



Q4FY24 Update | Pharma & Healthcare | 01 June 2024

Apollo Hospitals Enterprise Ltd.

Hospitals business to drive growth

Q4FY24 revenue was in-line with our estimates, however higher employee cost led to deviation in EBITDA by 4%. Hospitals revenue grew 17% YoY driven by volume growth, network expansion, and improved payer mix. Hospitals EBITDA grew 19% on YoY basis. The overall hospital occupancy remained steady at 65%, supported by a strong increase in patient flows across facilities. This increase in occupancy was achieved even after recalibrating some beds for specific specialty clinical needs and optimized realizations. ARPOB grew by 12% and stood at Rs.59,523. The Pharmacy distribution segment registered a growth of 17% YoY with revenues of Rs 20.2 bn during the quarter due to increased patient's base and 35% YoY growth in GMV. The pharmacy distribution segment recorded EBITDA of Rs. 117 Mn in the quarter on account of optimization of cost and growth in operational revenue coming from Offline Pharmacy distribution. Apollo plans to add 1860 beds by FY26 with capex of Rs 21.3 Bn, contributing to hospital business revenue growth. With anticipated declines in the losses of the 24*7 diagnostics business, the overall EBITDA margins are expected to improve in the future. The company is implementing cost optimization measures, coupled with the growth in surgical volumes, these measures are expected to improve hospital business margins by 150 bps. The next leg of growth will come from 1) Addition of Beds in hospital segment with further improvement in payor and case mix 2) Significant growth in GMV 3) Cost optimization, reduction in losses of 24*7. On an overall basis, we are positive about the prospects of Apollo. We maintain our Buy rating on the stock.

Decent topline growth lower losses from digital business led to improved margins

- The company registered revenue growth of 14.9% on YoY basis and was flat (+1.9%) on sequential basis to Rs. 49.4 Bn. This was mainly due to higher growth hospital business which has witnessed growth of 17% YoY, whereas pharmacy distribution revenue grew 13% YoY to Rs. 20.2 Bn.
- EBITDA margin for Q4FY24 increased by 161 bps YoY and by 30 bps QoQ to 13%. The YoY improvement in margins was due to reduced losses of 24*7 from 1.8 Bn in Q4FY23 to loss of Rs. 1.4 Bn in Q4FY24.
- Occupancy across the group was 65% in Q4FY24. ARPOB was Rs 59,523 in Q4FY24 as compared to Rs 57,488 in Q4FY23 registering growth of 12%. ALOS was 3.3 days.
- Healthcare services posted an EBITDA margin of 23.1%, Pharmacy has margin of 0.6% (after adjusting for 24x7 operating costs) and AHLL—10.1%.
- Inpatient volume grew by 6.1% YoY to 142K whereas outpatient volume grew by 4.4% to 479K.

Outlook and Valuation: We hold a positive outlook on Apollo's future, driven by favourable demand dynamics. We anticipate strong performance in both healthcare services and the pharmacy segment. Furthermore, we anticipate AHLL to achieve remarkable outcomes. **Based on SOTP valuation we arrive at target price of 7,230 (implied EV/EBITDA multiple of 25.5 on its FY26E EBITDA), offering 24% upside from current levels. Buy.**

Y/E Mar (Rs Mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	Q4FY24e	Var. (%)
Net sales	49,439	43,022	14.9%	48,506	1.9%	50,539	-2.2
Operating costs	25,457	22,342	13.9%	25,331	0.5%		
EBITDA	6,405	4,882	31.2%	6,137	4.4%	6,671	-4.0
EBITDA Margin (%)	13.0%	11.3%	161 bps	12.7%	30 bps	13.2%	(24) bps
Depreciation	1,897	1,591	19.3%	1,670	13.6%		
Interest	1,193	954	25.0%	1,126	6.0%		
Other income	281	164	71.9%	278	1.1%		
Exceptional	0	0	NM	0	NM		
PBT	3,596	2,500	43.8%	3,619	-0.6%		
Provision for tax	1,098	1,080	1.7%	1,089	0.8%		
tax rate (%)	30.5%	43.2%	(1,264) bps	30.1%	44 bps		
Consol PAT	2,538	1,445	75.7%	2,453	3.5%	2,557	-0.7

Source: AceEquity, SMIFS research

Y/E Mar (Rs Mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	PAT (Adj)	YoY (%)	EPS (Adj)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY22	1,46,626	38.9	21,851	14.9	8,350	695.6	58.1	15.6	12.9	73.8	28.7
FY23	1,66,125	13.3	20,496	12.3	8,191	-1.9	57.0	13.2	13.3	81.1	33.4
FY24	1,90,592	14.7	23,907	12.5	8,972	9.5	62.4	13.0	12.4	84.9	32.8
FY25e	2,19,100	15.0	32,853	15.0	17,490	94.9	124.7	21.8	18.8	48.0	25.9
FY26e	2,50,708	14.4	41,855	16.7	24,257	38.7	172.2	24.9	21.6	34.6	19.8

Source: AceEquity, SMIFS research

Rating: **Buy** Upside: **24%**
 Current Price: **5,840** Target Price: **7,230**

Earlier recommendation

Previous Rating:	BUY
Previous Target Price:	7,520
Source: SMIFS Research	

Market data

Bloomberg:	APHS IN
52-week H/L (Rs):	6,474 /4,078
Mcap (Rs bn/USD Bn):	841 /10.1
Shares outstanding (mn):	143.8
Free float:	70.0%
Avg. daily vol (3M – in '000):	408
Face Value (Rs):	5
Source: Bloomberg, SMIFS Research	

Shareholding pattern (%)

	Mar-24	Dec-23	Sep-23	Jun-23
Promoter	29.3	29.3	29.3	29.3
FII	45.6	46.3	46.2	48.0
DII	19.8	19.1	18.8	17.2
Public	5.3	5.3	5.7	5.5

Promoter pledging (%)

Pledging	16.1	16.1	16.1	16.3
Source: BSE				

Price performance (%)*

	1M	3M	12M	36M
NIFTY 50	-0.3	0.6	21.5	44.5
NIFTY 500	0.5	3.3	33.8	59.5
APHS IN	-1.8	-4.8	26.3	84.2

*as on 31st May2024; Source: AceEquity, SMIFS research

3 Years Price Performance Chart



Source: NSE

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Q4FY24— Key takeaways from the management call

Hospitals Business:

Delhi Center:

- Mature center with high ARPOB and occupancy but lower margins (~15-15.5%) due to substantial free work.
- Plans to install an app machine and address parking issues to add 100 new beds.
- Land lease issues are being resolved, and government approvals for CAPEX are in place.

Seasonality: Anticipating a strong quarter, although extremely hot weather may defer some travel.

Payer Mix for FY24: 39% from cash payments, 43% from insurance, 7% from international patients, 10% from governments.

Outlook for payer mix: Insurance revenue is expected to grow, and there is a focus on increasing international patient revenues to 10%.

Legal and Regulatory Issues

- **Hospital Rates:** A public litigation case related to curbing hospital rates was addressed by the Supreme Court, which upheld that rates should be market-determined and not fixed by the government. This is seen as a positive outcome for the private sector.
- **CGHS rate revision:** There is potential for an increase in the CGHS rates, which would benefit Apollo Hospitals.

Capex for Delhi Center: Includes infrastructure improvements and the addition of 100 beds over the next two years.

Expansion Plans: The company is on track to operationalize four new hospitals with a total of 1,500 beds in the existing market. These hospitals in Gurgaon, Kolkata, Hyderabad, and Pune are expected to go live between 2025 and 2026. The new hospital in Gurgaon will serve as the anchor hospital for the NCR region.

Growth in Surgical Volume: The healthcare services delivery business is focused on enhancing surgical volume across three centres of excellence. This effort is supported by an expanded medical team, the introduction of higher-end procedures, and innovative therapies such as CAR-T cells.

Increase in Insurance Patients: There is a steady increase in the proportion of insurance patients, which is expected to further drive surgical volumes and overall growth.

Digital Business Break-even: The company is committed to achieving breakeven for its 24/7 digital business in the NCR region within the next six to eight quarters.

Growth guidance: Expecting beyond 15% growth in healthcare services, driven by volume and better asset utilization.

Margin Expansion: Apollo Hospitals aims for full-year margin expansion by at least 150 bps. The target is to achieve 25% margins by the end of the year.

Occupancy and Margins: Average occupancy in metro cities already above 70%, aiming for 68-70% across all regions. Investments in doctors and marketing expected to drive higher occupancy and margins.

Insurance Tie-ups: Working with insurance brokers, agents, and large corporates to drive patient volumes. New regulations expanding coverage for advanced procedures.

AHLL business: Revenue remains consistent between Q3 and Q4, but margins decreased from 13% to 5%. The decline is attributed to the launch and relocation of several centers,

which incurred significant costs without corresponding revenue generation. The fixed costs due to these changes amounted to 29 crores, impacting overall margins.

Pharmacy Distribution:

Targeting a GMV of Rs. 1700 crores within six quarters.

55% of GMV from pharmacy, 10% from newer segments like digital therapeutics and insurance.

GMV Growth: Expected to see significant growth starting Q2 FY25 due to a model reset in Q3 of the Q3FY23.

Digital Business Break-even: The company is committed to achieving breakeven for its 24/7 digital business in the NCR region within the next six to eight quarters.

Store Addition: The company had approximately 6,000 stores in FY24, having added around 500 stores in FY23. It plans to add another 500 to 550 stores in FY25, with an expected growth in the offline business ranging from 20% to 21%.

Outlook and Valuation

We hold a positive outlook on Apollo's future, driven by favourable demand dynamics. We anticipate strong performance in both healthcare services and the pharmacy segment. Furthermore, we anticipate AHLL to achieve remarkable outcomes. Based on SOTP valuation we arrive at target price of 7,230 (implied EV/EBITDA multiple of 25.5 on its FY26E EBITDA), offering 24% upside from current levels. Buy.

Fig 1: SOTP Valuation Metrics for FY26E

In Rs mn	Hospitals	Pharmacies	Other Subsidiaries	Total (Rs. Mn)
EBITDA	33,557	5,914	2,384	41,855
Applied EV / EBITDA	26x	18x	22x	25.5x
Sales	107,236	83,519	28,345	2,19,100
Implied EV / Sales	8.1x	1.4x	1.5x	4.9x
Computed EV	872,478	1,41,938	52,444	10,66,859
Less: Minorities interest (benefit)				4,070
Less: Net debt / (cash)				23,543
Computed Equity Value (Rs. mn)				10,39,247
Target price per share				7,230

Source: Company, SMIFS Research

Fig 2: Change in Estimates

Particulars	New Estimates		Old Estimates		Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenues	2,19,100	2,50,708	2,23,737	2,58,884	-2.1%	-3.2%
Gross Profit	1,07,578	1,21,594	1,09,855	1,25,559	-2.1%	-3.2%
Gross Margin	49.1%	48.5%	49.1%	48.5%	(0) bps	(0) bps
EBITDA	32,853	41,855	35,001	43,220	-6.1%	-3.2%
EBITDA Margin (%)	15.0%	16.7%	15.6%	16.7%	(65) bps	(0) bps
PAT	17,490	24,257	18,449	24,702	-5.2%	-1.8%
EPS	124.7	172.2	128.3	171.8	-2.8%	0.2%

Source: SMIFS Research

Fig 3: Key Assumptions table

YE March (Rs Mn)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenues							
Hospitals	75,143	50,022	79,891	86,769	98,670	115,266	134,227
Standalone pharmacy	48,206	48,760	53,610	67,045	78,268	89,226	100,850
AHLL	5,026	6,818	13,125	12,312	13,653	14,608	15,631
Total Revenue	112,468	1,05,600	1,46,626	1,66,125	190,592	219,100	250,708
EBITDA (Post Ind-AS)							
Hospitals	9,970	6,926	18,033	21,331	23,559	27,664	33,557
Standalone pharmacy	5,232	3,680	2,580	-2,016	(819)	3,466	6,524
AHLL	671	768	1,966	1,181	1,167	1,723	1,774
Total EBITDA	15,873	11,374	21,851	20,496	23,907	32,853	41,855
EBITDA Margin							
Hospitals	13.3%	13.8%	22.6%	24.6%	23.9%	24.0%	25.0%
Standalone pharmacy	10.9%	7.5%	4.8%	-3.0%	-1.0%	3.9%	6.5%
AHLL	13.4%	11.3%	15.0%	9.6%	8.5%	11.8%	11.3%
Total EBITDA	14.1%	10.8%	14.9%	12.3%	12.5%	15.0%	16.7%
Contribution %							
Hospitals	66.8	47.4	54.5	52.2	51.8	52.6	53.5
Standalone pharmacy	42.9	46.2	36.6	40.4	41.1	40.7	40.2
AHLL	4.5	6.5	9.0	7.4	7.2	6.7	6.2

Source: Company, SMIFS Research

Fig 4: Hospitals key parameters

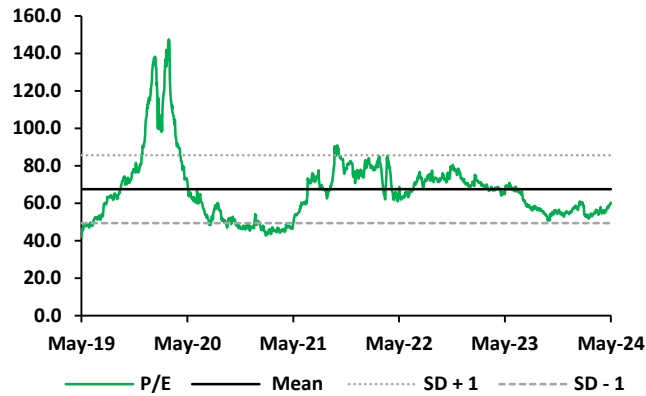
YE March (Rs Mn)	FY21	FY22	FY23	FY24	FY25e	FY26e
Operational Beds	7,409	7,875	7,860	7,945	9,108	9,798
Occupancy Level	55.0%	65.0%	64.0%	65.0%	64.3%	64.2%
ARPOB	40,214	45,327	51,668	57,488	63,320	66,637

Source: Company, SMIFS Research

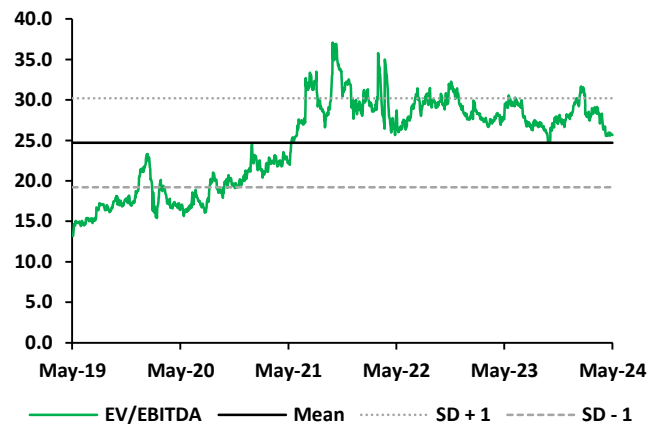
Fig 5: Hospitals Expansion Plan

Region	Total Beds	Capex In Rs Mn	Nature	Expected Timelines
Expected commissioning: FY25				
Gachibowli, Hyderabad	375	3,700	Greenfield - Asset Light	Q4 FY25
Bangalore	150	1,500	Brownfield	Q4 FY25
Sonarpur Kolkata	220	2,400	Hospital Asset Acquisition	Q4 FY25
Royal Mudhol Pune	425	6,750	Hospital Asset Acquisition	Upfront Deposit /Capex and deferred, payment. Q1 FY25 Phase 1 - 250 beds, FY26 end: Phase 2- 100 additional beds
Expected commissioning : FY26				
Gurgaon	550	5,500	Hospital Asset Acquisition	Q4 FY26
SSPM & Mysore Expansion	140	1,500	Brownfield	Mysore H1 FY26; SSPM H2 FY26
Expected commissioning : FY27				
OMR Medicity	600	7,250	Greenfield	H2 FY27
Varanasi	400	5,750	Greenfield	H2 FY27
Total	2,860	34,350		

Source: Company, SMIFS Research

Fig 6: 1-year forward P/E


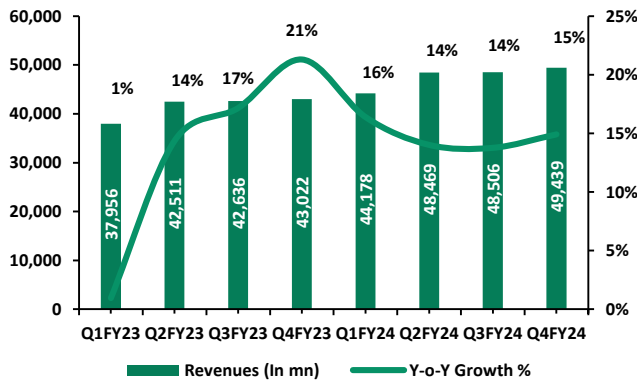
Source: AceEquity, SMIFS Research, FY22 EPS is excluding the one time gain component

Fig 7: 1-year forward EV/EBITDA


Source: AceEquity, SMIFS Research

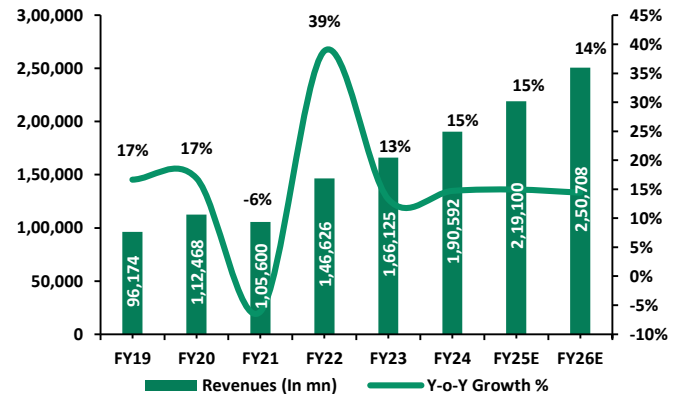
Story In Charts

Fig 8: Revenues (Quarterly) (Rs mn)



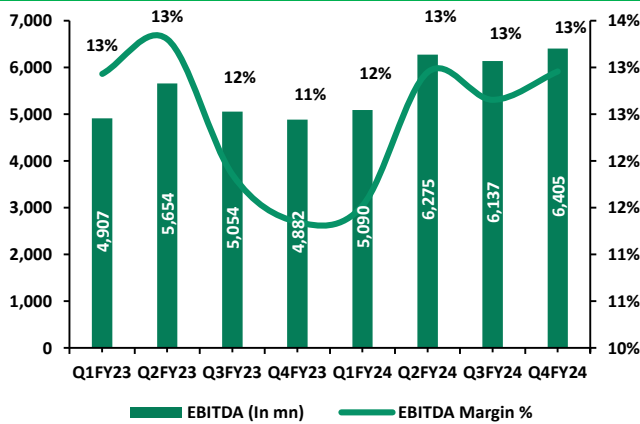
Source: AceEquity, SMIFS Research

Fig 9: Revenues (Yearly) (Rs mn)



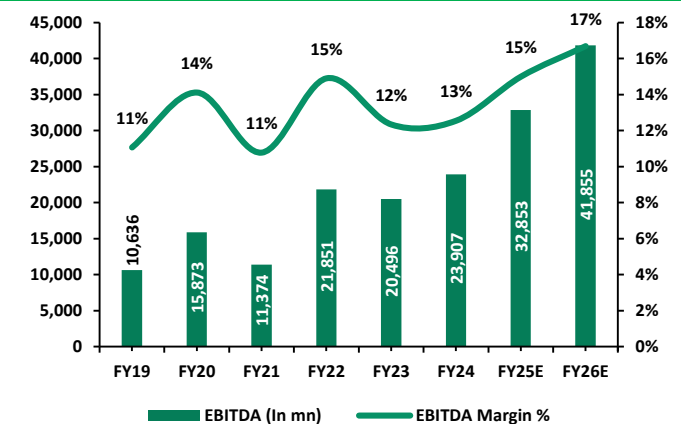
Source: AceEquity, SMIFS Research

Fig 10: EBITDA & Margin (Quarterly) (Rs mn)



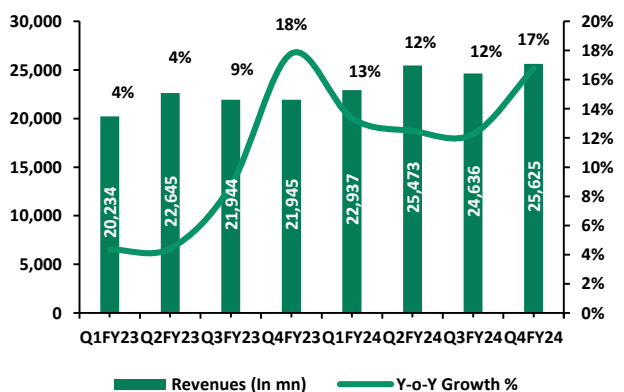
Source: AceEquity, SMIFS Research

Fig 11: EBITDA & Margin (Yearly) (Rs mn)



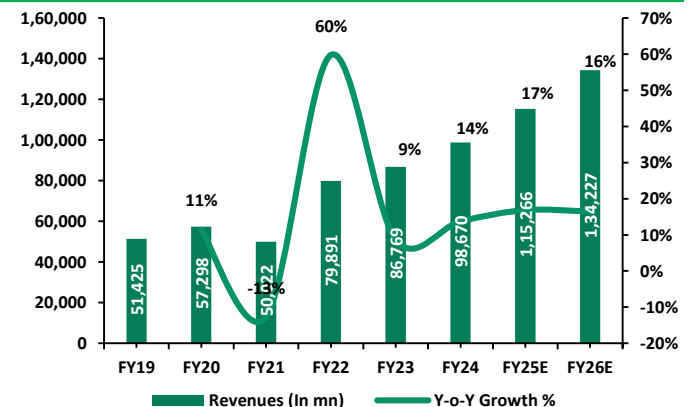
Source: AceEquity, SMIFS Research

Fig 12: Hospital Revenue (Quarterly) (Rs mn)



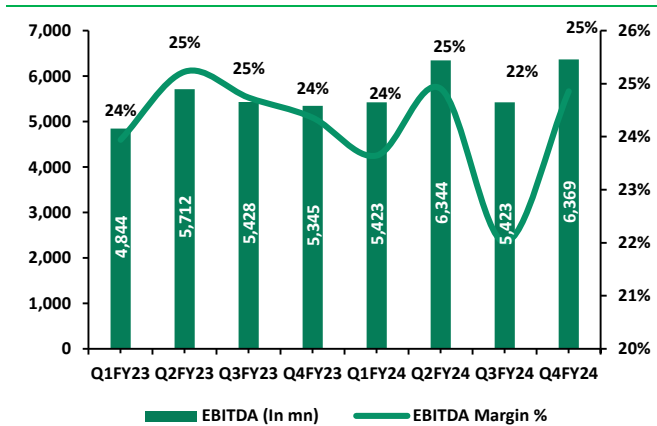
Source: AceEquity, SMIFS Research

Fig 13: Hospital Revenue (Yearly) (Rs mn)



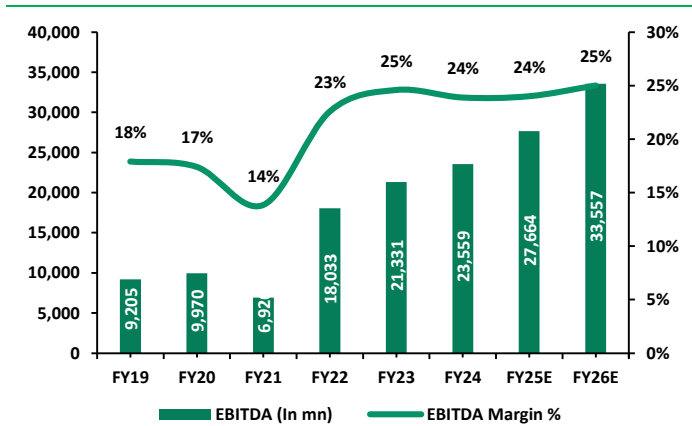
Source: AceEquity, SMIFS Research

Fig 14: Hospital EBITDA (Quarterly) (Rs mn)



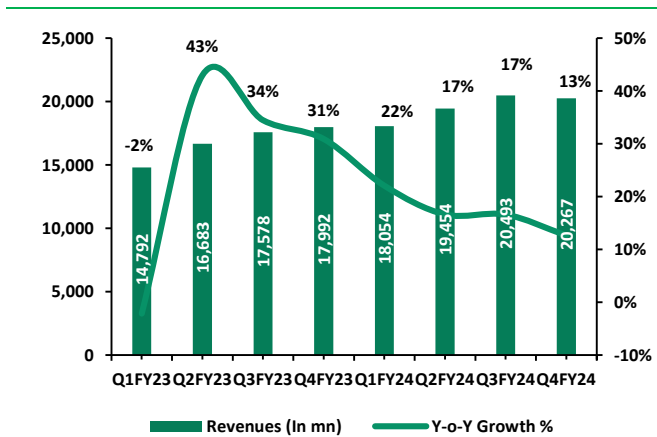
Source: AceEquity, SMIFS Research

Fig 15: Hospital EBITDA (Yearly) (Rs mn)



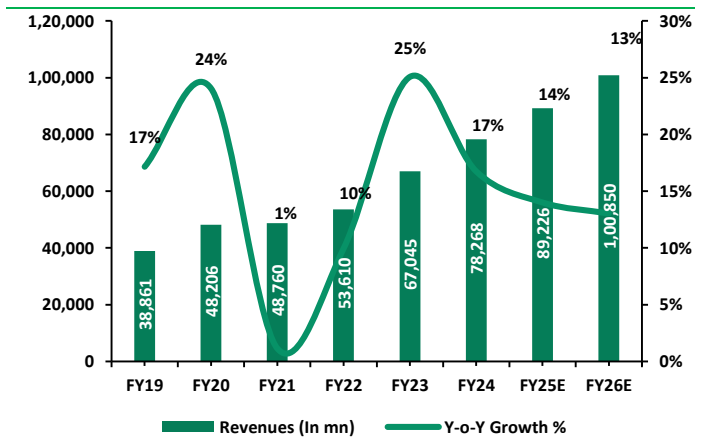
Source: AceEquity, SMIFS Research

Fig 16: Standalone pharmacy Revenue (Quarterly) (Rs mn)



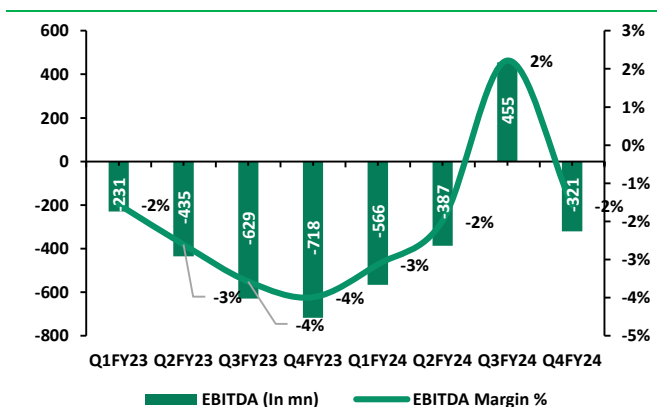
Source: AceEquity, SMIFS Research

Fig 17: Standalone pharmacy Revenue (Yearly) (Rs mn)



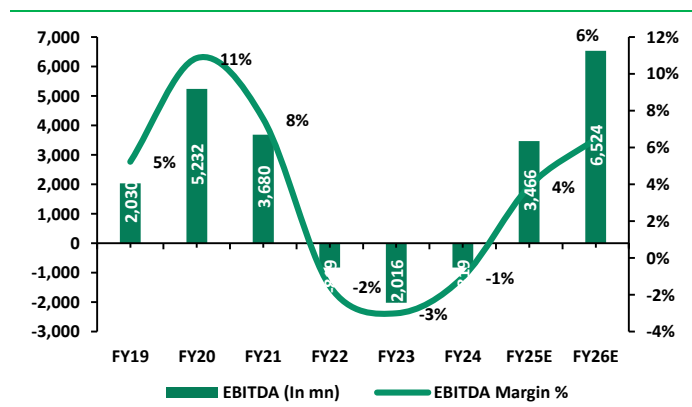
Source: AceEquity, SMIFS Research

Fig 18: Standalone Pharmacy EBITDA (Quarterly) (Rs mn)

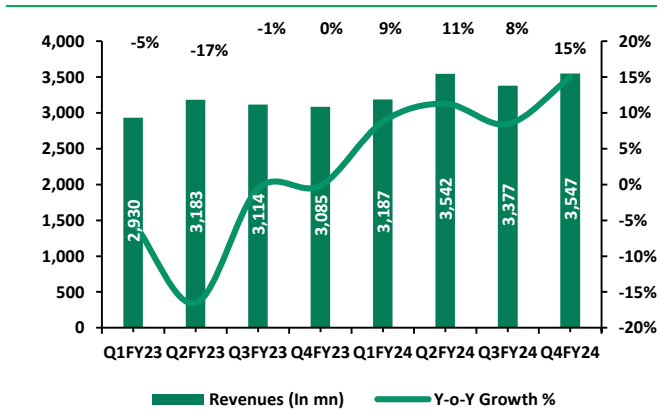


Source: AceEquity, SMIFS Research

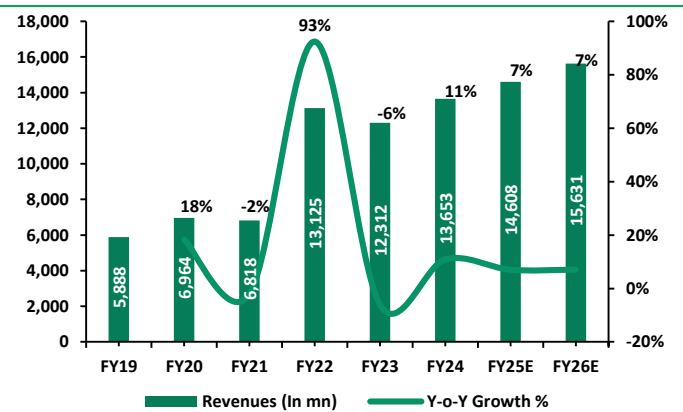
Fig 19: Standalone Pharmacy EBITDA (Yearly) (Rs mn)



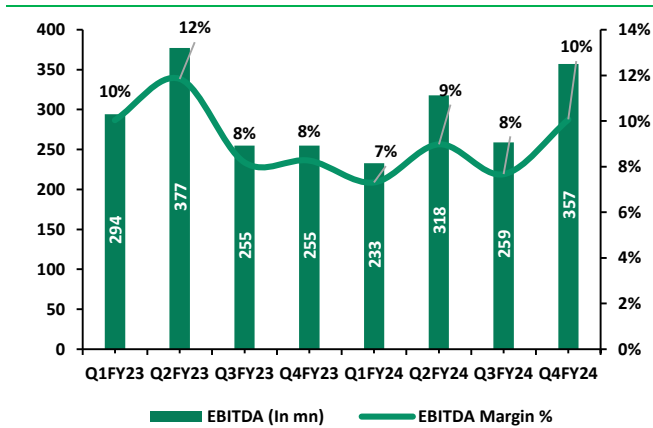
Source: AceEquity, SMIFS Research

Fig 20: AHLL Revenues (Quarterly) (Rs mn)


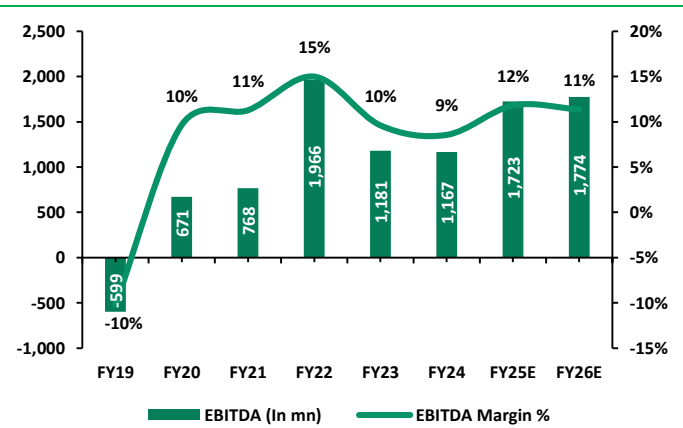
Source: AceEquity, SMIFS Research

Fig 21: AHLL Revenues (Yearly) (Rs mn)


Source: AceEquity, SMIFS Research

Fig 22: AHLL EBITDA (Quarterly) (Rs mn)


Source: AceEquity, SMIFS Research

Fig 23: AHLL EBITDA (Yearly) (Rs mn)


Source: AceEquity, SMIFS Research

Quarterly financials and Key Performance Indicators

Fig 24: Quarterly Financials

Y/E March (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Sales	37,956	42,511	42,636	43,022	44,178	48,469	48,506	49,439
Raw Materials	19,521	21,719	22,161	22,342	22,682	24,585	25,331	25,457
Employee Costs	4,474	5,408	5,648	5,908	5,918	6,441	6,129	6,449
Other Expenditure	9,053	9,730	9,774	9,891	10,488	11,168	10,909	11,128
EBITDA	4,908	5,654	5,054	4,882	5,090	6,275	6,137	6,405
Other Income	161	226	354	164	282	222	278	281
Depreciation	1478	1550	1534	1591	1669	1634	1670	1897
EBIT	3,590	4,329	3,873	3,454	3,703	4,863	4,745	4,789
Interest	927	927	1000	954	1062	1113	1126	1193
Exceptional items	0	0	0	0	0	19	0	0
PBT	2,664	3,402	2,874	2,500	2,641	3,769	3,619	3,596
Tax	(695)	1,142	1,035	1,080	966	1,302	1,089	1,098
<i>Tax rate (%)</i>	-26.1	33.6	36.0	43.2	36.6	34.5	30.1	30.5
PAT	3,358	2,260	1,839	1,421	1,675	2,467	2,530	2,498
Share of Associate / JV	-120	-132	-215	36	59	21	14	86
Minority Interest	-67	-89	-89	-11	-68	-159	-91	-46
Consolidated PAT	3,171	2,040	1,535	1,445	1,666	2,329	2,453	2,538
Adjusted PAT	3,172	2,040	1,535	1,445	1,666	2,315	2,453	2,538
YoY Growth (%)								
<i>Revenue</i>	0.9	14.4	17.2	21.3	16.4	14.0	13.8	14.9
<i>EBITDA</i>	-5.6	-8.1	-13.9	5.4	3.7	11.0	21.4	31.2
<i>PAT</i>	-35.2	-17.7	-32.8	60.2	-47.5	14.2	59.8	75.6
QoQ Growth (%)								
<i>Revenue</i>	7.0	12.0	0.3	0.9	2.7	9.7	0.1	1.9
<i>EBITDA</i>	5.9	15.2	-10.6	-3.4	4.3	23.3	-2.2	4.4
<i>PAT</i>	251.5	-35.7	-24.8	-5.8	15.3	39.8	5.3	3.5
Margin (%)								
<i>RMC/revenue (%)</i>	51.4	51.1	52.0	51.9	51.3	50.7	52.2	51.5
<i>Gross margin (%)</i>	48.6	48.9	48.0	48.1	48.7	49.3	47.8	48.5
<i>Employee cost/revenue (%)</i>	11.8	12.7	13.2	13.7	13.4	13.3	12.6	13.0
<i>Other expenses/revenue (%)</i>	23.9	22.9	22.9	23.0	23.7	23.0	22.5	22.5
<i>EBITDA margin (%)</i>	12.9	13.3	11.9	11.3	11.5	12.9	12.7	13.0
<i>Adj PAT margin (%)</i>	8.4	4.8	3.6	3.4	3.8	4.8	5.1	5.1

Source: AceEquity, SMIFS Research

Fig 25: KPI Table Quarterly

YE March (Rs Mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Revenues								
Hospitals	20,234	22,645	21,944	21,945	22,937	25,473	24,636	25,625
Standalone pharmacy	14,792	16,683	17,578	17,992	18,054	19,454	20,493	20,267
AHLL	2,930	3,183	3,114	3,085	3,187	3,542	3,377	3,547
Total Revenue	37,956	42,511	42,636	43,022	44,178	48,469	48,506	49,439
EBITDA (Post Ind-AS)								
Hospitals	4,844	5,712	5,428	5,345	5,423	6,344	5,423	6,369
Standalone pharmacy	(231)	(435)	(629)	(718)	(566)	(387)	455	(321)
AHLL	294	377	255	255	233	318	259	357
Total EBITDA	4,907	5,654	5,054	4,882	5,090	6,275	6,137	6,405
EBITDA Margin								
Hospitals	23.9%	25.2%	24.7%	24.4%	23.6%	24.9%	22.0%	24.9%
Standalone pharmacy	-1.6%	-2.6%	-3.6%	-4.0%	-3.1%	-2.0%	2.2%	-1.6%
AHLL	10.0%	11.8%	8.2%	8.3%	7.3%	9.0%	7.7%	10.1%
Total EBITDA	12.9%	13.3%	11.9%	11.3%	11.5%	12.9%	12.7%	13.0%
Contribution %								
Hospitals	53.3	53.3	51.5	51.0	51.9	52.6	50.8	51.8
Standalone pharmacy	39.0	39.2	41.2	41.8	40.9	40.1	42.2	41.0
AHLL	7.7	7.5	7.3	7.2	7.2	7.3	7.0	7.2

Financial Statements

Income Statement					
YE March (Rs Mn)	FY22	FY23	FY24	FY25E	FY26E
Net Sales	146,626	166,125	190,592	2,19,100	2,50,708
Raw materials	75,735	85,743	98,055	1,11,522	1,29,115
% of sales	51.7	51.6	51.4	50.9	51.5
Personnel	17,865	21,438	24,937	27,215	30,389
% of sales	12.2	12.9	13.1	12.4	12.1
Other Expenses	31,175	38,448	43,693	47,510	49,350
% of sales	21.3	23.1	22.9	21.7	19.7
EBITDA	21,851	20,496	23,907	32,853	41,855
Other Income	781	903	1063	1363	2078
Depreciation & Amortization	6,007	6,154	6,870	7,327	8,022
EBIT	16,626	15,245	18,100	26,889	35,910
Finance cost	3,786	3,808	4,494	3,502	3,681
Core PBT	12,058	10,534	12,543	22,023	30,152
Exceptional items	2,941	-	19	-	-
PBT	15,780	11,437	13,625	23,386	32,229
Tax-Total	4,770	2,562	4,455	5,239	7,220
Effective tax rate (%)	30.2	22.4	32.7	22.4	22.4
PAT	11,010	8,875	9,170	18,148	25,009
Minority Interest	528	252	364	438	501
Share of associates	74	-432	180	-219	-251
Consolidated PAT	10,556	8,191	8,986	17,490	24,257
Adjusted PAT	8,350	8,191	8,972	17,490	24,257

Source: Company, SMIFS Research Estimates

Key Ratios					
YE March	FY22	FY23	FY24	FY25E	FY26E
Growth ratios (%)					
Net sales	38.9	13.3	14.7	15.0	14.4
EBITDA	92.1	-6.2	16.6	37.4	27.4
Adjusted PAT	695.6	-1.9	9.5	94.9	38.7
Margin Ratio (%)					
Gross Profit	48.3	48.4	48.6	49.1	48.5
EBITDA Margin	14.9	12.3	12.5	15.0	16.7
EBIT Margin	11.3	9.2	9.5	12.3	14.3
Core PBT	8.2	6.3	6.6	10.1	12.0
Adj PAT	5.7	4.9	4.7	8.0	9.7
Return Ratio (%)					
ROE	15.6	13.2	13.0	21.8	24.9
ROCE	12.9	13.3	12.4	18.8	21.6
Turnover Ratio (days)					
Gross Block Turnover (x)	1.47	1.49	1.58	1.66	1.73
Adj OCF/ Adj PAT (%)	158	122	164	98	121
Inventory	11	9	10	10	10
Debtors	44	49	50	51	51
Creditors	41	42	40	40	40
Cash Conversion Cycle	14	16	20	21	21
Solvency Ratio (%)					
Debt-equity (x)	0.7	0.7	0.7	0.6	0.5
Net Debt-equity (x)	0.4	0.5	0.5	0.3	0.2
Gross Debt / EBITDA	1.9	2.1	2.2	1.5	1.2
Current Ratio	1.7	1.3	1.1	1.6	1.9
Interest coverage ratio (x)	4.4	4.0	4.0	7.7	9.8
Dividend					
Dividend per share	3.0	17.8	13.0	24.9	34.4
Dividend Yield (%)	0.1	0.4	0.2	0.4	0.6
Dividend Payout (%)	5.2	31.2	20.8	20.0	20.0
Per share (Rs)					
Basic EPS (reported)	73.4	57.0	62.5	124.7	172.2
Adj EPS	58.1	57.0	62.4	124.7	172.2
CEPS	99.9	99.8	110.2	172.6	224.5
BVPS	391	431	482	579	713
Valuation					
P/E	73.8	81.1	84.9	48.0	34.6
P/BV	10.4	10.2	10.4	9.6	7.8
EV / EBITDA	28.7	33.4	32.8	25.9	19.8
EV/Sales	4.3	4.1	4.1	3.9	3.3
Adj Mcap / Core PBT	49.8	62.0	59.4	37.2	26.8
Adj Mcap / Adj OCF	45.6	65.6	50.6	47.9	27.5

Source: Company, SMIFS Research Estimates

Balance Sheet					
YE March (Rs Mn)	FY22	FY23	FY24	FY25E	FY26E
Sources of funds					
Capital	719	719	719	719	719
Reserves & Surplus	58,311	64,594	72,486	86,829	1,06,636
Shareholders' Funds	59,030	65,313	73,205	87,548	1,07,355
Total Loan Funds	40,681	43,324	53,326	49,625	51,625
Other Liabilities	11,715	11,357	5,511	13,609	14,923
Total Liabilities	111,426	119,994	1,32,042	1,50,781	1,73,903
Application of funds					
Gross Block	107,778	114,872	1,25,817	1,37,983	1,51,725
Net Block	73,510	75,299	86,482	84,399	90,124
Capital WIP	440	6,017	8,447	10,782	13,522
Quasi Cash Investments	789	957	1,037	1,037	1,037
Other Investments	2,406	1,898	2,018	2,018	2,018
Non-current asset	14,942	16,737	16,750	18,646	19,503
Inventories	4,319	3,901	4,598	6,003	6,869
Sundry Debtors	17,647	22,342	25,149	30,614	35,030
Current Investments	5,013	2,922	6,840	6,840	6,840
Cash & Bank Balances	9,240	7,758	9,338	13,198	25,213
Other Current Assets	4,387	6,447	6,872	7,996	8,931
Total Current Assets	40,606	43,370	52,797	64,650	82,883
Sundry Creditors	16,318	19,156	23,686	24,011	27,475
Other Current Liabilities	4,949	5,128	11,803	6,739	7,710
Total Current Liabilities	21,267	24,284	35,489	30,750	35,185
Net Current Assets	19,339	19,086	17,308	33,900	47,699
Total Assets	111,426	119,994	1,32,042	1,50,781	1,73,903

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs Mn)	FY22	FY23	FY24	FY25E	FY26E
Operating profit before WC changes					
Operating profit before WC changes	22,595	22,087	25,797	32,634	41,604
Net change in working capital	-3,593	-4,500	-1,928	-6,812	-1,324
Taxes paid	-2,043	-3,820	-4,667	-5,239	-7,220
Cash flow from operating activities (a)	16,959	13,768	19,202	20,583	33,060
Adj OCF	13,172	9,960	14,708	17,081	29,379
Capital expenditure	-6,572	-11,285	-11,368	-5,244	-13,748
Adj FCF	6,601	-1,325	3,340	11,837	15,631
Cash flow from investing activities (b)	-8,471	-8,706	-15,372	-5,076	-14,411
Debt	-3,114	688	4,535	-515	850
Dividend	-433	-2,552	-2,157	-3,586	-4,952
Interest and lease	-4,368	-4,485	-5,318	-6,688	-2,531
Cash flow from financing activities (c)	-7,916	-6,330	-3,110	-10,789	-6,633
Net change in cash (a+b+c)	572	-1,269	720	4,719	12,016

Source: Company, SMIFS Research Estimates

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