

Revenues 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 Q2FY23: arthroplasty:39%, critical care & general medicine: 10%, cardiac science: 10%, orthopaedic: 9%, oncology:11%, neurology 5%, nephrology:5%, others:13%
- Shalby registered a blended ARPOB of ₹ 33439 and ALOS of 3.90 days (without day care procedures) in Q2FY23
- Acquisition of US based Consensus to diversify into related implant business besides supporting arthroplasty and orthopaedic segments

Q2FY23 Results: Revenues were flat QoQ amid a high base but margins missed on a QoQ basis due to sequentially lower arthroplasty in case mix.

- Revenues were flat QoQ to ₹ 202 crore
- EBITDA was at ₹ 37.1 crore, down 7.4% QoQ with margins at 18.4%
- Adjusted PAT was at ₹ 18.4 crore (de-growth of 8.3% QoQ)

What should investors do? Shalby's share price has grown by ~1.7x over the past three years (from ~₹ 86 in October 2019 to ~₹ 146 levels in October 2022).

- We maintain **BUY** due to 1) judicious pan-India push banking on surgical expertise, 2) asset light model via franchisee drive and 3) implants likely to provide integration advantage and third party push in core markets

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

Key triggers for future price performance:

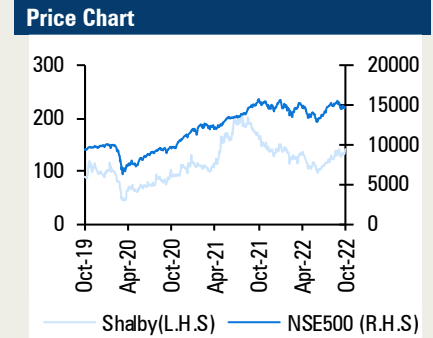
- Shalby is a market leader in arthroplasty procedure with ~15% market share of all joint replacement surgeries by organised private corporate hospitals
- Diversification of arthroplasty and orthopaedics with cardiac science, oncology and neuro-science, additional 40% bed capacity available to support 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 ₹ 750

Particulars	
Particular	Amount
Market Capitalisation	₹ 1572 crore
Debt (FY22)	₹ 155 crore
Cash (FY22)	₹ 111 crore
EV	₹ 1616 crore
52 week H/L	174/95
Equity capital	₹ 108.0 crore
Face value	₹ 10

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



Recent Event & Key risks

- Launch of Lucknow under FOSO model
- Key Risk:** (i) Slower ramp up in elective surgeries, (ii) Traction in implant business in various geographies

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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	814.3	944.7	16.3
EBITDA	81.7	86.4	119.9	10.9	167.0	209.0	32.0
EBITDA margins (%)	16.8	20.1	17.2		20.5	22.1	
Net Profit	27.6	42.4	54.0	13.5	86.7	121.1	49.8
EPS (₹)	2.6	3.9	5.4		8.0	11.2	
PE (x)	57.2	37.2	29.1		18.2	13.0	
EV to EBITDA (x)	19.2	17.6	13.3		9.3	7.1	
RoCE (%)	7.2	6.5	8.4		13.0	16.0	
ROE (%)	3.5	5.1	6.7		9.2	11.6	

Key takeaways of recent quarter & conference call highlights

Q2FY23 Results: Flat quarter amid high base

- Revenues were flat QoQ at ₹ 207.1 crore amid a high base with increase in in-patient count. EBITDA margins saw a QoQ decline of 149 bps due to 5% sequential decline in ARPOB. Subsequently, EBITDA de-grew 7.4% QoQ to ₹ 37.1 crore. Net profit declined 8.3% QoQ, mainly on the back of high other expenditure and high employee costs
- Q1 results were in line with our estimates on the revenue front but missed our estimates on the margin front due to a change in the revenue mix. Arthroplasty (~15% market share) in Q2FY23 contributed 39% of the revenue vis-a-vis 44% in Q1FY23. 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

Q2FY23 Earnings Conference Call highlights

- Total surgeries count for Q2FY23 was 6818 vs. 5868 in Q1FY23. Total inpatient count in Q2FY23 was 12606 vs. 11044 in Q1FY23, total beds occupied in Q2FY23 were at 600 vs. 577 in Q1FY23 with occupancy rate hovering around 49% vs. 45.1% in Q1FY23. Average revenue per operating bed during Q2FY23 was 33439 vs. 35304 in Q1FY23 and average length of stay was 3.9 in Q2FY23 vs. 4.08 days in Q1FY23. Home care revenue was ₹ 2.25 crore vs. 2.15 crore in Q1FY23
- In Q2FY23, all Shalby hospitals have moved to five years+ maturity profile. Shalby hospitals in existence for five to 10 years contributed 51% to revenue with EBITDA margins of 16% and mature hospitals in existence for 10+ years contributed 32% to revenues where EBITDA margins were 35%
- In Q2FY23, Shalby Consensus posted revenues of ₹ 24.1 crore, of which sales to India were at ~ ₹ 10.18 crore. Consensus production was ramped up from 572 components in Q1FY22 to ~ 11901 components in Q2FY23. Out of US sales, product mix with knee and hip segment contributed ~50% and ~50%, respectively. Customer mix with retail and wholesale contributed 61% and 39%, respectively. The management remains confident of achieving ₹ 100 crore sales and positive EBITDA in FY23. Implants realisations is 2.5-3x lower in India compared to the US. Shalby is producing 4000 components per month. The target is to produce 5000 components per months by year end. The management aims to achieve ~US\$100 million of sales in five years with 60-70% of sales coming from the US. India is a highly regulated markets, as DPCO controls the implants price while South-East Asian, Middle Easter markets have better realisations vis-à-vis Indian markets. The goal of the management 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 FOSO, Shalby owns P&L and the franchisee receives 3-8% of the revenues. In FOSM (earlier FOFO) P&L belongs to the franchisee and Shalby gets management fee to the tune of 5-7% of sales. FOSO hospitals in Kanpur and Gwalior will go on-stream soon while the greenfield hospital in Rajkot will come by FY23 end. Lucknow had its soft launch in October
- The management guided for occupancy to reach 60% in FY24

Exhibit 1: Variance Analysis

	Q2FY23	Q2FY23E	Q2FY22	Q1FY23	YoY (%)	QoQ (%)	Comments
Revenue	201.8	203.8	181.6	201.7	11.1	0.1	Revenues flat QoQ amid high base with increase in in-patient count
Raw Material Expenses	14.4	16.3	3.4	16.8	326.2	-14.2	
Employee Expenses	33.7	34.5	29.5	32.3	14.1	4.1	
Other Expenditure	116.6	112.6	119.3	112.5	-2.2	3.7	
Total Operating Expenditure	164.7	163.5	152.2	161.6	8.2	1.9	
EBITDA	37.1	40.3	29.4	40.1	25.9	-7.4	
EBITDA (%)	18.4	19.8	16.2	19.9	216 bps	-149 bps	QoQ decline of 149 bps due to 5% sequential
Interest	1.8	1.8	1.6	1.8	11.7	-2.6	
Depreciation	11.9	11.0	11.5	11.6	3.7	2.8	
Other income	5.3	4.1	2.8	4.0	88.1	32.7	
PBT before EO	28.7	31.6	19.2	30.6	49.5	-6.3	
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	
PBT	28.7	31.6	19.2	30.6	49.5	-6.3	
Tax	10.3	10.0	8.4	10.5	21.9	-2.3	
Minority Interest	0.0	0.0	0.0	0.0	NA	NA	
Adj. Net Profit	18.4	21.6	10.8	20.1	71.0	-8.3	Net profit declined 8.3% QoQ, mainly on the back of high other expenditure 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	815.2	814.3	-0.1	942.7	944.7	0.2	
EBITDA	152.3	167.0	9.7	181.3	209.0	15.3	
EBITDA Margin	18.7	20.5	184 bps	19.2	22.1	289 bps	Better Maturity Profile will lead to higher margins
PAT	87.5	86.8	-0.8	112.0	121.2	8.3	
EPS (₹)	8.1	8.0	-0.8	10.4	11.2	8.3	

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	814	16.5	8.0	60.6	18.2	9.3	9.2	13.0
FY24E	945	16.0	11.2	39.7	13.0	7.1	11.6	16.0

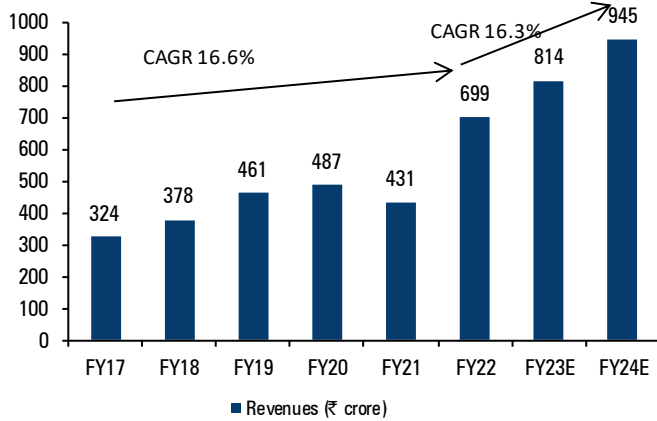
Source: ICICI Direct Research

Exhibit 4: Trends in Quarterly Performance

(₹ crore)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY (%)	QoQ (%)
Total Operating Income	125.7	120.8	108.9	38.4	115.6	131.8	145.0	192.4	181.6	162.4	162.6	201.7	201.8	11.1	0.1
Raw Material Expenses	9.2	10.8	12.5	5.4	9.4	11.9	7.9	13.3	3.4	0.3	23.8	16.8	14.4	326.2	-14.2
% of Revenue	7.4	8.9	11.5	14.0	8.2	9.1	5.5	6.9	1.9	0.2	14.6	8.3	7.1	527 bps	-118 bps
Gross Profit	116.5	110.0	96.4	33.0	106.2	119.9	137.1	179.0	178.2	162.1	138.8	184.9	187.4	5.1	1.3
Gross Profit Margin (%)	92.6	91.1	88.5	86.0	91.8	90.9	94.5	93.1	98.1	99.8	85.4	91.7	92.9	-527 bps	118 bps
Employee Expenses	16.5	16.1	16.1	8.8	14.3	16.5	17.4	25.0	29.5	31.0	32.9	32.3	33.7	14.1	4.1
% of Revenue	13.1	13.3	14.8	22.9	12.3	12.5	12.0	13.0	16.2	19.1	20.2	16.0	16.7	44 bps	65 bps
Other Expenditure	72.0	72.1	77.8	29.1	62.4	72.6	88.7	115.8	119.3	102.8	81.9	112.5	116.6	-2.2	3.7
% of Revenue	57.3	59.7	71.4	75.6	54.0	55.1	61.2	60.2	65.7	63.3	50.4	55.8	57.8	-788 bps	202 bps
Total Expenditure	97.7	98.9	106.4	43.3	86.1	101.0	114.0	154.1	152.2	134.2	138.6	161.6	164.7	8.2	1.9
% of Revenue	77.7	81.9	97.7	112.6	74.5	76.7	78.6	80.1	83.8	82.6	85.2	80.1	81.6	-216 bps	149 bps
EBITDA	28.0	21.9	2.5	-4.8	29.5	30.8	31.0	38.3	29.4	28.2	24.0	40.1	37.1	25.9	-7.4
EBITDA Margin (%)	22.3	18.1	2.3	-12.6	25.5	23.3	21.4	19.9	16.2	17.4	14.8	19.9	18.4	216 bps	-149 bps
Other Income	2.2	2.1	10.1	2.3	2.4	2.3	2.1	2.5	2.8	2.8	4.3	4.0	5.3	88.1	32.7
Interest	1.0	1.3	1.7	1.2	0.8	0.9	0.8	1.0	1.6	1.6	1.7	1.8	1.8	11.7	-2.6
Depreciation	9.2	8.9	9.0	9.0	9.2	9.3	9.4	9.0	11.5	11.3	11.2	11.6	11.9	3.7	2.8
PBT	20.0	13.8	1.9	-12.7	21.9	22.9	23.0	30.8	19.2	18.2	15.4	30.6	28.7	49.5	-6.3
Total Tax	7.1	5.6	19.0	-4.0	-2.6	6.0	13.2	10.6	8.4	0.9	5.3	10.5	10.3	21.9	-2.3
Tax rate (%)	35.4	40.8	1005.5	31.4	-11.9	26.4	57.5	34.5	44.0	4.7	34.2	34.4	35.9		
PAT	12.9	8.1	-17.1	-8.7	24.5	16.8	9.8	20.2	10.8	12.9	10.2	20.1	18.4	71.0	-8.3
PAT Margin (%)	10.3	6.7	-15.7	-22.6	21.2	12.8	6.8	10.5	5.9	8.0	6.3	10.0	9.1		
EPS (₹)	1.2	0.8	-1.6	-0.8	2.3	1.6	0.9	1.9	1.0	1.2	0.9	1.9	1.7		
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		

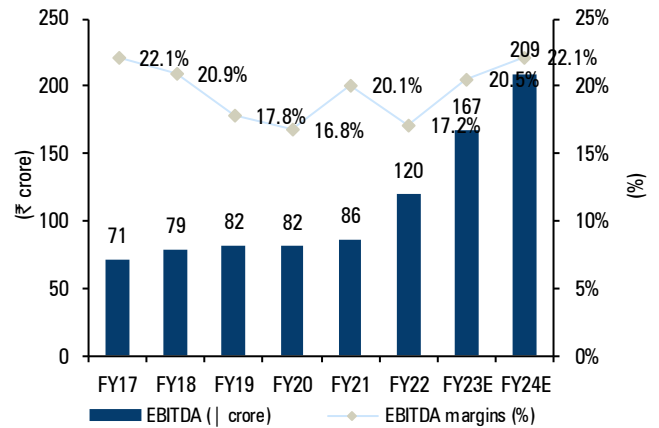
Source: ICICI Direct Research

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



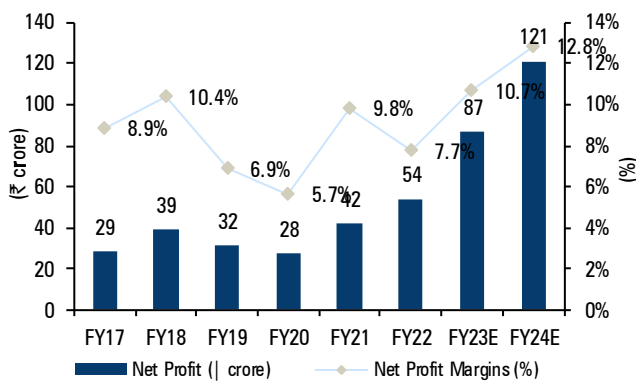
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA & EBITDA margins trend



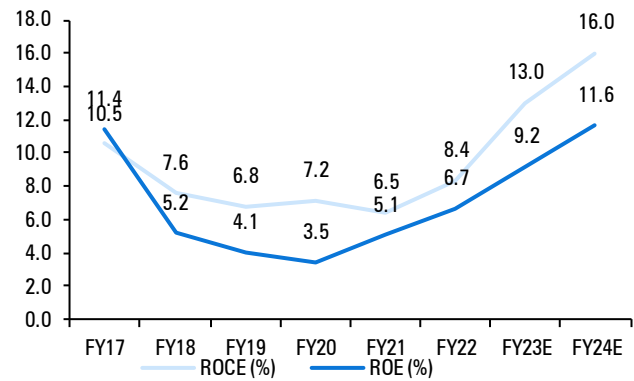
Source: ICICI Direct Research, Company

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	106.6	EV/EBITDA	10.0	1,066
Between 5-10 years	108.9	EV/EBITDA	6.0	653
Shalby Consensus	153.7	EV/Sales	1.0	154
EV				1,873
Net Debt FY24E (₹ cr)				-73.9
Minority Interest				-0.2
Targeted MCap (₹ cr)				1,947
No of shares (cr)				10.8
Per Share Value (₹)				180

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
Hospitals																					
Apollo Hospitals	APOHOS	4399	5,080	Buy	63346	7.9	59.1	79.0	101.0	559.7	74.4	55.7	43.5	6.3	15.1	15.3	18.8	2.5	15.1	17.4	18.9
Narayana Hrudalaya	NARHRU	730	800	Buy	14887	-0.7	16.7	20.6	22.7	NA	43.6	35.5	32.2	1.2	20.5	19.6	19.7	-1.3	23.0	22.3	19.9
Shalby	SHALIM	144	150	Buy	1557	3.9	5.4	7.5	9.9	36.7	26.6	19.3	14.6	6.5	8.4	11.7	14.3	5.1	6.7	8.6	10.4
Aster DM	ASTDM	249	250	Buy	12455	3.0	10.5	10.8	16.7	84.2	23.7	23.1	15.0	5.4	9.0	9.4	12.5	4.4	13.3	12.0	15.6
Healthcare Global	HEAGLO	295	345	Buy	4098	-13.9	3.9	4.5	8.8	-13.9	76.3	64.8	33.4	-0.9	5.0	9.4	12.1	-0.9	5.0	6.8	11.6
MNC Pharma																					
Abbott India	ABBIND	18095	21,140	Hold	38000	325.0	375.9	427.7	528.6	55.7	48.1	42.3	34.2	33.8	36.6	37.1	37.3	26.5	28.3	28.9	28.8
P&G Health	MERLIM	4005	4,500	Hold	6809	106.5	116.0	124.8	140.6	37.6	34.5	32.1	28.5	32.2	39.8	36.0	33.8	25.1	31.2	28.1	26.2
Sanofi India	SANOFI	5569	6,885	Hold	12809	207.4	410.1	270.5	264.8	26.9	13.6	20.6	21.0	32.3	33.3	41.1	50.7	24.5	25.9	31.2	38.7
Pfizer	PFIZER	4315	4,480	Hold	19850	108.8	133.9	140.4	149.3	39.7	32.2	30.7	28.9	27.6	26.1	22.4	21.8	20.8	21.4	17.9	17.7
Pharma																					
Ajanta Pharma	AJAPHA	1251	1,495	Buy	16015	51.0	55.6	60.1	71.1	24.5	22.5	20.8	17.6	29.0	27.0	24.4	24.5	21.8	21.8	19.9	19.9
Alembic Pharma	ALEMPHA	547	590	Reduce	10774	62.8	27.8	15.3	26.9	8.7	19.7	35.8	20.3	25.1	10.6	6.5	10.5	24.1	10.4	5.6	9.1
Aurobindo Pharma	AURPHA	525	615	Hold	30759	55.0	47.4	41.1	51.3	9.5	11.1	12.8	10.2	16.9	12.9	11.5	13.3	14.7	11.3	9.0	10.1
Biocon	BIOCON	268	320	Hold	32241	6.3	5.7	5.5	11.3	42.9	47.1	49.2	23.7	7.7	7.5	4.1	6.5	9.9	8.1	2.8	5.5
Zydus Lifesciences	CADHEA	411	405	Hold	###	23.3	21.0	21.0	23.8	17.6	19.6	19.6	17.3	13.8	12.0	11.8	11.7	18.4	12.6	11.4	11.6
Cipla	CIPLA	1135	1,135	Buy	91615	29.9	32.9	38.6	45.8	38.0	34.5	29.4	24.8	16.3	16.7	17.9	19.0	13.1	12.7	13.3	14.1
Dr Reddy's Labs	DRREDD	4380	4,750	Buy	72708	117.3	126.9	203.4	191.0	37.4	34.5	21.5	22.9	13.1	13.0	19.1	18.1	11.1	11.0	15.4	13.0
Glenmark Pharma	GLEPHA	400	440	Hold	11273	32.9	42.7	39.5	44.9	12.2	9.4	10.1	8.9	13.9	14.8	14.7	14.4	13.1	13.2	11.0	11.2
Ipca Laboratories	IPCLAB	905	985	Hold	22983	44.9	34.8	27.5	35.1	20.1	26.0	33.0	25.8	27.1	17.4	14.3	16.3	24.2	16.1	11.4	13.0
Jubilant Pharmova	JUBLIF	324	340	Reduce	5152	37.4	26.0	15.9	26.1	8.7	12.5	20.4	12.4	13.7	9.0	6.1	8.6	12.6	7.8	4.6	7.0
Lupin	LUPIN	679	610	Reduce	30892	26.9	11.9	11.8	27.7	25.3	57.2	57.7	24.5	9.6	3.4	5.8	10.9	8.8	4.4	4.2	9.2
Natco Pharma	NATPHA	589	735	Hold	10779	24.2	9.3	41.6	42.3	24.4	63.3	14.2	13.9	13.1	4.6	18.1	16.9	10.7	4.0	15.5	13.9
Sun Pharma	SUNPHA	982	1,125	Buy	235558	30.0	32.0	34.8	40.1	32.7	30.7	28.2	24.5	14.2	18.2	18.0	18.7	15.5	16.0	15.2	15.2
Torrent Pharma	TORPHA	1584	1,730	Buy	53551	37.0	32.0	40.0	46.7	42.8	49.4	39.6	33.9	17.6	19.7	19.1	21.4	21.4	18.2	19.8	19.7
Indoco Remedies	INDREM	338	525	Buy	3111	10.1	16.8	21.6	29.2	33.5	20.1	15.6	11.6	11.7	17.5	17.6	23.9	12.1	17.1	18.6	20.6
Caplin Point	CAPPOI	742	1,000	Buy	5638	81.7	85.3	70.4	73.0	9.1	8.7	10.5	10.2	25.3	23.7	22.6	0.0	20.4	20.2	18.7	17.5
Advanced Enzymes	ADVENZ	283	265	Reduce	3165	13.1	10.7	8.5	12.1	21.6	26.4	33.4	23.4	19.4	14.3	10.2	13.2	15.1	11.0	8.1	10.4
Hester Biosciences	HESPHA	1995	2,015	Reduce	1796	44.4	45.7	35.9	51.8	45.0	43.6	55.6	38.5	16.2	10.9	9.3	11.8	16.5	15.0	10.8	14.0
API/CRAMS																					
Divi's Lab	DIVLAB	3610	4,315	Buy	95666	74.7	111.5	93.0	113.5	48.3	32.4	38.8	31.8	27.6	30.2	22.8	24.4	21.3	25.2	18.4	19.2
Hikal	HIKCHE	322	290	Hold	3963	10.8	13.0	3.8	14.4	29.8	24.8	84.1	22.3	15.1	13.6	5.6	13.8	14.3	15.0	4.3	14.2
Syngene Int.	SYNINT	578	710	Buy	23158	10.1	9.9	11.5	14.6	57.1	58.6	50.1	39.6	11.5	11.7	12.8	15.2	13.5	12.9	12.4	13.7
Granules India	GRANUL	342	375	Buy	8485	22.2	16.6	21.9	26.8	15.4	20.6	15.6	12.8	24.0	15.6	18.6	20.5	25.3	16.0	17.6	17.9
Laurus Labs	LAULAB	518	675	Buy	27825	18.3	15.4	20.7	27.0	28.3	33.6	25.0	19.2	31.7	21.3	23.6	26.0	37.9	24.7	25.6	25.6
Suven Pharmaceutical	SUVPH	414	530	Hold	10544	14.2	17.8	17.0	17.6	29.1	23.2	24.3	23.4	31.2	37.5	28.7	25.0	30.7	29.7	23.0	20.0

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	814.3	944.7	
Growth (%)	-11.5	62.2	16.5	16.0	
Raw Material Expenses	34.7	41.6	60.5	67.4	
Gross Profit	396.2	657.4	753.8	877.3	
Gross Profit Margins (%)	91.9	94.0	92.6	92.9	
Employee Expenses	57.0	118.4	134.6	160.0	
Other Expenditure	252.8	419.0	452.2	508.2	
Total Operating Expenditure	344.5	579.0	647.2	735.7	
EBITDA	86.4	119.9	167.0	209.0	
Growth (%)	5.7	38.8	39.3	25.1	
Interest	3.6	5.9	7.2	3.9	
Depreciation	36.8	42.9	45.5	46.5	
Other Income	9.1	12.4	20.1	18.9	
PBT before Exceptional Items	55.1	83.6	134.4	177.5	
Less: Exceptional Items	0.0	4.4	0.0	0.0	
PBT after Exceptional Items	55.1	79.1	134.4	177.5	
Total Tax	12.7	25.2	47.8	56.5	
PAT before MI	42.4	54.0	86.7	121.1	
PAT	42.4	54.0	86.7	121.1	
Growth (%)	53.6	27.4	60.6	39.7	
EPS (Adjusted)	3.9	5.4	8.0	11.2	

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	86.8	121.2	
Add: Depreciation & Amortization	36.8	42.9	45.5	46.5	
Net Increase in Current Assets	-5.7	-118.6	3.2	23.3	
Net Increase in Current Liabilities	6.5	27.8	35.5	15.5	
Others	0.8	10.6	7.2	3.9	
CF from Operating activities	84.3	18.9	178.2	210.4	
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	
CF from Investing activities	-0.2	-82.4	-112.0	-105.6	
Inc / (Dec) in Equity Capital	0.0	0.0	0.0	0.0	
Dividend & Dividend tax	-5.4	-10.8	-17.4	-24.2	
Other	-24.0	101.3	-57.2	-53.9	
CF from Financing activities	-29.4	90.5	-74.6	-78.1	
Net Cash Flow	54.8	27.0	-8.4	26.7	
Cash and Cash Equivalent	28.7	83.6	110.6	102.2	
Cash	83.6	110.6	102.2	128.9	
Free Cash Flow	56.7	-29.4	71.2	110.4	

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	837.8	934.8	
Total Shareholders funds	834.7	876.3	945.8	1,042.8	
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	
Source of Funds	923.4	1,088.7	1,109.3	1,157.5	
Gross Block - Fixed Assets	794.0	852.7	879.7	899.7	
Accumulated Depreciation	144.6	187.5	232.9	279.5	
Net Block	649.4	665.2	646.8	620.3	
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	742.7	796.2	
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	99.4	55.4	
Debtors	87.8	101.0	117.7	136.5	
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	102.2	128.9	
Total Current Assets	255.7	426.3	414.7	418.1	
Creditors	57.6	70.7	102.8	114.6	
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	140.3	155.8	
Net Current Assets	182.4	321.4	274.4	262.3	
Application of Funds	923.4	1,088.7	1,109.3	1,157.5	

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios					
Year-end March	FY21	FY22	FY23E	FY24E	
Per share data (₹)					
Reported EPS	3.9	5.0	8.0	11.2	
Cash EPS	6.3	8.4	10.6	13.3	
BV per share	77.3	81.1	87.6	96.6	
Cash per Share	7.7	10.2	9.5	11.9	
Dividend per share	1.0	1.0	1.6	2.2	
Operating Ratios (%)					
Gross Profit Margins	91.9	94.0	92.6	92.9	
EBITDA margins	20.1	17.2	20.5	22.1	
PAT Margins	9.8	8.4	10.7	12.8	
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	106.7	100.7	
Return Ratios (%)					
RoE	5.1	6.7	9.2	11.6	
RoCE	6.5	8.4	13.0	16.0	
RoIC	6.2	8.3	13.9	20.0	
Valuation Ratios (x)					
P/E	37.2	29.1	18.2	13.0	
EV / EBITDA	17.6	13.3	9.3	7.1	
EV / Net Sales	3.5	2.3	1.9	1.6	
Market Cap / Sales	3.7	2.3	1.9	1.7	
Price to Book Value	1.9	1.8	1.7	1.5	
Solvency Ratios					
Debt / EBITDA	0.5	1.3	0.6	0.3	
Debt / Equity	0.1	0.2	0.1	0.1	
Current Ratio	2.4	3.0	2.2	1.9	
Quick Ratio					
Inventory days	242	1,063	600	300	
Debtor days	74	53	53	53	
Creditor days	606	621	621	621	

Source: Company, ICICI Direct Research

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