Stock Update

Healthcare Global Enterprises (HCG)

December 20, 2021

RETAILRESEARCH

HDFC securities
Click. Invest. Grow.
20 YEARS

Healthcare Global Enterprises Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Healthcare	Rs. 242	Buy on dips at Rs 221.5 & add more on dips of Rs 200	Rs 248.5	Rs 270	2 quarters

HDFC Scrip Code	HEAGLOEQNR
BSE Code	539787
NSE Code	HCG
Bloomberg	HCG IN
CMP Nov 30, 2021	242
Equity Capital (Rs cr)	125.26
Face Value (Rs)	10
Equity Share O/S (cr)	12.5
Market Cap (Rs cr)	3312
Book Value (Rs)	56
Avg. 52 Wk Volumes	563391
52 Week High	282
52 Week Low	142

Share holding Pattern % (Sep, 2021)	
Promoters	68.4
Institutions	15.4
Non Institutions	16.2
Total	100.0

HDFCsec Retail research stock rating meter

for details about the ratings, refer at the end of the report

* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

Kushal Rughani

kushal.rughani@hdfcsec.com

Our Take:

Healthcare Global Enterprises (HCG) is the largest provider of cancer care in India under the "HCG" brand. It owns and operates comprehensive cancer diagnosis and treatment services through radiation therapy, medical oncology and surgery. Apart from this, it is also a leading provider of fertility treatment under the "Milann" brand. Aggressive expansion in the last few years and a cap on cancer drug margins have hit financials (lower margins/RoCE, high debt). Having doubled bed capacity over the last five years, we expect HCG's capex phase to ease which is already visible in FY21. HCG has beds capacity at 1944 and operational beds at 1702 as on Sep-2021. Large part of bed expansion is done and we expect incremental losses to be offset by better growth from mature hospitals. Going forward, consolidation of HCG and Milaan fertility centers along with new launch of new center could drive earnings.

On Dec 14, 2020, we had initiated coverage on Healthcare Global Enterprises (HCG) at Rs 159 for base case target of Rs 180 and bull case target of Rs 198. The stock hit our bull case target on May 04, 2021.

(https://www.hdfcsec.com/hsl.research.pdf/Initiating%20Coverage%20-%20Healthcare%20Global%20Enterprises_141220.pdf). We have revised upwards our estimates for revenue by 5%/7% for FY22E/FY23E and introduced FY24 estimates. Given healthy growth outlook for the hospital sector, strong numbers in the past 2-3 quarters and better growth visibility for HCG, we have increased target prices for the stock.

The Centre of Excellence (CoE) registered an ARPOB of Rs 58,000 as compared to Rs 50,000 in Q1FY22 and Management commented that it is sustainable as high end cases are rising with significant contribution from robotic and cyber knife surgeries in oncology vertical for Head & Neck, Urology, Bone Marrow transplantation, Liver Surgery and complicated tumours. Also the increase in volume of international patients is likely to improve ARPOB in the upcoming quarters. International patients comprised of ~2% of the revenue currently v/s 6% pre-covid. In the pre-covid era, HCG new patient registrations had grown at CAGR 25% over FY16-19. Going forward, we expect losses from new centres to narrow improving overall profitability. We are positive on the stock considering focus on niche oncology healthcare services and potential to grow faster with strengthening of balance sheet post the recent fund raise. Now, ACESO Company PTE (CVC Capital) is the main promoter along with existing promoters. CVC Capital has increased its stake from 50% to 53.7% in the last 4 quarters. Dr. B S Ajaikumar along with existing promoters' hold 17% stake in the company. We believe, valuations are factoring in most of the negatives and see meaningful re-rating once operating leverage benefits play out.

Valuation & Recommendation:

HCG is well poised to capture the growing potential in the Oncology space with a pan-India focus. Equity infusion by CVC Capital is positive and has removed a major overhang of high leverage. Moderation in capex, EBITDA margin expansion and improvement in return ratios are triggers which may lead to re-rating for the stock. We expect significant improvement in operating performance over FY21-24E. We estimate 19% revenue and 33% EBITDA CAGR along with robust expansion in RoE/RoCE over FY21-24E. Management said that capex phase is over and focus would be now on improving efficiencies and profitability. Company will now focus on consolidation of its existing facilities which would drive better operational performance. The stock trades at 12.2x FY24E EV/EBITDA. We feel investors can buy HCG on dips to Rs 221.5 (11.25x FY24E EV/EBITDA) and add more on declines at Rs 200 (10.25x FY24E EV/EBITDA) for base case target of Rs 248.5 (12.5x FY24E EV/EBITDA) and bull case target of Rs 270 (13.5x FY24E EV/EBITDA) over the next two quarters.

Financial Summary

Particulars (Rs cr)	Q2 FY22	Q2 FY21	YoY (%)	Q1 FY22	QoQ (%)	FY19	FY20	FY21	FY22E	FY23E	FY24E
Total Revenues	352	248	42.1	323	8.9	979	1,096	1,013	1,348	1,534	1,721
EBITDA	62	30	105.0	51	20.5	125	172	127	222	259	298
Depreciation	38	40	-4.0	38	0.5	85	148	159	157	167	173
Other Income	3	4	-17.5	3	-2.9	7	7	17	13	15	18
Interest Cost	23	27	-14.7	26	-12.1	70	138	119	94	81	74
Tax	43	-5	-909.4	4	1091.7	-3	6	-8	41	6	17
RPAT	103	-22	-561.9	-10	-1172.9	-25	-107	-193	101	40	72
EPS (Rs)						-2.8	-12.0	-15.4	8.1	2.9	5.2
RoE (%)						-5.0	-24.8	-35.9	12.5	4.3	7.5
P/E (x)						-86.1	-20.2	-15.7	33.3	85.0	46.7
EV/EBITDA (x)						29.2	21.2	28.9	16.5	14.1	12.2

(Source: Company, HDFC sec)

Q2 FY22 result update

HCG reported very strong operating performance in Q2FY22 with revenue growing by 42% YoY to Rs. 352cr and EBIDTA margin expanded by 540bps to 17.5% (+170 bps QoQ). Revenue of HCG centers (95% of revenue) grew by 41%, while Milann revenue grew by 57% during the quarter.

Company reported net profit of Rs 103cr as against net loss of Rs 22.3cr, a year ago. It included Rs 140cr as exceptional gain in Q2 FY22. PBT before exceptional items stood at Rs 1.8cr as compared to loss of Rs 32.3cr. Existing centers reported 37% YoY growth while new centers registered 57% YoY growth in the quarter.

Karnataka cluster revenue grew 42% YoY at Rs 113cr. Gujarat cluster business increased 25% YoY at Rs 88cr. Maharashtra cluster revenue grew 62% YoY at Rs 64cr.

Consolidated occupancy improved 350bps to 53.3% and Average revenue per occupied bed (ARPOB) increased 24% YoY at Rs 38345 per day. ARPOB for the existing centers increased 26.4% YoY to Rs. 40,308 from Rs. 31,895 in Q2FY21. Adjusted loss reduced to Rs. 11cr as compared to Rs. 27.4cr in Q2FY21. During the quarter, HCG had exceptional gain of Rs. 140.1cr as it sold investment in Strand Life Sciences.

Conference call highlights

- Vaccination revenue was about Rs 25cr or ~7% of revenue; this may not continue. Excluding this revenue growth was at 31% YoY.
- Company reduced net debt by Rs 74cr during the quarter from cash generated from operations as well as from Strand transaction.
- The ARPOB in Centre of Excellence (CoE) has improved significantly from around Rs 51000 in Q1FY22 to Rs 58000 in Q2FY22. This is because of more proportion of high end work carried out by the CoE with significant contribution from robotic and cyber knife surgery. The trend of more proportion of high end work is expected to continue in the future and it is not just because of pent-up demand due to Covid. International revenue would further boost the ARPOB of CoE going forward. The new centres have broken even in terms of Operating EBITDA. They reported EBITDA of Rs 1.9cr vs. a loss of Rs 2.9cr in Q2FY21.
- Management is still in the process of setting a long term strategy for growth in Africa. Focus is on Nairobi at present with plans of installing linear accelerators and PET-CT scanners in that facility, to make it a state of the art facility. Overall growth strategy would be to focus on Nigeria and East Africa.
- Capex in FY21 stood at Rs 35.4cr as against Rs 108cr in FY20. In H1FY22, the company spent Rs 20cr in capex.
- Milann revenues declined 12% YoY but grew 8% QoQ to Rs 14cr. New registrations grew 20% QoQ while IVF cycles also grew 3% QoQ. The segment has reached to ~80% of its pre-COVID levels and resulted in strong QoQ recovery. Focus in the segment remains to consolidate and grow on the existing base.
- Company has decided to be very selective in deploying capex with no plan for new centres for the next few quarters. Company has decided to discontinue Kochi centre expansion while Gurgaon is under review for a strategic development with a concrete decision by FY22.
- International patients have started to flow in from neighboring countries and has achieved ~40% of the normalised levels. Vaccination and declining new cases worldwide is encouraging and company hopes complete normalisation by H2FY22.
- Company has undertaken several cost control measures during the quarter on both the fixed and variable costs level.

Cluster wise break up

Centers	Revenue (Rs cr)		YoY (%)	Margin (%)	ARPOB per day (Rs)	Occupancy (%)
	Q2 FY22	Q2 FY21				
Karnataka	113	79	42.3	23.0	40800	60.7
Gujarat	88	70	25.7	22.2	45300	50.8
Maharashtra	64	40	62.5	17.5	35700	51.3
East India	30	21	46.4	13.0	25000	52.5
Andhra Pradesh	26	20	33.3	12.5	36500	47.7

Heavy capex period has come to an end

HCG has more than doubled its capacity over the last five years and we believe its capex phase is entering the final stage now. Company has decided to be very selective in deploying capex with no plan for new centres for the next few quarters. Company has shelved the Kochi centre expansion (~100 beds) while Gurgaon cancer centre (~85 beds) is under review. HCG has also invested around Rs 25cr in other areas such as Strand Lifesciences, a bioinformatics company (38.2% stake) adding pressure on the balance sheet. As per management, Strand has seen improvement in operating performance and strong traction.

HCG incurred capex of around Rs 1000cr over FY15-20. This is likely drop to around Rs 60-80cr annually, including maintenance capex. The only other outlay would be Rs 68cr towards buying out its partner's stake in Milann, which was completed recently. Adjusting the capital lease segment as per IND AS 116, the net Debt (ex. new centres) as per Q2FY22 stood at Rs. 39Cr.

HCG increased its stake in Suchirayu to 78.6%

HealthCare Global Enterprises Limited (HCG) has completed the investment of Rs 33cr for 60.9% stake in Suchirayu Health Care Solutions Limited (Suchirayu). Prior to this acquisition, the company had 17.7% stake in Suchirayu. Suchirayu owns multi-speciality hospital in Hubli with an operational capacity of 110 beds and a potential to scale up to 250 beds. HCG has operated and maintained the said entity's hospital since Aug-2017 and had the right to increase its stake up to 80% in July-2022. HCG also owns and operates a standalone Cancer Centre at Hubli, and the acquisition is expected to create synergetic benefits and market leadership in the geography. Suchirayu reported revenue of Rs 55.4cr and EBITDA margin of ~20% for FY21.

Debt Trend

(Rs cr)	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22
Net Debt	**1221**	**1312**	**1280**	**1273**	**927**	**919**	**794**	**792**	**718**
Bank Debt	515	554	568	594	395	396	395	423	343
Vendor Fin	112	117	112	90	71	50	45	40	25
Capital leases	613	666	628	628	627	623	506	498	490
Other debt	1	0	5	7	7	6	6	3	5
less Cash	20	25	33	46	173	156	158	172	145
Debt in new centers	475	495	491	488	218	218	221	231	189
Bank debt	401	422	432	452	202	202	205	223	189
Vendor Fin	74	73	59	36	16	16	16	8	0
Net debt (ex-new centers)	747	817	789	785	709	701	573	561	529

HCG acquires oncology labs and divests stake in Strand Lifesciences to Reliance

HealthCare Global Enterprises Limited (HCG) had announced the acquisition of oncology hospital labs and clinical trials business from Strand Lifesciences as well as simultaneous divestment of its ~38.5% stake (on paid-up capital basis and 34.5% on fully diluted basis) in Strand to Reliance Industries group company. HCG received consideration of ~Rs 157cr for sale of its ownership in Strand and acquired labs and clinical research business through a Business Transfer Agreement (BTA) from Strand for a consideration of ~Rs 81cr with a set-off of Rs 7cr towards receivables. The transactions resulted in net cash inflow of ~Rs 83cr for HCG in addition to the take-over of the labs and clinical research business. Strand Lifesciences is a precision diagnostics company with strong track record in bioinformatics and genomic testing in India; Strand will no longer continue to be an associate company of HCG post completion of this transaction.

Hospital Sector Outlook

In India, Hospital Sector has long runway for growth with lower number of doctors/bed relative to total population, healthcare spends as percentage of GDP to global averages. Hospital industry in India stood at US$ 62bn in 2017 and is expected to grow 15-17% CAGR to reach US$ 133bn by 2023. This indicates there is tremendous scope for enhancing healthcare services penetration in India and ample opportunity for the development of the healthcare industry. The demand outlook for healthcare services is positive in India due to growing awareness of healthcare issues, under-served nature of the sector, better affordability through increasing per capita income, and widening medical insurance coverage. India offers affordable healthcare treatment to many developing countries encouraging inbound medical tourism. Treatment for major surgeries in India costs approximately 1/5th of developed countries. A rare combination of world-class hospitals, equipped with best-in-class technology, skilled medical professionals, low treatment costs, and process improvements like e-medical visa, have made India a preferred destination for medical tourism.

India's huge demand-supply gap, rising health insurance penetration, high out-of-pocket spends, increase in medical tourism provide compelling growth prospects for the industry. The adoption of asset-light models of expansion, enhanced focus on retail formats – pharmacy, diagnostics and digital initiatives – are expanding avenues of growth while keeping the balance sheet light. Private players remain the key growth contributors, given that the government spending remains low at ~1.6% of GDP.

Cancer care

The cancer treatment cost mainly depends upon the type of cancer across the globe. India is the country where treatment packages are reasonable in comparison to developed countries. The government's expenditure on the health sector has grown to 1.6% of the GDP in FY20 from 1.3% in FY16. Govt. has a target to increase its public health spending to 2.5% of GDP by FY25 and healthcare's share of GDP is expected to rise by 19.7% by 2027.

The patterns of cancer are dominated by a high burden of tobacco-related head and neck cancers, particularly oral cancer, in men and of cervical cancer in women in India. These cancer types are associated with lower socioeconomic status. Moreover, the burden of cancer types, such as breast cancer and colorectal cancer, associated with overweight and obesity, lower levels of physical activity and sedentary lifestyles is increasing and these cancer types are associated with higher socioeconomic status.

The stages of diagnosis in India are generally more delayed compared to other countries, with only 20-30% of cancers being diagnosed in early stages (I & II) – less than half of what is seen in countries like the US, UK and China. Limited awareness and lack of healthcare facilities/infrastructure are the major contributors to relatively late stage diagnosis and low reported incidences. As a result, cancer related mortality rates in India are much higher than in developed countries as well as most upper / low middle income countries.

Medical tourism presents significant growth opportunity

Medical tourism industry in India is at around US$ 8-9bn in size. According to McKinsey, number of medical tourists in India is expected to increase 4.5x to 3mn over 2018-2030E. Availability of affordable, quality treatment makes India a preferred destination for foreign patients. With ballooning healthcare cost in western countries, the estimated costs for foreign patients coming to India is ~1/5thof the western countries depending upon the treatment. That said, India's increasing medical tourism demand is also emerging from parts of the Middle East, Africa and Western Asia. As a country, we compete with Singapore, Thailand and Malaysia, which are also emerging as a medical tourism destination.

Revenue from international patient segment account for about 10% of the hospital revenues for listed players. Given that they have excellent facilities and some of the finest and renowned medical professionals, they are able to deliver service of the highest standards and play a major role in attracting patients from all over the world.

Key Concerns

- Government regulating prices for critical medical treatment (including that of medical devices) which private hospital charges from patient remains a risk to revenue and margins. Also directions for mandatory participation in Govt schemes and free beds for poor patients etc could impact the revenue and profit growth.
- Cancer care business is highly capital intensive and new cancer centers require a long gestation period to break even, as a result the company might not be able to realise profit corresponding to the amount spent in a timely manner.
- HCG's one of the most profitable region is its Center of excellence-Bangalore cluster. Any adverse economic, regulatory or other development in this region can impact overall profitability of the company.
- Any execution hiccups that may lead to slower than expected ramp up in new hospitals and breakeven in these centres.
- Company is dependent upon its existing promoters, partners, senior management team and senior specialist doctors. Loss of any of them would be a risk.
- Given the higher capex intensity of Cancer care centers vs. tertiary care hospitals, HCG's return ratios are expected to remain subdued for some more years.
- HCG Faces competition from other healthcare providers and its success will depend on its ability to achieve higher success rate in diagnosis and treatment and provide competitive costs of these.
- Expansion plans in Africa may expose the company to business, regulatory, financial and competitive risks.

Company Background

HCG was founded in 1998 by a group of oncologists led by Dr. B S Ajaikumar – one of the leading oncologists in the country, with close to 40 years of experience in the field of cancer care. Healthcare Global is a niche healthcare provider with a primary focus on oncology and some presence in the fertility segment. It owns and operates comprehensive cancer diagnosis and treatment services (radiation therapy, medical oncology, and surgery). HCG has a network consisting of 25 comprehensive cancer centers including the center of excellence (CoE) in Bengaluru, and 1 center in Africa. HCG has beds capacity at 1944 and 1702 operational beds as on Sep-2021. Each of the comprehensive cancer center offers comprehensive cancer diagnosis and treatment services at a single location. Furthermore, freestanding diagnostic centers and daycare chemotherapy center offer diagnosis and medical oncology services, respectively. The company has 17 Pet CTs (1 Digital Pet CT), 2 Molecular/Genomic labs, 31 LINACs, 2 Cyberknife, 2 Tomo therapy units, 2 Da Vinci robots, 1 Versius Robot and 7 Bone Marrow Transplant Units.

Karnataka, Gujarat, Maharashtra and East India are the key clusters for the company. It has also expanded to new geographies that have ramped up well. HCG also operates four multispecialty hospitals and has 50.1% stake in Milann, a fertility clinic chain run by Dr. Kamini Rao (a leading gynecologist). Recently, HCG acquired the balance stake and now owns 100% in Milann. Company derived around 80% of its revenues from oncology, 14% from multi-specialty and the balance from Milann.

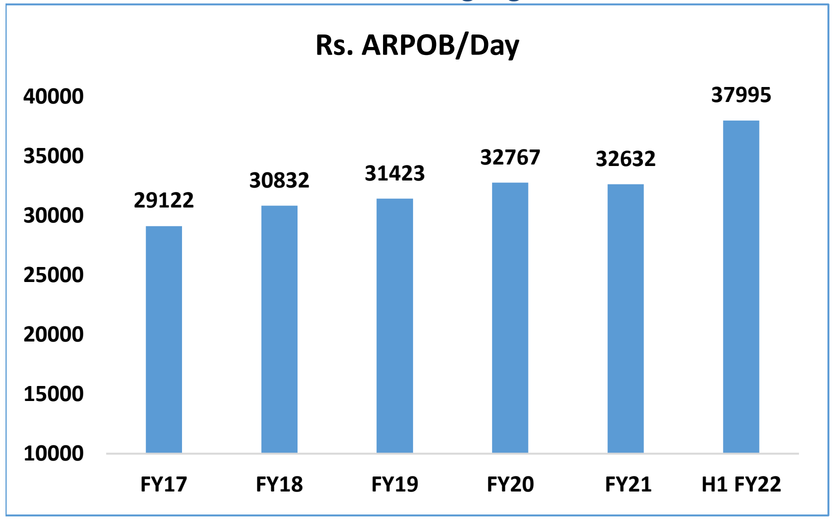
CVC invested Rs 384 Cr in HCG in the form of a share subscription at Rs 130/share. Besides, CVC has also put in money in the form of warrant subscription amounting to Rs 129 Cr. Dr. Ajaikumar has subscribed warrants amounting to Rs 6.5 Cr. Cumulatively, Rs 519 Cr has already been received by HCG. A balance of ~Rs 132 Cr is still receivable from CVC and Dr. Ajaikumar taking the total investment to around Rs 651 Cr. CVC now holds 49.9% of HCGEL shares with its shareholding rising to 53.4% upon conversion of all warrants in FY22. CVC has a strong track record of investing in healthcare companies across Europe and Asia.

Board of Directors of the Company on Nov 27, 2020 approved appointment of Mr. Meghraj Arvindrao Gore as CEO and KMP of the Company, effective from Feb 01, 2021. Mr. Gore in his previous role, served as Chief Executive Officer – Southern Region of Apollo Hospitals Enterprise Limited, and was responsible for overall business portfolio of the largest region with 15 facilities in the states of Tamil Nadu & Andhra Pradesh. Mr. Raj Gore is a global professional with more than 21 years of diverse experience in business management in North America, Asia, and Africa with a focus on Healthcare for the past 18 years.

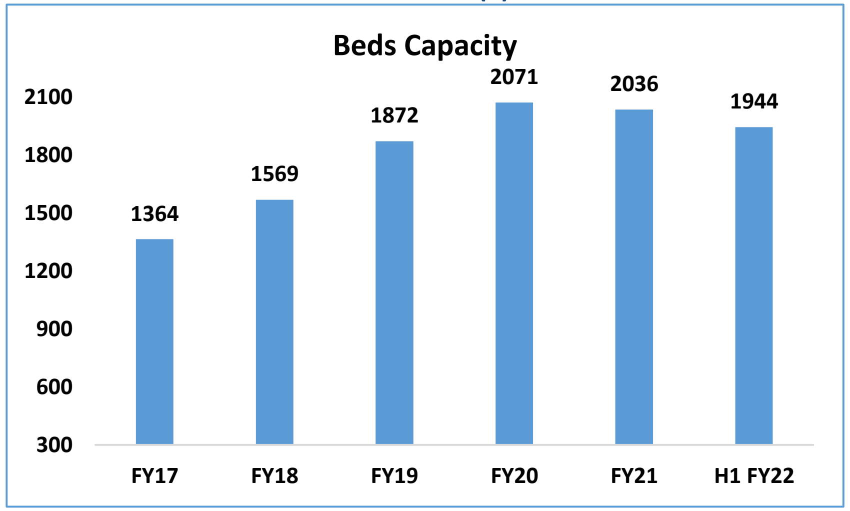
Peer Comparison

Company	Mcap (Rs cr)	Revenue				EBITDA Margin				PAT				EV/EBITDA			
		FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E
Apollo Hospitals	68825	11247	10560	15638	18952	14.1	10.8	15.7	15.9	257	150	982	1272	42.3	58.9	27.4	22.0
Narayana Health (NH)	11608	3128	2582	3714	4195	13.5	7.1	16.5	19.0	111	-14	300	402	29.2	63.5	19.3	15.5
HCG	3312	1096	1013	1348	1534	15.7	12.5	16.4	16.9	-107	-193	101	38	23.4	31.8	18.2	15.5

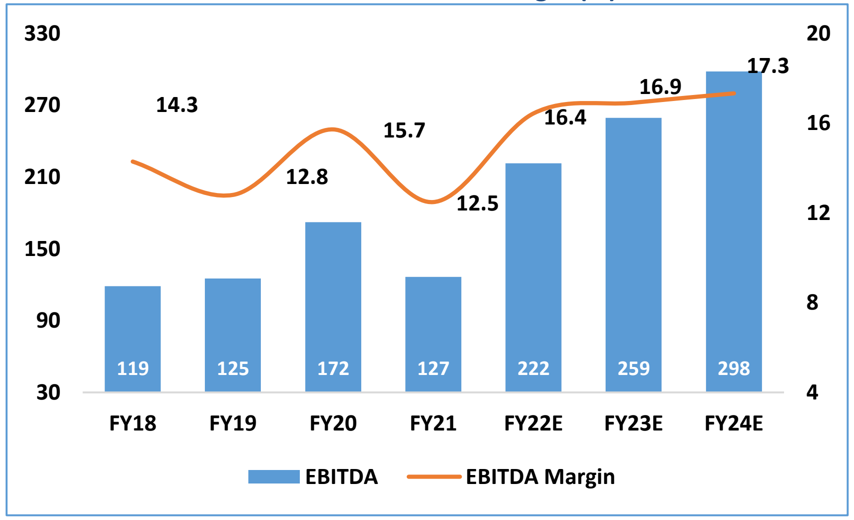
ARPOB Trending Higher



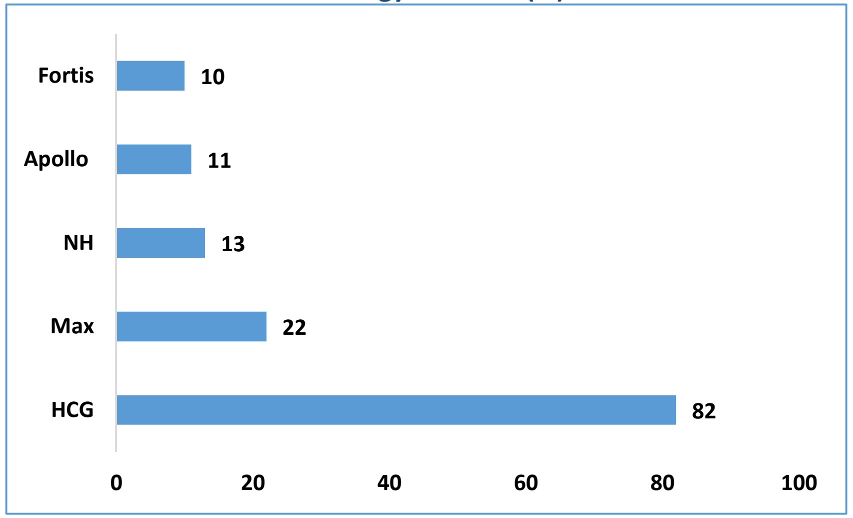
Total Beds (#)



EBITDA and EBITDA Margin (%)



Oncology Revenue (%)



(Source: Company, HDFC sec)

Financials (Consolidated)

Income Statement

(Rs Cr)	FY20	FY21	FY22E	FY23E	FY24E
Total Income	**1096**	**1013**	**1348**	**1534**	**1721**
Growth (%)	12	-7.5	33	13.8	12.2
Operating Expenses	923	887	1126	1274	1422
EBITDA	**172**	**127**	**222**	**259**	**298**
Growth (%)	37.5	-26.6	75.1	17.1	15
EBITDA Margin (%)	**15.7**	**12.5**	**16.4**	**16.9**	**17.3**
Depreciation	148	159	157	167	173
EBIT	24	-33	65	92	126
Other Income	7	17	13	15	18
Interest expenses	138	119	93	81	74
Exceptional Items/JV	-12	-94	137	-5	-7
PBT	-119	-229	122	23	63
Tax	6	-8	41	6	17
Share of Profit/Loss of Associates	19	28	21	23	26
PAT	**-107**	**-193**	**101**	**40**	**72**
Growth (%)	329.4	81.6	-152.5	-60.9	82.2
Adj. PAT	-107	-99	-14	40	72
EPS	-12	-15.4	7.3	2.9	5.2

Balance Sheet

As at March	FY20	FY21	FY22E	FY23E	FY24E
SOURCE OF FUNDS					
Share Capital	89	125	139	139	139
Reserves	293	572	784	801	847
Shareholders' Funds	**381**	**697**	**923**	**940**	**986**
Long Term Debt	1139	816	754	674	584
Net Deferred Taxes	7	4	7	7	9
Long Term Provisions & Others	112	37	70	73	62
Minority Interest	39	17	17	17	17
Total Source of Funds	**1677**	**1570**	**1771**	**1712**	**1658**
APPLICATION OF FUNDS					
Net Block & Intangibles	1583	1316	1216	1118	1036
Goodwill	109	96	96	96	96
Deferred Tax Assets (net)	108	77	80	82	84
Long Term Loans & Advances	149	112	117	121	121
Total Non-Current Assets	**1950**	**1601**	**1509**	**1417**	**1337**
Inventories	23	21	30	32	38
Trade Receivables	186	187	241	266	290
Short term Loans & Advances	5	9	12	15	17
Cash & Equivalents	32	42	314	329	349
Other Current Assets	57	177	163	166	163
Total Current Assets	**304**	**435**	**764**	**812**	**860**
Short-Term Borrowings	115	104	83	65	44
Trade Payables	154	145	190	217	243
Other Current Liabs & Provisions	298	206	218	222	234
Short-Term Provisions	9	11	12	13	18
Total Current Liabilities	**577**	**465**	**503**	**517**	**539**
Net Current Assets	-273	-30	262	295	321
Total Application of Funds	**1677**	**1570**	**1771**	**1712**	**1658**

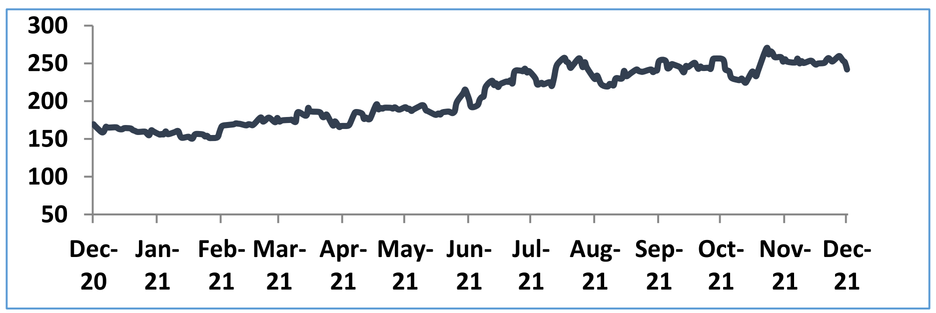
Source: Company, HDFC sec Research

Healthcare Global Enterprises Ltd.

Cash Flow Statement

(Rs Cr)	FY20	FY21	FY22E	FY23E	FY24E
Reported PBT	-119	-229	122	23	63
Non-operating & EO items	-7	77	-13	-15	-18
Interest Expenses	138	119	93	81	74
Depreciation	148	159	157	167	173
Working Capital Change	-3	-44	-14	-18	-7
Tax Paid	-27	38	-41	-6	-17
OPERATING CASH FLOW (a)	**130**	**121**	**303**	**231**	**268**
Capex	-108	-35	-62	-70	-90
Free Cash Flow	-503	-228	241	161	178
Investments	0	-153	-9	-5	-2
Non-operating income	7	17	13	15	18
INVESTING CASH FLOW (b)	**-101**	**-171**	**-57**	**-60**	**-74**
Debt Issuance / (Repaid)	26	-287	-25	-76	-99
Interest Expenses	-115	-119	-93	-81	-74
FCFE	32	-748	122	4	4
Share Capital Issuance	32	519	146	0	0
Dividend	0	0	0	0	0
FINANCING CASH FLOW (c)	**-58**	**113**	**27**	**-157**	**-173**
NET CASH FLOW (a+b+c)	-28	62	272	14	20

One Year Price Chart



Key Ratios

	FY20	FY21	FY22E	FY23E	FY24E
EBITDA Margin	15.7	12.5	16.4	16.9	17.3
EBIT Margin	2.2	-3.2	4.8	6	7.3
APAT Margin	-11.4	-21.8	6.0	1.1	2.7
RoE	-24.8	-35.9	12.5	4.3	7.5
RoCE	1.3	-2	3.5	5.2	7.4
Solvency Ratio					
Net Debt/EBITDA (x)	7.1	6.9	2.4	1.6	0.9
D/E	3.3	1.3	0.9	0.8	0.6
Net D/E	3.2	1.3	0.6	0.4	0.3
PER SHARE DATA					
EPS	-12	-15.4	7.3	2.9	5.2
CEPS	4.7	-2.7	18.6	14.9	17.6
BV	43	55.7	66.5	67.7	71.1
Dividend	0	0	0	0	0
Turnover Ratios (days)					
Debtor days	62	67	65	63	62
Inventory days	8	8	8	8	8
Creditors days	79	77	79	79	79
VALUATION					
P/E	-20.2	-15.7	33.3	85.0	46.7
P/BV	5.7	4.4	3.7	3.6	3.4
EV/EBITDA	21.2	28.9	16.5	14.1	12.2
EV / Revenues	3.4	3.6	2.7	2.4	2.1

Source: Company, HDFC sec Research

HDFC Sec Retail Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Binkle R. Oza Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193