

## Surgeries return in Hospitals; Implants on-track...

**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 FY22: arthroplasty:29%, critical care & general medicine: 22%, orthopaedic: 8%, oncology:9%, cardiac science: 8%, neurology 5%, nephrology:3%, others:16%
- Shalby registered a blended ARPOB of ₹ 31,347 and ALOS of 4.55 days (without day care procedures) in FY22
- Acquisition of US based Consensus to diversify into related implant business besides supporting arthroplasty and orthopaedic segments

**Q1FY23 Results:** Strong 15% QoQ increase in-patient count along with 30% QoQ growth in surgeries.

- Revenues grew 24% QoQ to ₹ 202 crore
- EBITDA was at ₹ 40 crore, up 67% QoQ with margins at 19.9%
- Adjusted PAT was at ₹ 20.1 crore (growth of 97% QoQ)

**What should investors do?** Shalby's share price has grown by ~1.4x over the past three years (from ~₹ 86 in July 2019 to ~₹ 116 levels in July 2022).

- We maintain **BUY** due to 1) electives in hospitals to sustain, 3) asset light model via franchisee push to ramp-up and 3) Implants likely to provide integration advantage and third party push in core markets

**Target Price and Valuation:** We value Shalby at ₹ 150 based on SOTP valuation.

### Key triggers for future price performance:

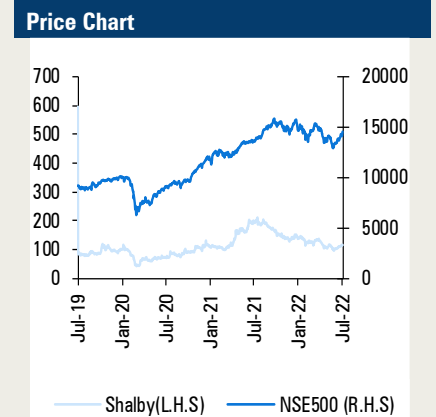
- Shalby is a market leader in arthroplasty procedure with ~15% market share of all joint replacement surgeries by organised private corporate hospitals
- Diversification of arthroplasty and orthopaedics with cardiac science, oncology and neuro-science, additional 40% bed capacity available to support 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 improving on the back of judicious case mix identification
- BUY with target price of ₹ 750

Particulars	
Particular	Amount
Market Capitalisation	₹ 1253 crore
Debt (FY22)	₹ 155 crore
Cash (FY22)	₹ 111 crore
EV	₹ 1297 crore
52 week H/L	214/95
Equity capital	₹ 108.0 crore
Face value	₹ 10

Shareholding pattern				
(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	74.0	74.0	74.0	74.0
Others	26.0	26.0	26.0	26.0



### Recent Event & Key risks

- Received import license for implants in India
- Key Risk:** (i) Slower ramp up in elective surgeries (ii) Higher competition in arthroplasty

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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	486.9	430.9	698.9	16.6	778.8	914.2	14.4
EBITDA	81.7	86.4	119.9	10.9	155.8	187.3	25.0
EBITDA margins (%)	16.8	20.1	17.2		20.0	20.5	
Net Profit	27.6	42.4	54.0	13.5	80.6	106.5	40.5
EPS (₹)	2.6	3.9	5.4		7.5	9.9	
PE (x)	45.4	29.6	23.1		15.5	11.7	
EV to EBITDA (x)	15.2	13.9	10.6		7.9	6.2	
RoCE (%)	7.2	6.5	8.4		11.7	14.3	
ROE (%)	3.5	5.1	6.7		8.6	10.4	

## Key takeaways of recent quarter & conference call highlights

### Q1FY23 Results: Growth trajectory continues

- Revenues grew 24% QoQ to ₹ 202 crore driven by growth in both hospital and Implant business. EBITDA margins improved 510 bps QoQ to 19.9% amid 470 bps QoQ improvement in occupancy levels and 5% QoQ growth in ARPOB. Subsequently, EBITDA grew 67% QoQ to ₹ 40 crore. Net profit grew 97% QoQ to ₹ 20 crore. Delta vis-à-vis EBITDA was mainly due to higher tax expense.
- Q1 results were better than our estimates on both revenues and margins front primarily driven by increase in In-patients count by 15% and surgery count by 30% QoQ. Shalby imported Consensus implants in India during Q1FY23 for hospital consumption and plans to launch these implants pan India for other surgeons and hospital groups by Q3FY23 to reach ₹ 100 crores and be EBITDA positive in FY23. In asset light franchise model, Shalby remain focused to have over 50 Shalby franchise hospital across India within the next 3 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.

### Q1FY23 Earnings Conference Call highlights

- Total surgeries count for Q1FY23 was 7211 vs. 5558 in Q4FY22. Total inpatient count in Q1FY23 was 11044 vs 9629 in Q4FY22, total beds occupied in Q1FY23 were at 577 vs. 499 in Q4FY22 with occupancy rate hovering around 45.1% vs. 40.4% in Q3FY22. Average revenue per operating bed during Q1FY23 was 35304 vs 33707 in Q4FY22 and average length of stay was 4.08 in Q1FY23 vs 4.12 days in Q4FY22. Home care revenue was ₹ 2.15 crore while international patients resumed, generated ₹ 2.4 crore of revenue (up 47% QoQ).
- In Q1FY23, contribution to revenue of new hospitals i.e. hospitals in existence for 0-5 years was 18% for which EBITDA margins were 4%, hospitals in existence for five to 10 years contributed 50% to revenue with EBITDA margins of 26% and mature hospitals in existence for 10+ years contributed 32% to revenues where EBITDA margins were 36%.
- In Q1FY23, Shalby Consensus posted revenues of ₹ 26.2 crore, of which sales to India was at ~ ₹ 11.8 crore. EBITDA margins in this quarter at 2%. Consensus production was ramped up from 572 components in Q1FY22 to ~ 8718 components in Q1FY23. Out of US sales, product mix with Knee and Hip segment contributing ~50% and ~50% respectively and customer mix with Retail and Wholesale contributing 55% and 45% respectively The management remains confident of achieving ₹ 100 crore sales and positive EBITDA in FY23. Implants realizations is 2.5-3x lower in India as compared to US. Shalby is producing 3000 components per month and target is to produce 5000 components per months by year end. Management targets to achieve ~ US\$100 million of sales in 5 years with 60%-70% of sales coming from US. India is a highly regulated markets, as DPCO controls the implants price while South-East Asian, Middle Easter markets have better realizations vis-à-vis Indian markets. Managements goal is to generate 25-30% EBITDA margins from this business over a period of time by, 1) change of sales mix (towards US and retail channels), 2) new vendors for lower input cost (management has brought cost down by 30%, target is to cut cost by another 40% to reach US\$500 per component) and 3) better operating leverage.
- In FOFO, management fee is 6-8% while in FOSO revenue % fee is 3-5%. FOSO hospitals in Kanpur, Gwalior and Lucknow are going to come on-stream soon while green-field hospital in Rajkot will come by FY23 end.
- Guidance of ₹ 800 crore revenues from Hospitals in FY23 and 25% EBITDA margins. Management guiding for occupancy to reach 60% in FY24.

**Exhibit 1: Variance Analysis**

	Q1FY23	Q1FY23E	Q1FY22	Q4FY22	YoY (%)	QoQ (%)	Comments
Revenue	201.7	192.2	192.4	162.6	4.8	24.1	15% QoQ increase in-patient count along with 30% QoQ growth in surgeries.
Raw Material Expenses	16.8	15.4	13.3	23.8	25.8	-29.4	
Employee Expenses	32.3	32.6	25.0	32.9	29.4	-1.7	
Other Expenditure	112.5	109.2	115.8	81.9	-2.8	37.3	
Total Operating Expenditure	161.6	157.1	154.1	138.6	4.9	16.6	
EBITDA	40.1	35.1	38.3	24.0	4.6	66.9	
EBITDA (%)	19.9	18.3	19.9	14.8	-4 bps	510 bps	QoQ increase of 470 bps in occupancy levels and 5% in ARPOB
Interest	1.8	1.3	1.0	1.7	84.8	5.8	
Depreciation	11.6	11.1	9.0	11.2	28.8	3.8	
Other income	4.0	3.4	2.5	4.3	58.8	-6.6	
PBT before EO	30.6	26.1	30.8	15.4	-0.6	99.1	
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	30.6	26.1	30.8	15.4	-0.6	99.1	
Tax	10.5	6.7	10.6	5.3	-0.9	100.2	
Minority Interest	0.0	0.0	0.0	-0.1	NA	NA	
Adj. Net Profit	20.1	19.5	20.2	10.2	-0.4	97.0	QoQ Delta vis-a-vis EBITDA mainly due to higher tax rate

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	815.2	778.8	-4.5	942.7	914.2	-3.0	
EBITDA	152.3	155.8	2.3	181.3	187.3	3.3	
EBITDA Margin ('	18.7	20.0	132 bps	19.2	20.5	126 bps	Management guidance for ~ 20%+
PAT	87.5	80.8	-7.7	112.0	106.6	-4.7	
EPS (₹)	8.1	7.5	-7.7	10.4	9.9	-4.7	

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	29.6	13.9	5.1	6.5
FY22	699	62.2	5.4	27.4	23.1	10.6	6.7	8.4
FY23E	779	11.4	7.5	49.4	15.5	7.9	8.6	11.7
FY24E	914	17.4	9.9	32.1	11.7	6.2	10.4	14.3

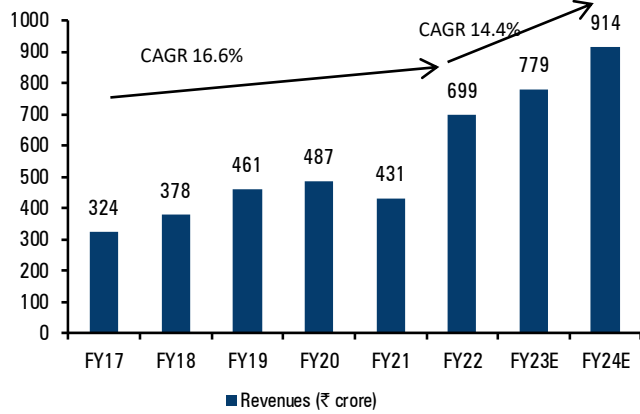
Source: ICICI Direct Research

**Exhibit 4: Trends in Quarterly Performance**

(₹ crore)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ (%)
Total Operating Income	131.4	125.7	120.8	108.9	38.4	115.6	131.8	145.0	192.4	181.6	162.4	162.6	201.7	4.8	24.1
Raw Material Expenses	21.0	9.2	10.8	12.5	5.4	9.4	11.9	7.9	13.3	3.4	0.3	23.8	16.8	25.8	-29.4
% of Revenue	16.0	7.4	8.9	11.5	14.0	8.2	9.1	5.5	6.9	1.9	0.2	14.6	8.3	138 bps	-629 bps
Gross Profit	110.4	116.5	110.0	96.4	33.0	106.2	119.9	137.1	179.0	178.2	162.1	138.8	184.9	3.3	33.2
Gross Profit Margin (%)	84.0	92.6	91.1	88.5	86.0	91.8	90.9	94.5	93.1	98.1	99.8	85.4	91.7	-138 bps	629 bps
Employee Expenses	16.8	16.5	16.1	16.1	8.8	14.3	16.5	17.4	25.0	29.5	31.0	32.9	32.3	29.4	-1.7
% of Revenue	12.8	13.1	13.3	14.8	22.9	12.3	12.5	12.0	13.0	16.2	19.1	20.2	16.0	304 bps	-419 bps
Other Expenditure	64.2	72.0	72.1	77.8	29.1	62.4	72.6	88.7	115.8	119.3	102.8	81.9	112.5	-2.8	37.3
% of Revenue	48.9	57.3	59.7	71.4	75.6	54.0	55.1	61.2	60.2	65.7	63.3	50.4	55.8	-439 bps	539 bps
Total Expenditure	102.1	97.7	98.9	106.4	43.3	86.1	101.0	114.0	154.1	152.2	134.2	138.6	161.6	4.9	16.6
% of Revenue	77.7	77.7	81.9	97.7	112.6	74.5	76.7	78.6	80.1	83.8	82.6	85.2	80.1	4 bps	-510 bps
EBITDA	29.4	28.0	21.9	2.5	-4.8	29.5	30.8	31.0	38.3	29.4	28.2	24.0	40.1	4.6	66.9
EBITDA Margin (%)	22.3	22.3	18.1	2.3	-12.6	25.5	23.3	21.4	19.9	16.2	17.4	14.8	19.9	-4 bps	510 bps
Other Income	1.9	2.2	2.1	10.1	2.3	2.4	2.3	2.1	2.5	2.8	2.8	4.3	4.0	58.8	-6.6
Interest	1.3	1.0	1.3	1.7	1.2	0.8	0.9	0.8	1.0	1.6	1.6	1.7	1.8	84.8	5.8
Depreciation	8.9	9.2	8.9	9.0	9.0	9.2	9.3	9.4	9.0	11.5	11.3	11.2	11.6	28.8	3.8
PBT	21.1	20.0	13.8	1.9	-12.7	21.9	22.9	23.0	30.8	19.2	18.2	15.4	30.6	-0.6	99.1
Total Tax	-2.5	7.1	5.6	19.0	-4.0	-2.6	6.0	13.2	10.6	8.4	0.9	5.3	10.5	-0.9	100.2
Tax rate (%)	-12.0	35.4	40.8	1005.5	31.4	-11.9	26.4	57.5	34.5	44.0	4.7	34.2	34.4		
PAT	23.6	12.9	8.1	-17.1	-8.7	24.5	16.8	9.8	20.2	10.8	12.9	10.2	20.1	-0.4	97.0
PAT Margin (%)	18.0	10.3	6.7	-15.7	-22.6	21.2	12.8	6.8	10.5	5.9	8.0	6.3	10.0		
EPS (₹)	2.2	1.2	0.8	-1.6	-0.8	2.3	1.6	0.9	1.9	1.0	1.2	0.9	1.9		

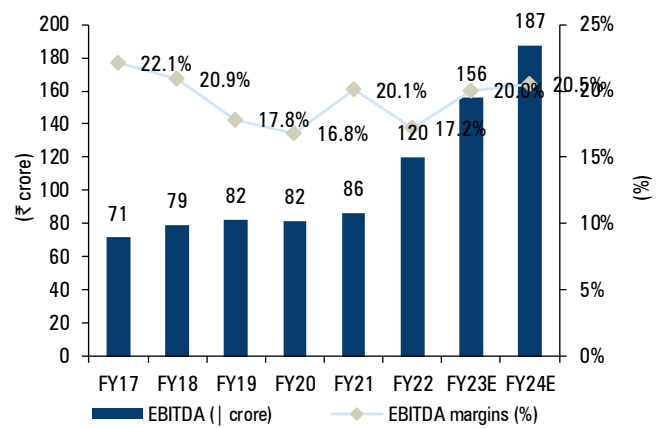
Source: ICICI Direct Research

Exhibit 5: Revenue to grow at CAGR of 14.4% over FY22-24E



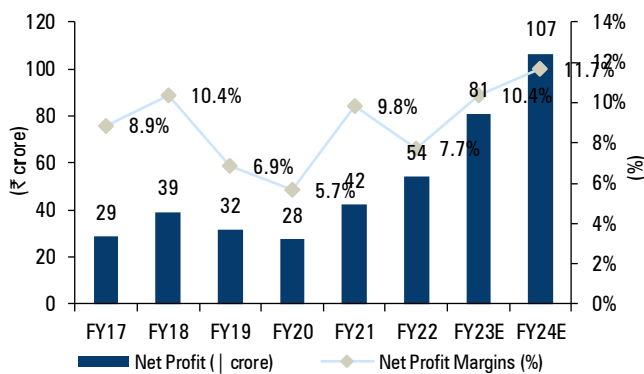
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA & EBITDA margins trend



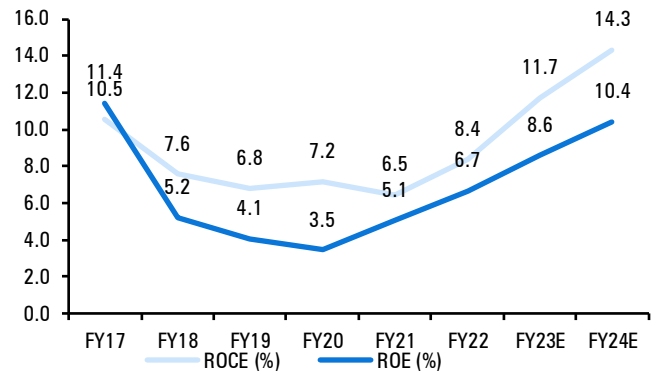
Source: ICICI Direct Research, Company

Exhibit 7: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 8: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 9: Valuation

Particulars	FY24E (₹ cr)	Valuation Matrix	Multiple (x)	EV (₹ cr)
Above 10 years	80.6	EV/EBITDA	8.0	644
Between 5-10 years	98.5	EV/EBITDA	6.0	591
Below 5 years	168.2	EV/Sales	1.0	168
Shalby Consensus	150.6	EV/Sales	1.0	151
<b>EV</b>				<b>1,554</b>
Net Debt FY24E (₹ cr)				-65.0
Minority Interest				-0.2
Targeted MCap (₹ cr)				1,619
No of shares (cr)				10.8
<b>Per Share Value (₹)</b>				<b>150</b>

Source: ICICI Direct Research, Company

Exhibit 10: ICICI Direct Universe Coverage (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	4199	4,500	Buy	60379	7.9	59.1	80.9	107.4	534.2	71.0	51.9	39.1	6.3	15.1	16.7	19.3	2.5	15.1	17.7	19.9
Narayana Hrudalaya	NARHRU	659	750	Buy	13464	-0.7	16.7	18.9	21.6	NA	39.4	34.9	30.5	1.2	20.5	18.8	19.5	-1.3	23.0	20.8	19.4
Shalby	SHALIM	116	150	Buy	1251	3.9	5.4	7.5	9.9	29.5	21.4	15.5	11.7	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	227	270	Buy	11331	3.0	10.5	14.4	18.4	76.7	21.5	15.8	12.3	5.4	9.0	11.4	12.9	4.4	13.3	15.4	16.4
Healthcare Global	HEAGLO	270	340	Buy	3752	-13.9	3.9	3.6	8.0	-13.9	69.8	74.5	33.6	-0.9	5.0	7.6	10.2	-0.9	5.0	5.5	10.8
<b>MNC Pharma</b>																					
Abbott India	ABBIND	19950	20,560	Buy	42392	325.0	375.9	439.8	514.0	61.4	53.1	45.4	38.8	33.8	36.6	37.9	36.3	26.5	28.3	29.5	28.1
P&G Health	MERLIM	4398	4,955	Hold	7300	106.5	121.5	130.5	141.6	41.3	36.2	33.7	31.1	32.2	37.3	34.7	32.8	25.1	29.3	27.0	25.4
Sanofi India	SANOFI	6345	6,885	Hold	14613	207.4	410.1	270.5	264.8	30.6	15.5	23.5	24.0	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4194	4,810	Hold	19185	108.8	133.9	140.4	160.3	38.6	31.3	29.9	26.2	27.6	26.1	23.5	23.0	20.8	21.4	19.2	18.7
<b>Pharma</b>																					
Ajanta Pharma	AJAPHA	1276	1,495	Buy	16355	51.0	55.6	60.1	71.1	25.0	22.9	21.2	17.9	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	703	720	Hold	13816	62.8	27.8	29.7	35.9	11.2	25.3	23.7	19.6	25.1	10.6	11.2	13.8	24.1	10.4	10.3	11.3
Aurobindo Pharma	AURPHA	549	610	Hold	32168	55.0	47.4	45.6	51.0	10.0	11.6	12.0	10.8	16.9	12.9	12.5	13.1	14.7	11.3	9.9	10.0
Biocon	BIOCON	306	320	Hold	36678	6.3	5.7	5.5	11.3	48.8	53.6	56.0	26.9	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	346	475	Hold	35442	23.3	21.0	20.2	24.0	14.8	16.5	17.1	14.4	13.8	12.0	11.2	12.4	18.4	12.6	11.0	11.7
Cipla	CIPLA	961	1,095	Buy	77519	29.9	32.9	36.2	42.5	32.2	29.2	26.5	22.6	16.3	16.7	16.7	17.7	13.1	12.7	12.6	13.3
Dr Reddy's Labs	DRREDD	4100	4,750	Buy	68241	117.3	126.9	203.4	191.0	35.0	32.3	20.2	21.5	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	378	460	Hold	10667	32.9	42.7	41.0	48.3	11.5	8.9	9.2	7.8	13.9	14.8	14.5	15.4	13.1	13.2	11.4	11.9
Ipca Laboratories	IPCLAB	994	1,000	Hold	25217	44.9	34.8	32.7	39.9	22.1	28.5	30.4	24.9	27.1	17.4	16.2	17.4	24.2	16.1	13.4	14.4
Jubilant Pharmova	JUBLIF	360	410	Hold	5741	37.4	26.0	24.2	31.4	9.6	13.9	14.9	11.5	13.7	9.0	7.7	9.4	12.6	7.8	6.8	8.2
Lupin	LUPIN	639	610	Hold	29034	26.9	11.9	18.7	30.5	23.8	53.8	34.1	21.0	9.6	3.4	7.6	11.2	8.8	4.4	6.6	9.8
Natco Pharma	NATPHA	679	820	Hold	12396	24.2	9.3	28.3	33.2	28.1	72.9	24.0	20.5	13.1	4.6	13.3	14.1	10.7	4.0	11.0	11.6
Sun Pharma	SUNPHA	887	1,070	Buy	212893	30.0	32.0	32.6	38.3	29.5	27.8	27.2	23.2	14.2	18.2	17.7	18.2	15.5	16.0	14.3	14.7
Torrent Pharma	TORPHA	1519	1,615	Hold	51395	37.0	32.0	43.4	53.9	41.1	47.4	35.0	28.2	17.6	19.7	24.3	29.1	21.4	18.2	20.8	21.6
Indoco Remedies	INDREM	385	510	Buy	3548	10.1	16.8	21.8	28.4	38.1	22.9	17.6	13.6	11.7	17.5	18.8	24.9	12.1	17.1	18.7	20.2
Caplin Point	CAPPOI	767	895	Buy	5815	81.7	85.3	68.3	70.8	9.4	9.0	11.2	10.8	25.3	23.7	22.5	0.0	20.4	20.2	18.5	17.5
Advanced Enzymes	ADVENZ	289	290	Hold	3230	13.1	10.7	10.2	13.2	22.1	27.0	28.3	22.0	19.4	14.3	12.6	14.7	15.1	11.0	9.6	11.1
Hester Biosciences	HESPHA	2212	2,445	Hold	1882	44.4	45.7	41.3	63.2	49.8	48.4	53.6	35.0	16.2	10.9	9.9	13.4	16.5	15.0	12.2	16.3
<b>API/CRAMS</b>																					
Divi's Lab	DIVLAB	3861	4,655	Buy	102492	74.7	111.5	105.7	122.5	51.7	34.6	36.5	31.5	27.6	30.2	25.8	25.5	21.3	25.2	20.3	20.0
Hikal	HIKCHE	252	340	Buy	3107	10.8	13.0	11.1	19.0	23.3	19.4	22.8	13.3	15.1	13.6	10.9	16.3	14.3	15.0	11.5	16.8
Syngene Int.	SYNINT	570	710	Buy	22880	10.1	9.9	11.5	14.6	56.3	57.8	49.4	39.1	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	304	345	Buy	7532	22.2	16.6	19.6	24.6	13.7	18.2	15.5	12.3	24.0	15.6	16.8	18.6	25.3	16.0	16.0	16.9
Laurus Labs	LAULAB	525	675	Buy	28193	18.3	15.4	20.7	27.0	28.7	34.1	25.3	19.5	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceuticals	SUVPH	470	555	Hold	11966	14.2	17.8	17.0	18.5	33.0	26.4	27.6	25.3	31.2	37.5	28.5	26.0	30.7	29.7	23.0	20.8

Source: ICICI Direct Research

## Financial Summary

Exhibit 11: Profit and loss statement		₹ crore			
Year-end March	FY21	FY22	FY23E	FY24E	
Total Operating Income	430.9	698.9	778.8	914.2	
Growth (%)	-11.5	62.2	11.4	17.4	
Raw Material Expenses	34.7	41.6	62.9	73.1	
Gross Profit	396.2	657.4	715.9	841.0	
Gross Profit Margins (%)	91.9	94.0	91.9	92.0	
Employee Expenses	57.0	118.4	130.1	154.9	
Other Expenditure	252.8	419.0	430.0	498.9	
Total Operating Expenditure	344.5	579.0	623.0	726.9	
<b>EBITDA</b>	<b>86.4</b>	<b>119.9</b>	<b>155.8</b>	<b>187.3</b>	
Growth (%)	5.7	38.8	29.9	20.3	
Interest	3.6	5.9	7.4	3.9	
Depreciation	36.8	42.9	44.6	45.6	
Other Income	9.1	12.4	15.5	18.3	
<b>PBT before Exceptional Items</b>	<b>55.1</b>	<b>83.6</b>	<b>119.4</b>	<b>156.2</b>	
Less: Exceptional Items	0.0	4.4	0.0	0.0	
PBT after Exceptional Items	55.1	79.1	119.4	156.2	
Total Tax	12.7	25.2	38.8	49.7	
PAT before MI	42.4	54.0	80.6	106.5	
<b>PAT</b>	<b>42.4</b>	<b>54.0</b>	<b>80.6</b>	<b>106.5</b>	
Growth (%)	53.6	27.4	49.4	32.1	
<b>EPS (Adjusted)</b>	<b>3.9</b>	<b>5.4</b>	<b>7.5</b>	<b>9.9</b>	

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement		₹ crore			
Year-end March	FY21	FY22	FY23E	FY24E	
Profit/(Loss) after taxation	45.9	56.2	80.8	106.6	
Add: Depreciation & Amortization	36.8	42.9	44.6	45.6	
Net Increase in Current Assets	-5.7	-118.6	4.2	21.9	
Net Increase in Current Liabilities	6.5	27.8	39.7	21.1	
Others	0.8	10.6	7.4	3.9	
<b>CF from Operating activities</b>	<b>84.3</b>	<b>18.9</b>	<b>176.6</b>	<b>199.0</b>	
Investments	-34.3	-8.8	0.0	0.0	
(Purchase)/Sale of Fixed Assets	-27.6	-48.3	-107.0	-100.0	
Others	61.7	-25.3	-5.0	-5.6	
<b>CF from Investing activities</b>	<b>-0.2</b>	<b>-82.4</b>	<b>-112.0</b>	<b>-105.6</b>	
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0	
Dividend & Dividend tax	-5.4	-10.8	-16.2	-21.3	
Other	-24.0	101.3	-57.4	-53.9	
<b>CF from Financing activities</b>	<b>-29.4</b>	<b>90.5</b>	<b>-73.5</b>	<b>-75.2</b>	
<b>Net Cash Flow</b>	<b>54.8</b>	<b>27.0</b>	<b>-8.9</b>	<b>18.3</b>	
Cash and Cash Equivalent	28.7	83.6	110.6	101.7	
<b>Cash</b>	<b>83.6</b>	<b>110.6</b>	<b>101.7</b>	<b>120.0</b>	
<b>Free Cash Flow</b>	<b>56.7</b>	<b>-29.4</b>	<b>69.6</b>	<b>99.0</b>	

Source: Company, ICICI Direct Research

Exhibit 13: Balance Sheet		₹ crore			
Year-end March	FY21	FY22	FY23E	FY24E	
Equity Capital	108.0	108.0	108.0	108.0	
Reserve and Surplus	726.6	768.3	832.9	918.3	
Total Shareholders funds	834.7	876.3	941.0	1,026.3	
Total Debt	44.0	155.0	105.0	55.0	
Deferred Tax Liability	22.8	30.6	31.2	31.8	
Minority Interest	0.0	-0.1	-0.1	-0.2	
Other Non Current Liabilities	21.9	26.9	27.5	28.0	
<b>Source of Funds</b>	<b>923.4</b>	<b>1,088.7</b>	<b>1,104.5</b>	<b>1,141.0</b>	
Gross Block - Fixed Assets	794.0	852.7	879.7	899.7	
Accumulated Depreciation	144.6	187.5	232.0	277.6	
Net Block	649.4	665.2	647.7	622.1	
Capital WIP	7.5	5.8	85.8	165.8	
Goodwill	10.2	10.2	10.2	10.2	
Fixed Assets	667.1	681.2	743.6	798.0	
Investments	15.6	24.7	24.7	24.7	
Other non-Current Assets	42.6	41.5	45.6	50.2	
Deferred Tax Assets	15.6	20.0	22.0	24.1	
Inventory	23.0	121.1	103.5	60.1	
Debtors	87.8	101.0	112.5	132.1	
Loans and Advances	0.0	0.0	0.0	0.0	
Other Current Assets	61.2	93.6	95.5	97.4	
Cash	83.6	110.6	101.7	120.0	
Total Current Assets	255.7	426.3	413.2	409.5	
Creditors	57.6	70.7	107.0	124.3	
Provisions	0.6	1.1	1.2	1.3	
Other Current Liabilities	15.1	33.0	36.3	39.9	
Total Current Liabilities	73.2	104.8	144.5	165.6	
Net Current Assets	182.4	321.4	268.6	243.9	
<b>Application of Funds</b>	<b>923.4</b>	<b>1,088.7</b>	<b>1,104.5</b>	<b>1,141.0</b>	

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios					
Year-end March	FY21	FY22	FY23E	FY24E	
<b>Per share data (₹)</b>					
Reported EPS	3.9	5.0	7.5	9.9	
Cash EPS	6.3	8.4	10.1	12.1	
BV per share	77.3	81.1	87.1	95.0	
Cash per Share	7.7	10.2	9.4	11.1	
Dividend per share	1.0	1.0	1.5	2.0	
<b>Operating Ratios (%)</b>					
Gross Profit Margins	91.9	94.0	91.9	92.0	
EBITDA margins	20.1	17.2	20.0	20.5	
PAT Margins	9.8	8.4	10.4	11.7	
Cash Conversion Cycle	-288.7	495.0	32.2	-267.8	
Asset Turnover	0.5	0.8	0.9	1.0	
EBITDA conversion Rate	97.6	15.8	113.4	106.3	
<b>Return Ratios (%)</b>					
RoE	5.1	6.7	8.6	10.4	
RoCE	6.5	8.4	11.7	14.3	
RoC	6.2	8.3	12.8	17.6	
<b>Valuation Ratios (x)</b>					
P/E	29.6	23.1	15.5	11.7	
EV / EBITDA	13.9	10.6	7.9	6.2	
EV / Net Sales	2.8	1.8	1.6	1.3	
Market Cap / Sales	2.9	1.8	1.6	1.4	
Price to Book Value	1.5	1.4	1.3	1.2	
<b>Solvency Ratios</b>					
Debt / EBITDA	0.5	1.3	0.7	0.3	
Debt / Equity	0.1	0.2	0.1	0.1	
Current Ratio	2.4	3.0	2.2	1.7	

Source: Company, ICICI Direct Research

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