

Q3FY23 Update | Healthcare Facilities | 16 February 2023

# Apollo Hospitals Enterprise Ltd.

## Ready to take off, hospitals business to take charge

Q3FY23 saw decline in occupancy levels for the mature and new hospitals of Apollo due to festive seasons, going ahead this will improve. There has been contraction in EBITDA margins of existing hospitals both on a YoY and QoQ basis, however new hospitals saw muted margins. The patient mix will improve going forward as international patients revenue contribution will increase to 10% by FY23 and 15% in FY24 from current levels of 6-7%. The hospital business may see margin expansion of 100-120 bps yoy in FY25, led by improved payor mix and cost optimization. IP Volumes across the group grew by 7.5% YoY in Q3FY23. Revenue of existing hospitals grew 10.7% yoy while the new hospitals grew by 3%. Diagnostics and Primary care are being ramped up in AHLL (Apollo Health and Lifestyle Limited). The Pharmacy distribution segment registered a growth of 34%YoY with revenues of Rs. 17.5 bn during the quarter due to increased patients base and digital initiatives taken. The hospital business is poised to deliver superior growth in the next 1-2 years through better asset utilisation and increase in ARPOBs led by price hike. International revenues should also pick up in the next 1-2 years. The pharmacy distribution business will see increase in GMV to Rs. 15 bn in FY23 and Rs. 32bn in FY24 due to increased customer base. Since, the losses of 24\*7 diagnostics business is expected to decline, the EBITDA margins would see improvement going ahead. Cost optimization, reduction in losses and high revenue growth will improve profitability. On an overall basis, we are positive about the prospects of Apollo and we assign "Buy" rating on the stock.

### Decent topline growth but higher expenses dented the margins

- Apollo reported decent numbers for Q3FY23. The company registered growth of 17.2% on YoY basis but was flat on QoQ basis to Rs. 42 Bn.
- EBITDA margin for Q3FY23 decreased by 428 bps YoY and 145 bps QoQ to 11.9%. This was mainly due to higher losses from Apollo 24\*7 which dragged the overall profitability.
- Occupancy across the group was 65% in Q3FY23. ARPOB (excluding vaccination) was Rs 51,482 in Q3FY23 as compared to Rs 44,374 in Q3FY22 registering growth of 12%. ALOS for Q3FY23 was 3.4 days.
- During the quarter, Healthcare services posted an EBITDA margin of 24.7%, Pharmacy has margin of -3.6% (after adjusting for 24x7 operating costs) and AHLL—8.2%.
- Mature hospitals delivered EBITDA margin of 27.4% (from 24.3% in Q3FY22) while new hospitals delivered margin of 18.1% from (18.9% in Q3FY22).

### Outlook and Valuation:

We are positive about the prospects connected with Apollo. Both the healthcare services and pharmacy including 24x7 should perform robustly in the future. AHLL should also report superior performance. **Based on SOTP valuation we arrive at target price of 5,260 (implied EV/EBITDA multiple of 22 on its FY25E EBITDA), offering 19% upside from current levels. Buy.**

Y/E Mar (Rs Mn)	Q3 FY23	Q3 FY22	YoY (%)	Q2 FY23	QoQ (%)	Q3FY23e	Var. (%)
Net sales	42,636	36,389	17.2%	42,511	0.3%	42,789	-0.4
Operating costs	37,582	30,519	23.1%	36,857	2.0%		
EBITDA	5,054	5,870	-13.9%	5,654	-10.6%	6,761	-25.3
EBITDA Margin (%)	11.9%	16.1%	(428) bps	13.3%	(145) bps	15.8%	(395) bps
Depreciation	1,534	1,490	3.0%	1,550	-1.0%		
Interest	1,000	937	6.7%	927	7.8%		
Other income	354	172	106.2%	226	56.7%		
PBT	2,874	3,615	-20.5%	3,402	-15.5%		
Provision for tax	1,035	1,242	-16.7%	1,142	-9.4%		
Effective tax rate (%)	36.0%	34.4%	166 bps	33.6%	245 bps		
Consolidated PAT margins	1,535	2,283	-32.8%	2,040	-24.8%	4,236	-50.7

Y/E Mar (Rs Mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	PAT (Adj)	YoY (%)	EPS (Adj)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY21	105,600	-6.1	11,374	10.8	1,050	-65.7	7.3	2.5	3.9	269.3	22.7
FY22	146,626	38.9	21,851	14.9	8,350	695.6	58.1	15.6	12.8	73.8	27.0
FY23e	166,579	13.6	20,875	12.5	8,303	-0.6	57.7	13.0	13.5	77.7	30.0
FY24e	193,554	16.2	29,370	15.2	11,849	42.7	82.4	16.0	14.7	54.4	21.6
FY25e	213,529	10.3	34,194	16.0	16,740	41.3	116.4	19.2	16.8	38.5	18.9

Source: AceEquity, SMIFS research



Rating: **Buy** Upside: **18%**  
Current Price: **4,485** Target Price: **5,280**

### Earlier recommendation

Previous Rating: **Buy**  
Previous Target Price: **5,260**  
Source: SMIFS Research

### Market data

Bloomberg: APHS IN  
52-week H/L (Rs): 5,015/3,366  
Mcap (Rs bn/USD Bn): 644.9/7.8  
Shares outstanding (mn): 143.8  
Free float: 70.0%  
Avg. daily vol (3M – in '000): 839  
Face Value (Rs): 5

Source: Bloomberg, SMIFS Research

### Shareholding pattern (%)

	Dec-22	Sep-22	Jun-22	Mar-22
Promoter	29.3	29.3	29.3	29.3
FII	47.9	49.1	48.5	50.8
DII	16.7	15.5	15.8	13.1
Public	5.9	6.0	6.3	6.7

### Promoter pledging (%)

Pledging	16.4	16.4	16.4	16.4
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Source: BSE

### Price performance (%)\*

	1M	3M	12M	36M
NIFTY 50	0.3	-2.1	3.8	48.7
NIFTY 500	-2.0	-4.1	1.5	50.9
APHS IN	3.5	-2.7	-3.7	163.3

\*as on 15th Feb 2023; Source: AceEquity, SMIFS research

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## Q3FY23— Key takeaways from the management call

### Hospitals Segment:

- Matured hospitals EBITDA Margins were 27.5% and had 66% occupancy rate. **The management believes further improvement possible on the back of 1) better case mix, 2) higher contribution from international patients, 3) optimum occupancy up to 82-83% level, 4) continuing cost optimization drives**
- There has been a significant improvement in ARPOB (excluding vaccination) from Rs 46,062 in Q3FY22 to Rs 51,482 in Q2FY23 primarily because of a change in case mix and 5% price increase. ARPOB's for metro cities is around 60k. There is more headroom to grow APROB in non-metro cities based on payor mix.
- Payor mix in the quarter has improved and is better than pre covid level. The cash and insurance patients mix is 80%.
- Occupancies can improve from the current level of 65% to 75% on a blended basis in the next 2-3 years. As of now, the matured hospitals have an occupancy of around 67-68% while new hospitals have an occupancy of around 64%. The increase in occupancy can happen without much capex investment.
- Tentative investments of Rs 600-700 cr may happen in Bangalore in brownfield (400-500 beds) and Greenfield (300 beds) opportunities in 3 years' time. Capex for these projects will mostly be funded through internal accruals, existing cash in the system and slump sale proceeds from the Apollo HealthCo transaction.
- The management plans to spend capex of Rs. 30,000 Mn over three years for beds expansion. They plan to add over 2000 beds (Greenfield capex) in Gurugram.
- The international patient mix has improved from 5% to 7% in Q3FY23 and is expected to be around 10% in Q4FY23.

### Pharmacy Distribution Segment:

- The management expects Apollo 24/7 to grow rapidly and a revenue of Rs 50 Mn is expected in the Amazon platform for pharmacy products in the next 3-4 years. The Amazon contract is for 10 years.
- The management expects margins in this business to remain steady.
- Apollo remains confident of growing the offline pharmacy business by >20% over the coming quarters.
- The company intends to maintain its online discounts at ~18% levels over the near term as it aims to maintain the current online traffic generated by Apollo 24/7. Apollo remains confident of its Rs16 bn GMV guidance for FY23 and aims to double the same by FY24 to Rs. 32-33 bn.
- The company expects that by FY25 end 24\*7 will come to a level of break even. Infact, the management guided that in Q3FY23 the losses for 24\*7 were at peak, going forward it will come down.

### AHLL:

- Expansion into newer geographies: APHS is open to all options in terms of diagnostics expansion, but is primarily focusing on organic growth. The company intends to pursue the inorganic strategy for expansion primarily in North and West India. In South and East India, the focus remains on organic growth.
- The dialysis and fertility wings in AHLL are also expected to perform well in the next 3-4 years' time.
- Apollo is focusing on increasing its revenue and margins in its diagnostics segment. The company aims to generate Rs 5 billion in revenue in FY24 and Rs 10 billion in revenue in FY26, while maintaining margins around current levels during the high growth phase. Apollo expects to improve the margins in its Primary and Specialty care segment on a sequential basis.

## Outlook and Valuation

We are positive about the prospects connected with Apollo. Both the healthcare services and pharmacy including 24x7 should perform robustly in the future. AHLL should also report superior performance. **Based on SOTP valuation we arrive at target price of 5,280 (implied EV/EBITDA multiple of 22 on its FY25E EBITDA), offering 18% upside from current levels. Buy.**

**Fig 1: SOTP Valuation Metrics for FY25E**

In Rs mn	Hospitals	Pharmacies	Other Subsidiaries	Total (Rs. Mn)
EBITDA	28,279	3,566	2,349	34,194
Applied EV / EBITDA	22x	24x	22x	22x
Sales	103,522	86,151	23,855	213,529
Implied EV / Sales	6.0x	1.1x	2.2x	3.6x
Computed EV	622,136	85,575	51,682	759,392
Less: Minorities interest (benefit)				2,543
Less: Net debt / (cash)				(2,094)
Computed Equity Value (Rs. mn)				758,944
<b>Target price per share</b>				<b>5280</b>

Source: Company, SMIFS Research

**Fig 2: Change in Estimates**

Particulars	New Estimates			Old Estimates			Change		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenues	166,579	193,554	213,529	168,265	196,165	211,098	-1.0%	-1.3%	1.2%
Gross Profit	80,788	94,841	104,843	81,608	96,121	103,438	-1.0%	-1.3%	1.4%
Gross Margin	48.5%	49.0%	49.1%	48.5%	49.0%	49.0%	(0) bps	(0) bps	10 bps
EBITDA	20,875	29,370	34,194	26,631	32,919	36,269	-21.6%	-10.8%	-5.7%
EBITDA Margin (%)	12.5%	15.2%	16.0%	15.8%	16.8%	17.2%	(329) bps	(161) bps	(117) bps
PAT	8,303	11,849	16,740	11,377	15,041	17,689	-27.0%	-21.2%	-5.4%
EPS	57.7	82.4	116.4	79.1	104.6	123	-27.0%	-21.2%	-5.3%

Source: SMIFS Research

**Fig 3: Key Assumptions table**

YE March (Rs Mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenues</b>					
Hospitals	65,158	91,902	87,310	99,895	107,117
Standalone pharmacy	48,760	53,610	66,922	80,693	92,797
AHLL	5,191	10,339	9,617	9,904	10,201
<b>Total Revenue</b>	<b>105,600</b>	<b>146,626</b>	<b>166,579</b>	<b>193,554</b>	<b>213,529</b>
<b>EBITDA (Post Ind-AS)</b>					
Hospitals	6,926	18,033	21,493	25,473	28,279
Standalone pharmacy	3,680	1,852	(1,859)	2,464	4,313
AHLL	768	1,966	1,241	1,432	1,602
<b>Total EBITDA</b>	<b>11,374</b>	<b>21,851</b>	<b>20,875</b>	<b>29,370</b>	<b>34,194</b>
<b>EBITDA Margin</b>					
Hospitals	10.6%	19.6%	24.6%	25.5%	26.4%
Standalone pharmacy	7.5%	3.5%	-2.8%	3.1%	4.6%
AHLL	14.8%	19.0%	12.9%	14.5%	15.7%
<b>Total EBITDA</b>	<b>10.8%</b>	<b>14.9%</b>	<b>12.5%</b>	<b>15.2%</b>	<b>16.0%</b>
<b>Contribution %</b>					
Hospitals	61.7	62.7	52.4	51.6	50.2
Standalone pharmacy	46.2	36.6	40.2	41.7	43.5
AHLL	4.9	7.1	5.8	5.1	4.8

Source: Company, SMIFS Research

**Fig 4: Hospitals key parameters**

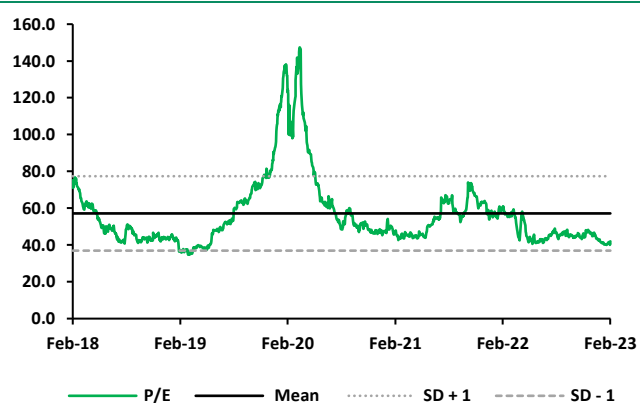
YE March (Rs Mn)	FY20	FY21	FY22	FY23e	FY24e	FY25e
Operational Beds	7,491	7,409	7,860	8,400	8800	9200
Occupancy Level	67.0%	55.0%	65.0%	65.0%	66.5%	68.9%
ARPOB	37,397	40,214	45,327	51,083	53,161	54,052

Source: Company, SMIFS Research

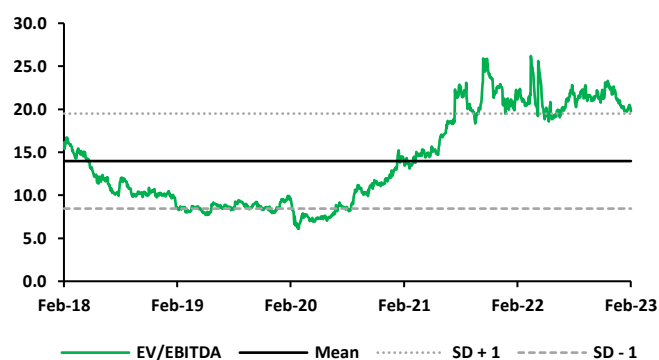
**Fig 5: Beds capacity region wise break up**

Region	Beds
Tamil Nadu	2,131
AP, Telangana Region	1,344
Karnataka Region	775
Others	1,107
Significant Subs/JVs/associates	2,518
<b>Total Operational Beds</b>	<b>7,875</b>

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

## Quarterly financials

**Fig 8: Quarterly Financials**

Y/E March (Rs mn)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
<b>Net Sales</b>	<b>28,680</b>	<b>37,602</b>	<b>37,171</b>	<b>36,389</b>	<b>35,465</b>	<b>37,956</b>	<b>42,511</b>	<b>42,636</b>
Raw Materials	14,750	20,620	18,723	18,235	18,157	19,521	21,719	22,161
Employee Costs	3,884	4,435	4,568	4,396	4,466	4,474	5,408	5,648
Other Expenditure	5,927	7,349	7,729	7,888	8,209	9,053	9,730	9,774
<b>EBITDA</b>	<b>4,119</b>	<b>5,199</b>	<b>6,150</b>	<b>5,870</b>	<b>4,633</b>	<b>4,907</b>	<b>5,654</b>	<b>5,054</b>
Other Income	205	246	56	172	307	161	226	354
Depreciation	1385	1406	1448	1490	1664	1478	1550	1534
<b>EBIT</b>	<b>2,939</b>	<b>4,039</b>	<b>4,759</b>	<b>4,552</b>	<b>3,276</b>	<b>3,590</b>	<b>4,329</b>	<b>3,873</b>
Interest	986	947	954	937	949	927	927	1000
Exceptional items	252	2,941	0	0	0	0	0	0
<b>PBT</b>	<b>2,205</b>	<b>6,034</b>	<b>3,805</b>	<b>3,615</b>	<b>2,327</b>	<b>2,663</b>	<b>3,402</b>	<b>2,874</b>
Tax	677	986	1,156	1,242	1,387	(695)	1,142	1,035
<i>Tax rate (%)</i>	30.7	16.3	30.4	34.4	59.6	-26.1	33.6	36.0
<b>PAT</b>	<b>1,528</b>	<b>5,048</b>	<b>2,649</b>	<b>2,373</b>	<b>941</b>	<b>3,358</b>	<b>2,260</b>	<b>1,839</b>
Share of Associate / JV	171	-42	25	60	30	-120	-132	-215
Minority Interest	-20	-114	-196	-149	-69	-67	-89	-89
<b>Adjusted PAT</b>	<b>1,679</b>	<b>4,893</b>	<b>2,479</b>	<b>2,283</b>	<b>902</b>	<b>3,171</b>	<b>2,040</b>	<b>1,535</b>
<b>YoY Growth (%)</b>								
<i>Revenue</i>	-1.9	73.2	34.6	31.9	23.7	0.9	14.4	17.2
<i>EBITDA</i>	8.4	1369.4	105.0	50.5	12.5	-5.6	-8.1	-13.9
<i>PAT</i>	-53.8	-77.7	263.5	75.2	-46.3	-35.2	-17.7	-32.8
<b>QoQ Growth (%)</b>								
<i>Revenue</i>	3.9	31.1	-1.1	-2.1	-2.5	7.0	12.0	0.3
<i>EBITDA</i>	5.6	26.2	18.3	-4.6	-21.1	5.9	15.2	-10.6
<i>PAT</i>	28.9	191.4	-49.3	-7.9	-60.5	251.5	-35.7	-24.8
<b>Margin (%)</b>								
<i>RMC/revenue (%)</i>	51.4	54.8	50.4	50.1	51.2	51.4	51.1	52.0
<i>Gross margin (%)</i>	48.6	45.2	49.6	49.9	48.8	48.6	48.9	48.0
<i>Employee cost/revenue (%)</i>	13.5	11.8	12.3	12.1	12.6	11.8	12.7	13.2
<i>Other expenses/revenue (%)</i>	20.7	19.5	20.8	21.7	23.1	23.9	22.9	22.9
<i>EBITDA margin (%)</i>	14.4	13.8	16.5	16.1	13.1	12.9	13.3	11.9
<i>Adj PAT margin (%)</i>	5.9	13.0	6.7	6.3	2.5	8.4	4.8	3.6

Source: AceEquity, SMIFS Research

## Financial Statements

Income Statement					
YE March (Rs Mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Net Sales</b>	<b>105,600</b>	<b>146,626</b>	<b>166,579</b>	<b>193,554</b>	<b>213,529</b>
Raw materials	56,842	75,735	85,791	98,712	108,686
% of sales	53.8	51.7	51.5	51.0	50.9
Personnel	16,010	17,865	21,356	23,420	26,478
% of sales	15.2	12.2	12.8	12.1	12.4
Other Expenses	21,374	31,175	38,557	42,052	44,171
% of sales	20.2	21.3	23.1	21.7	20.7
<b>EBITDA</b>	<b>11,374</b>	<b>21,851</b>	<b>20,875</b>	<b>29,370</b>	<b>34,194</b>
Other Income	450	781	957	1042	1058
Depreciation & Amortization	5,731	6,007	6,129	6,699	7,319
<b>EBIT</b>	<b>6,093</b>	<b>16,626</b>	<b>15,703</b>	<b>23,713</b>	<b>27,933</b>
Finance cost	4,492	3,786	3,854	3,897	3,940
<b>Core PBT</b>	<b>1,151</b>	<b>12,058</b>	<b>10,892</b>	<b>18,774</b>	<b>22,935</b>
Exceptional items	606	2,941	-	-	-
<b>PBT</b>	<b>2,207</b>	<b>15,780</b>	<b>11,849</b>	<b>19,816</b>	<b>23,993</b>
Tax-Total	847	4,770	2,531	7,289	7,253
Effective tax rate (%)	38.4	30.2	21.4	36.8	30.2
<b>PAT</b>	<b>1,360</b>	<b>11,010</b>	<b>9,318</b>	<b>12,527</b>	<b>16,740</b>
Minority Interest	-136	528	331	290	-427
Share of associates	8	74	-685	-387	-427
<b>Adjusted PAT</b>	<b>1,050</b>	<b>8,350</b>	<b>8,303</b>	<b>11,849</b>	<b>16,740</b>

Source: Company, SMIFS Research Estimates

Key Ratios					
YE March	FY21	FY22	FY23E	FY24E	FY25E
<b>Growth ratios (%)</b>					
Net sales	-6.1	38.9	13.6	16.2	10.3
EBITDA	-28.3	92.1	-4.5	40.7	16.4
Adjusted PAT	-65.7	695.6	-0.6	42.7	41.3
<b>Margin Ratio (%)</b>					
Gross Profit	46.2	48.3	48.5	49.0	49.1
EBITDA Margin	10.8	14.9	12.5	15.2	16.0
EBIT Margin	5.8	11.3	9.4	12.3	13.1
Core PBT	1.1	8.2	6.5	9.7	10.7
Adj PAT	1.0	5.7	5.0	6.1	7.8
<b>Return Ratio (%)</b>					
ROE	2.5	15.6	13.0	16.0	19.2
ROCE	3.9	12.8	13.5	14.7	16.8
<b>Turnover Ratio (days)</b>					
Gross Block Turnover (x)	1.10	1.46	1.49	1.62	1.66
Adj OCF / Adj PAT (%)	785	148	139	145	132
Inventory	16	21	21	21	21
Debtors	46	44	42	40	40
Creditors	74	79	70	70	70
Cash Conversion Cycle	-12	-14	-7	-9	-9
<b>Solvency Ratio (%)</b>					
Debt-equity (x)	0.9	0.7	0.6	0.5	0.4
Net Debt-equity (x)	0.5	0.4	0.3	0.1	-0.0
Gross Debt / EBITDA	3.7	1.9	2.0	1.4	1.3
Current Ratio	1.8	1.7	2.1	2.4	2.8
Interest coverage ratio (x)	1.4	4.4	4.1	6.1	7.1
<b>Dividend</b>					
Dividend per share	3.0	11.8	3.6	5.1	6.8
Dividend Yield (%)	0.1	0.3	0.1	0.1	0.2
Dividend Payout (%)	41.1	20.2	6.2	6.2	5.8
<b>Per share (Rs)</b>					
Basic EPS (reported)	10.7	71.3	60.0	84.4	113.5
Adj EPS	7.3	58.1	57.7	82.4	116.4
CEPS	47.2	99.9	100.4	129.0	167.3
BVPS	320	393	458	535	645
<b>Valuation</b>					
P/E	269.3	73.8	77.7	54.4	38.5
P/BV	5.9	10.4	9.4	8.1	6.8
EV / EBITDA	22.7	27.0	30.0	21.6	18.9
EV/Sales	2.4	4.0	3.8	3.3	3.0
Adj Mcap / Core PBT	230.3	49.7	57.1	32.7	26.2
Adj Mcap / Adj OCF	32.2	48.5	54.1	35.6	27.1

Source: Company, SMIFS Research Estimates

Balance Sheet					
YE March (Rs Mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Sources of funds</b>					
Capital	719	719	719	719	719
Reserves & Surplus	47,305	58,276	67,692	78,813	94,575
<b>Shareholders' Funds</b>	<b>48,024</b>	<b>58,995</b>	<b>68,411</b>	<b>79,532</b>	<b>95,294</b>
<b>Total Loan Funds</b>	<b>41,597</b>	<b>41,864</b>	<b>42,214</b>	<b>42,514</b>	<b>42,814</b>
Other Liabilities	8,730	11,710	11,710	11,710	11,710
<b>Total Liabilities</b>	<b>98,351</b>	<b>112,569</b>	<b>122,335</b>	<b>133,757</b>	<b>149,818</b>
<b>Application of funds</b>					
Gross Block	92,372	107,817	115,072	123,870	133,412
Net Block	63,977	73,413	74,545	76,650	78,879
Capital WIP	2,116	440	465	495	525
<b>Investments</b>	<b>13,480</b>	<b>8,063</b>	<b>8,057</b>	<b>8,051</b>	<b>8,045</b>
<b>Non-current asset</b>	<b>8,160</b>	<b>14,025</b>	<b>14,025</b>	<b>14,025</b>	<b>14,025</b>
Inventories	2,495	4,318	4,936	5,679	6,253
Sundry Debtors	13,311	17,676	19,168	21,211	23,400
Cash & Bank Balances	7,244	10,359	16,999	25,982	38,940
Other Current Assets	3,386	3,849	3,849	3,849	3,849
<b>Total Current Assets</b>	<b>26,436</b>	<b>36,201</b>	<b>44,951</b>	<b>56,722</b>	<b>72,442</b>
<b>Sundry Creditors</b>	<b>11,600</b>	<b>16,318</b>	<b>16,453</b>	<b>18,931</b>	<b>20,844</b>
Other Current Liabilities	4,216	3,255	3,255	3,255	3,255
<b>Total Current Liabilities</b>	<b>15,816</b>	<b>19,573</b>	<b>19,708</b>	<b>22,186</b>	<b>24,099</b>
<b>Net Current Assets</b>	<b>10,620</b>	<b>16,628</b>	<b>25,243</b>	<b>34,536</b>	<b>48,343</b>
<b>Total Assets</b>	<b>98,351</b>	<b>112,569</b>	<b>122,335</b>	<b>133,757</b>	<b>149,818</b>

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs Mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Operating profit before WC changes</b>	<b>13,102</b>	<b>22,829</b>	<b>19,860</b>	<b>28,692</b>	<b>34,194</b>
Net change in working capital	-721	-4,630	-1,975	-309	-850
Taxes paid	353	-2,043	-2,531	-7,289	-7,253
<b>Cash flow from operating activities (a)</b>	<b>12,734</b>	<b>16,156</b>	<b>15,354</b>	<b>21,095</b>	<b>26,091</b>
<b>Adj OCF</b>	<b>8,242</b>	<b>12,370</b>	<b>11,500</b>	<b>17,198</b>	<b>22,151</b>
Capital expenditure	-2,955	-6,572	-5,000	-6,000	-6,000
Adj FCF	5,287	5,798	6,500	11,198	16,151
<b>Cash flow from investing activities (b)</b>	<b>-8,723</b>	<b>-7,907</b>	<b>-6,323</b>	<b>-7,786</b>	<b>-8,514</b>
Debt	-8,985	-2,866	350	300	300
Dividend	-383	-433	-518	-728	-979
Interest and lease	-5,549	-4,368	-3,854	-3,897	-3,940
<b>Cash flow from financing activities (c)</b>	<b>-3,401</b>	<b>-7,677</b>	<b>-2,391</b>	<b>-4,326</b>	<b>-4,619</b>
<b>Net change in cash (a+b+c)</b>	<b>610</b>	<b>572</b>	<b>6,640</b>	<b>8,984</b>	<b>12,958</b>

Source: Company, SMIFS Research Estimates

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