8	865.4	991.7
Gross Profit Margins (%)	94.0	92.3	92.9	92.9
Employee Expenses	118.4	137.2	157.9	180.9
Other Expenditure	419.0	460.1	524.2	604.2
Total Operating Expenditure	579.0	659.6	748.6	861.2
EBITDA	119.9	153.5	183.3	206.6
Growth (%)	38.8	28.0	19.4	12.7
Interest	5.9	9.0	3.9	0.4
Depreciation	42.9	47.1	48.1	46.5
Other Income	12.4	17.5	18.6	21.4
PBT before Exceptional Items	83.6	115.0	149.9	181.1
Less: Exceptional Items	4.4	0.0	0.0	0.0
PBT after Exceptional Items	79.1	115.0	149.9	181.1
Total Tax	25.2	40.3	47.7	57.6
PAT before MI	54.0	74.6	102.2	123.5
PAT	54.0	74.6	102.2	123.5
Growth (%)	27.4	38.3	37.0	20.8
EPS (Adjusted)	5.4	6.9	9.5	11.4

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
Year-end March	FY22	FY23E	FY24E	FY25E
Profit/(Loss) after taxation	56.2	74.8	102.4	123.6
Add: Depreciation & Amortization	42.9	47.1	48.1	46.5
Net Increase in Current Assets	-118.6	0.3	28.7	-29.6
Net Increase in Current Liabilities	27.8	38.6	10.8	20.6
Others	10.6	7.2	3.9	3.9
CF from Operating activities	18.9	177.6	208.8	208.8
Investments	-8.8	0.0	0.0	0.0
(Purchase)/Sale of Fixed Assets	-48.3	-107.0	-100.0	-50.0
Others	-25.3	-5.0	-5.6	-5.6
CF from Investing activities	-82.4	-112.0	-105.6	-105.6
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0
Dividend & Dividend tax	-10.8	-17.1	-24.0	-24.0
Other	101.3	-57.2	-53.9	-53.9
CF from Financing activities	90.5	-74.4	-77.8	-77.8
Net Cash Flow	27.0	-8.7	25.4	25.4
Cash and Cash Equivalent	83.6	110.6	101.8	101.8
Cash	110.6	101.8	127.2	127.2
Free Cash Flow	-29.4	70.6	108.8	108.8

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
	₹ crore			
Year-end March	FY22	FY23E	FY24E	FY25E
Equity Capital	108.0	108.0	108.0	108.0
Reserve and Surplus	768.3	828.2	910.1	1,009.0
Total Shareholders funds	876.3	936.2	1,018.1	1,117.0
Total Debt	155.0	105.0	55.0	5.0
Deferred Tax Liability	30.6	31.2	31.8	32.4
Minority Interest	-0.1	-0.1	-0.2	-0.2
Other Non Current Liabilities	26.9	27.5	28.0	28.6
Source of Funds	1,088.7	1,099.7	1,132.8	1,182.9
Gross Block - Fixed Assets	852.7	879.7	899.7	869.7
Accumulated Depreciation	187.5	234.6	282.7	329.2
Net Block	665.2	645.2	617.0	540.5
Capital WIP	5.8	85.8	165.8	245.8
Goodwill	10.2	10.2	10.2	10.2
Fixed Assets	681.2	741.1	792.9	796.4
Investments	24.7	24.7	24.7	24.7
Other non-Current Assets	41.5	45.6	50.2	55.2
Deferred Tax Assets	20.0	22.0	24.1	26.6
Inventory	121.1	102.4	54.6	62.6
Debtors	101.0	117.5	134.6	154.3
Loans and Advances	0.0	0.0	0.0	0.0
Other Current Assets	93.6	95.5	97.4	99.3
Cash	110.6	94.4	108.5	138.7
Total Current Assets	426.3	409.8	395.1	454.9
Creditors	70.7	105.9	113.0	129.5
Provisions	1.1	1.2	1.3	1.5
Other Current Liabilities	33.0	36.3	39.9	43.9
Total Current Liabilities	104.8	143.4	154.3	174.9
Net Current Assets	321.4	266.4	240.8	280.0
Application of Funds	1,088.7	1,099.7	1,132.8	1,182.9

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
Year-end March	FY22	FY23E	FY24E	FY25E
Per share data (₹)				
Reported EPS	5.0	6.9	9.5	11.4
Cash EPS	8.4	9.9	12.0	13.5
BV per share	81.1	86.7	94.3	103.4
Cash per Share	10.2	8.7	10.0	12.8
Dividend per share	1.0	1.4	1.9	2.3
Operating Ratios (%)				
Gross Profit Margins	94.0	92.6	92.6	92.9
EBITDA margins	17.2	17.2	20.4	22.0
PAT Margins	8.4	10.6	10.6	12.8
Cash Conversion Cycle	495.0	32.2	-267.8	-267.8
Asset Turnover	0.8	0.9	1.0	1.2
EBITDA conversion Rate	15.8	107.4	100.9	100.9
Return Ratios (%)				
RoE	6.7	8.0	10.1	11.1
RoCE	8.4	11.5	13.9	15.7
RoIC	8.3	12.2	16.7	21.4
Valuation Ratios (x)				
P/E	29.1	21.1	15.4	12.8
EV / EBITDA	13.3	10.2	8.2	6.9
EV / Net Sales	2.3	1.9	1.6	1.3
Market Cap / Sales	2.3	1.9	1.7	1.5
Price to Book Value	1.8	1.7	1.5	1.4
Solvency Ratios				
Debt / EBITDA	1.3	0.7	0.3	0.0
Debt / Equity	0.2	0.1	0.1	0.0
Current Ratio	3.0	2.2	1.9	1.8
Quick Ratio	1.9	1.5	1.5	1.4
Inventory days	1,063	600	300	300
Debtor days	53	53	53	53
Creditor days	621	621	621	621

Source: Company, ICICI Direct Research

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

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