

# Max Healthcare

BSE SENSEX 81,526 S&P CNX 24,642

**CMP: INR1,133 TP: INR1,380 (+22%) Buy**



Bloomberg	MAXHEALT IN
Equity Shares (m)	972
M.Cap.(INRb)/(USDb)	1100.6 / 13
52-Week Range (INR)	1137 / 631
1, 6, 12 Rel. Per (%)	8/35/47
12M Avg Val (INR M)	2020
Free float (%)	76.3

## Financials Snapshot (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	68.2	84.2	103.5
EBITDA	18.7	22.1	27.5
Adj. PAT	13.3	14.6	19.3
EBIT Margin (%)	23.3	21.6	22.2
Cons. Adj. EPS (INR)	13.7	15.1	19.9
EPS Gr. (%)	18.6	9.6	32.0
BV/Sh. (INR)	95.9	110.6	130.4

## Ratios

Net D:E	(0.0)	(0.0)	(0.2)
RoE (%)	15.3	14.6	16.5
RoCE (%)	13.5	13.2	15.6
Payout (%)	0.0	0.0	0.0

## Valuations

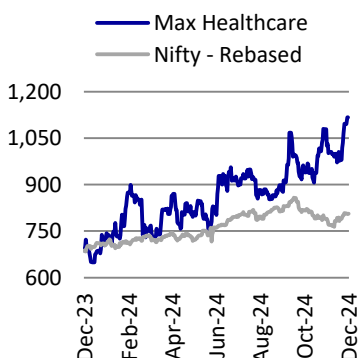
P/E (x)	85.0	77.6	58.8
EV/EBITDA (x)	60.4	51.2	40.3
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	(0.3)	0.2	1.6
EV/Sales (x)	16.6	13.4	10.7

## Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	23.7	23.7	23.8
DII	15.1	15.4	11.4
FII	57.3	57.0	60.4
Others	3.8	3.9	4.5

FII includes depository receipts

## Stock Performance (1-year)



## Brownfield expansion to boost growth

- We have analyzed the capex plans of listed hospital companies focusing on brownfield and greenfield bed additions to assess the impact on margins and their ability to achieve EBITDA breakeven after capacity expansion.
- Over FY25-27, listed hospitals plan to add a total of 16,707 beds (vs. 6,330 beds added over FY20-24) for a combined capex of INR202b. About 52% of those beds would be added through greenfield/inorganic projects and 48% via brownfield.
- Max Healthcare plans to increase its total bed capacity by 84% (3,332 beds) to 7,130 by FY27 for a capex of INR73b. Max will account for 20% of total additions by listed players – the largest expansion over the same period. It is also one of the companies with the highest brownfield expansion (70%). The remaining 30% of beds will be added through greenfield/inorganic expansions. Beyond FY27, it aims to add ~4,500 beds to increase its total capacity to over 11,000 beds.
- We believe that Max's expansion via a combination of brownfield, greenfield and inorganic will drive strong revenue growth and pave the way for quicker EBITDA breakeven for new beds, thus driving higher operating leverage benefits. We expect a CAGR of 18.4%/16.2%/20.5% in revenue/EBITDA/PAT over FY25-27. We have a BUY rating on Max with our SoTP-based TP of INR1,380.

## Hospital sector on expansion spree across India

- Over FY25-27, listed hospitals plan to add a total of 16,700 beds, with 52% allocated to greenfield/inorganic projects and 48% to brownfield.
- They plan to invest INR202b to expand their bed capacity over FY25-27, significantly higher than the 6,330 beds added over FY20-24.
- North/South India regions are expected to benefit the most from this expansion, with planned bed additions of 6,960/5,480.
- Since FY22, hospitals like Max, Aster DM, and KIMS have pursued aggressive acquisitions to enter new markets, while Rainbow, Jupiter, and Medanta have focused on organic expansions.

## Max growth to outpace its peers

- Over FY25-27, Max plans to add 3,332 beds, the highest among listed players, which will increase its bed capacity by 84% to 7,130.
- A planned brownfield expansion of ~70% and a quicker breakeven from new beds will drive higher operating leverage benefits.
- Max plans to focus primarily on Tier I cities in North India, with ~82% of its bed additions in this region. The remaining 18% of beds will be added in Western India. The expansion in Tier I cities should drive faster growth in ARPOB and profitability for Max.
- Considering its expansion into Tier I cities, Max is expected to have the highest capex per bed of INR22m (vs. industry average of INR12m).
- Its EBITDA per bed is the highest among its peers at INR7.1m vs. industry average of INR4.7m.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Valuation and view**

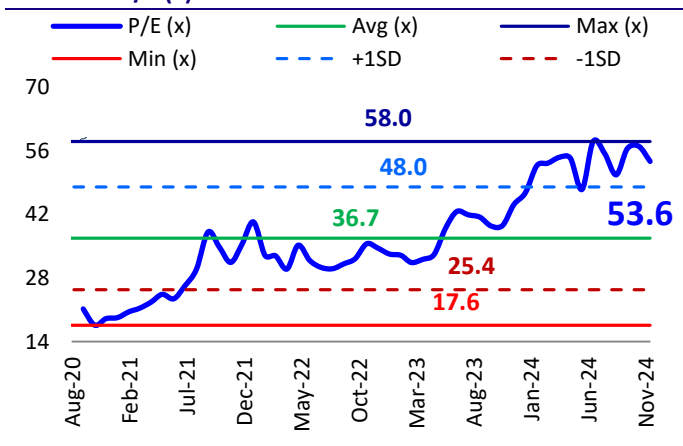
- We expect a CAGR of 18.4%/16.2%/20.5% in revenue/EBITDA/PAT over FY25-27. We value Max on the SoTP basis (35x EV/EBITDA for hospital business, 26x EV/EBITDA for Maxlab business, 6x EV/Sales for Max@home) to arrive at our TP of INR1,380.
- We remain positive on Max on the back of a robust industry outlook in its focus markets (Delhi, UP, Maharashtra, Punjab, Uttarakhand, Haryana).
- Along with efficient execution, Max is tripling its bed capacity over the next five years, thus providing strong headroom for growth. **Reiterate BUY.**

**Exhibit 1: Valuation Snapshot**

Companies	MCap (INR b)	CMP	EPS			PE (x)			EV/EBITDA(x)			ROE(%)		
			FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Apollo	1,039	7,227	101	135	174	71.6	53.5	41.6	35.0	28.2	23.2	19	21	22
<b>Max</b>	<b>1,135</b>	<b>1,168</b>	<b>15</b>	<b>20</b>	<b>24</b>	<b>78.6</b>	<b>59.9</b>	<b>48.6</b>	<b>51.0</b>	<b>39.6</b>	<b>32.5</b>	<b>14</b>	<b>16</b>	<b>17</b>
Medanta	298	1,111	19	24	29	57.5	46.2	38.5	33.2	27.5	23.3	16	17	18
Fortis Health	545	721	11	13	17	68.5	53.8	41.6	34.9	28.7	24.1	10	11	13
Narayana	265	1,295	38	44	51	33.6	29.7	25.5	21.9	19.1	16.6	24	22	21
AsterDM	242	484	7	10	13	67.9	49.7	37.7	30.6	24.5	19.9	9	12	13
KIMS	240	600	10	12	16	60.3	50.0	36.9	31.8	26.4	20.7	18	19	21
Rainbow	165	1,628	25	32	39	65.5	50.3	41.3	33.7	27.5	23.6	18	20	20
HCG	69	495	6	10	13	87.0	50.1	38.4	18.0	14.6	12.8	8	11	14
Shalby	26	242	8	13	13	31.5	19.2	18.4	16.5	11.9	10.4	6	10	13
Yatharth	53	622	17	22	30	36.0	28.6	21.0	22.0	17.2	12.3	14	14	17
Jupiter	102	1,559	32	39	44	48.9	39.7	35.3	33.4	27.8	25.2	16	17	16
Artemis	45	327	6	8	11	58.9	41.7	28.5	24.9	19.4	14.9	13	14	18

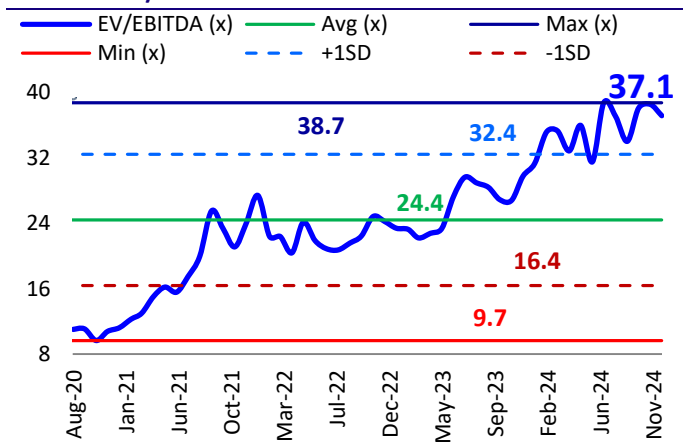
Source: MOFSL, Company

**Exhibit 2: P/E (x)**



Source: MOFSL, Company

**Exhibit 3: EV/EBITDA**



Source: MOFSL, Company

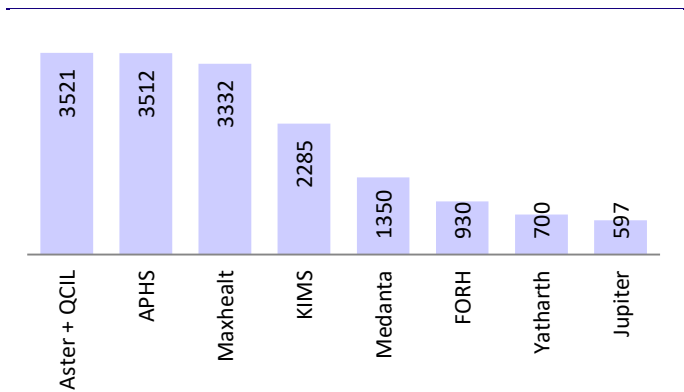
### Hospital sector on expansion spree across India

- Over FY25-27, listed hospitals plan to add a total of 16,707 beds, significantly higher than 6,331 beds added over FY20-24. The companies will incur a capex of INR202b. The total bed capacity of these hospitals will increase to 52,458 beds.
- About 52% (8,675) of total beds will be added via greenfield/inorganic expansions and ~48% (8,032 beds) via brownfield expansions. Max will account for the largest brownfield expansion at ~29%, while Jupiter's contribution will be minimal at 1.2%.
- North and South India regions would be key beneficiaries of bed capacity expansions by listed companies, with ~41% (6,956) of total beds to be added in North India and ~33% (5,484 beds) in South India.
- Since FY22, hospitals like Max, Aster DM, and KIMS have pursued aggressive acquisitions to enter new markets, while Rainbow, Jupiter, and Medanta have focused on organic expansions.

### Hospitals gear up for aggressive capacity expansion

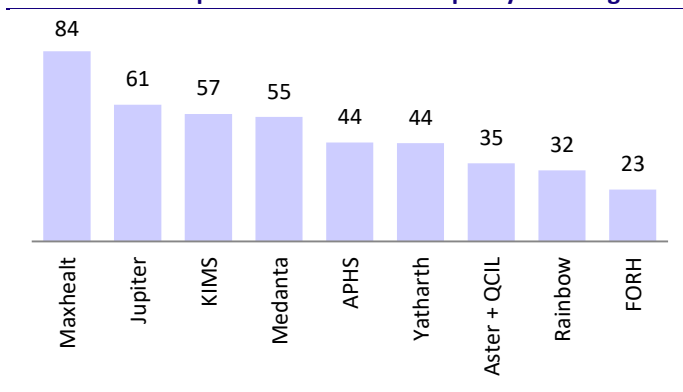
- Over Mar'20-Sep'24, the hospital sector's total bed capacity increased by 27% (+7,839 beds) to 37,259 beds. KIMS Hospitals and Yatharth added the highest number of beds (~1,600 each) during the period. Jupiter expanded its bed capacity by 71%, followed by KIMS at 66%, and Medanta at 61.2%.
- Apollo Hospitals (APHS) commands the highest bed share as of Sep'24 at 21.5% (7,994 beds). Over Mar'20-Sep'24, APHS added nominal ~503 beds (6.7% bed additions).
- Over FY25-27, listed hospitals plan to add a total of 16,707 beds (+29%), taking the total to 52,458 beds. During FY20-24, they added 6,331 beds.
- Following its merger with QCIL, Aster is set to become one of the largest hospital chains by FY27 with a total bed capacity of 13,687 beds and 23.7% market share in beds. Over the next three years, Aster + QCIL plan to add 3,521 beds, with ~1,900 to be added by Aster for a cumulative capex of INR12-14b and the remaining ~1,600 beds to be added by QCIL.
- Over FY25-27, Max plans to increase its bed capacity by ~84% to 7,130 beds through a mix of brownfield (70%), greenfield and inorganic expansions across Western and Northern India.

**Exhibit 4: Aster + QCIL have the highest planned bed addition**



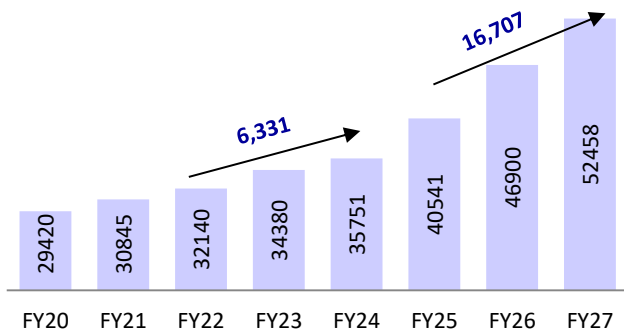
Source: MOFSL, Company

**Exhibit 5: Max expansion over current capacity is the highest**



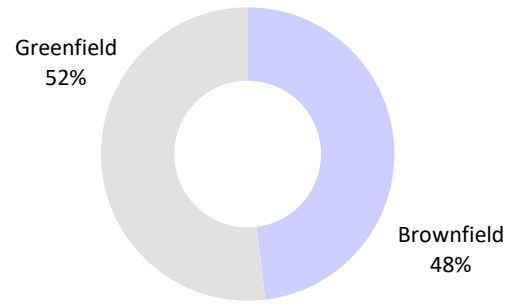
Source: MOFSL, Company

**Exhibit 6: Total bed capacity to grow by 29% over FY25-27**



Source: MOFSL, Company

**Exhibit 7: Greenfield/brownfield bed expansion**

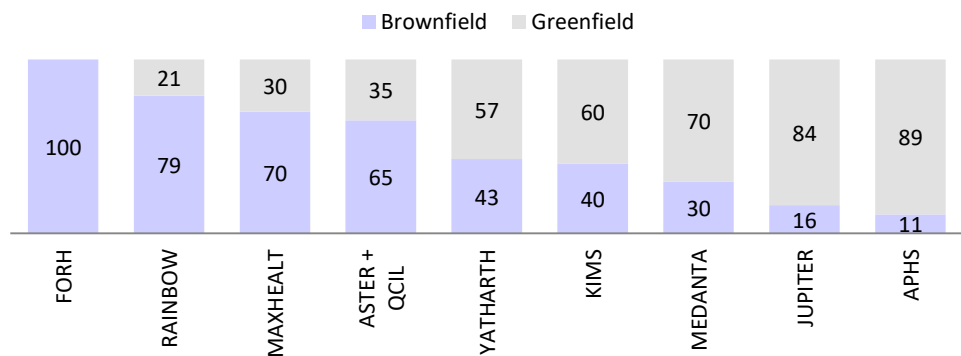


Source: MOFSL, Company

**Max focuses on brownfield expansion in North India**

- Of ~16,707 bed additions by listed hospitals over FY25-27, 48% of them will be added through brownfield expansion and 52% through greenfield/inorganic expansion.
- Max has the highest share in brownfield expansion at 29%, followed by Aster + QCIL at 28.5%. Jupiter, on the other hand, has the lowest share at 1.2% in total brownfield expansion.
- Max plans to add ~3,332 beds over FY25-27, of which 70% will be brownfield in nature and the remaining 30% will be greenfield/inorganic, primarily focused in North and West India.
- While Fortis is looking at 100% brownfield expansion, it plans to expand its bed capacity by just 23% (vs. overall average of 39%), all across Punjab, UP, Noida, and Gurugram.
- Rainbow plans to add ~480 beds over FY25-27, with 79% through brownfield projects. This includes three ~80-100-bed spokes around its hubs and two new hospitals in Northern India (Gurugram) slated for commissioning in FY27/FY28.

**Exhibit 8: FORH, RAINBOW, MAXHEALT will focus on brownfield expansion**



Source: MOFSL, Company

**APHS leads the race in greenfield expansion**

- APHS is increasing its bed capacity by ~44% over FY25-27 to 11,457 beds; however, its brownfield share is the lowest at 11%.
- APHS plans to add 3,130 beds through a mix of greenfield expansion and acquisitions in Maharashtra, UP, and South India.

- Jupiter is adding ~575 beds over the next three years, of which 500 beds (84% of total expansion) will be added in Dombivali via greenfield expansion.
- Medanta is adding 950 beds in Noida and Delhi regions, with greenfield expansion of 70%.

#### KIMS' low capex per bed reflects efficient expansion

- Over FY25-27, listed hospitals will incur a total capex of INR202b for their planned expansion.
- Consequently, excluding Aster, capex per bed is expected to be INR12.1m.
- Despite ~70% brownfield bed expansion, Max will incur the highest capex of INR73b over the next three years, with capex per bed of INR22m (~75% higher than the average).

**Exhibit 9: Capex per bed highest for Max and lowest for KIMS and Yatharth**

Hospitals	Current Operating Beds	Bed addition (FY25-27)	% addition	Capex (INR b)	Capex per bed (INR m)
Medanta	2446	1350	55.2	14.9	11.0
APHS	7994	3512	43.9	61.0	17.4
MAXHEALT	3949	3332	84.4	72.9	21.9
KIMS	4038	2285	56.6	17.1	7.5
Rainbow	1523	480	31.5	7.2	15.0
FORH	4048	930	23	18.0	19.4
Jupiter	983	597	60.7	6.0	10.1
Yatharth	1605	700	43.6	4.9	7.0
Aster DM + QCIL	10166	3521	34.6	n.a.	n.a.
<b>Total</b>	<b>42431</b>	<b>16707</b>	<b>39.4</b>	<b>202.0</b>	<b>12.1</b>

Source: MOFSL, Company

- KIMS is one of the hospitals with the lowest capex per bed of INR7.5m, as (i) only 35% of its bed expansion will be in Tier 1 cities with capex per bed of INR9.2m, (ii) the remaining 65% expansion will be in Tier II-III cities where land parcel and construction costs are cheaper, (iii) ~40% bed capacity expansion will be brownfield in nature, which requires lesser investment.
- Notably, despite 70% of bed capacity expansion via the greenfield route in Tier I cities, Medanta's capex per bed is expected to be low at INR11m.
- Yatharth has the lowest capex per bed at INR7m since it focuses on general medicine, which forms ~21% of total therapy mix.

#### North/South India commanding maximum bed addition over next 3 years

- Over the next three years, North and South India would be key beneficiaries of bed capacity expansions by listed companies.
- Of the total bed additions, ~41% (6,956 beds) are planned in North India and ~33% (5,484 beds) in South India, ~15% (2,480 beds) in West and the remaining 270 beds in East India.

**Exhibit 10: ~74% bed capacity expansion planned in North and South India**

Hospitals	North	South	East	West	Total
Medanta	1,350	0	0	0	1,350
APHS	1,152	1,115	270	975	3,512
MAXHEALT	2,724	0	0	608	3,332
KIMS	0	1,985	0	300	2,285
Rainbow	100	380	0	0	480
FORH	930	0	0	0	930
Jupiter	0	0	0	597	597
Yatharth	700	0	0	0	700
Aster DM + QCIL*	0	1,877	0	0	3,521
<b>Total</b>	<b>6,956</b>	<b>5,484</b>	<b>270</b>	<b>2,480</b>	<b>16,707</b>

\*Expansion data for QCIL unavailable

Source: MOFSL, Company

- Medanta, Max, Fortis and Yatharth would be expanding primarily in the ARPOB-accretive North India market.
- On the other hand, KIMS, Rainbow and Aster would be expanding primarily in South India.
- KIMS is venturing out with a greenfield expansion of ~965 beds in new geographies like Mumbai (300 beds) and Bangalore (665 beds).

**Strong acquisitions-led growth for Max historically**

- Since FY22, Max, Aster, and KIMS have been the most active in making acquisitions to enter new markets.
- Max invested ~INR30b in FY24 to acquire hospitals, adding ~2,350 beds inorganically. These acquisitions have enabled Max to expand into new markets like Lucknow and Nagpur, where it previously had no presence. It is also strengthening its footprint in the Delhi-NCR region.

**Exhibit 11: Growth via inorganic expansion**

Company	Hospital acquired	Date	Location	No of Beds	Cash paid (INR m)	EV (INR m)	Stake acquired	EV/bed
MAXHEALT	Jaypee healthcare	Sep-24	Noida	1200	16,000	25,000	64%	20.8
	Sahara Hospital	Feb-24	Lucknow	550	9,400	9,400	100%	17.1
	Alexis Hospital	Feb-24	Nagpur	200	4,120	4,120	100%	20.6
	Eqova Healthcare	Feb-22	Patparganj	400	470	1,808	26%	4.5
APHS	Pune	Sep-23	Pune	400	6,750	6,750	100%	16.9
	Kolkata	Jul-23	Kolkata	270	1,020	1,020	100%	3.8
KIMS	Queen's NRI	Jul-24	Vizag	200	800	800	100%	4.0
	Hiranandani Hospital	Mar-24	Thane	300	5,000	5,000	100%	16.7
	Kingsway	Aug-22	Nagpur	300	NA	NA	515	NA
ASTER	Asian Fidelis Hospital	May-24	Faridabad	200	1,200	1,200	100%	6.0
	Aster Aadhar	Nov-24	Kolhapur	254	NA	NA	13%	NA
	Care Hospital	Nov-24		5150	NA	NA	Merger	NA
	Ramesh Hospitals	Jul-23	Ongole	710	2,000	3,478	58%	4.9
	Adiran IB Healthcare	Jan-23	AP	50	20	20	100%	0.4
NARH	ENT	Oct-22	Cayman	NA	375	375	100%	NA
	Shiva Orthopaedic	Sep-22	Bengaluru	100	2,000	NA	100%	20.0
FORH	Medeor Hospital	Aug-23	Manesar	350	2,300	2,300	100%	6.6
YATHARTH	MGS Infotech	Nov-24	Faridabad	400	900	1,500	60%	3.8

Source: MOFSL, Company

- Aster has also been on an acquisition spree, completing five acquisitions in the past two years, including the Care Hospital and Aster Aadhar mergers. These moves will add a total of 6,364 beds to its portfolio across India.
- KIMS and APHS have been aggressively acquiring facilities in new markets, adding ~800 and ~670 beds, respectively. KIMS spent ~INR5.8b, while APHS invested ~INR7.8b on these acquisitions.
- Additionally, NARH plans to acquire a 51% stake in Spire Healthcare in the UK for an enterprise value of ~INR95.2b (USD1.1b).
- In contrast, Rainbow, Jupiter, and Medanta have not pursued acquisitions for expansion into new markets, instead focusing on organic growth in these regions.

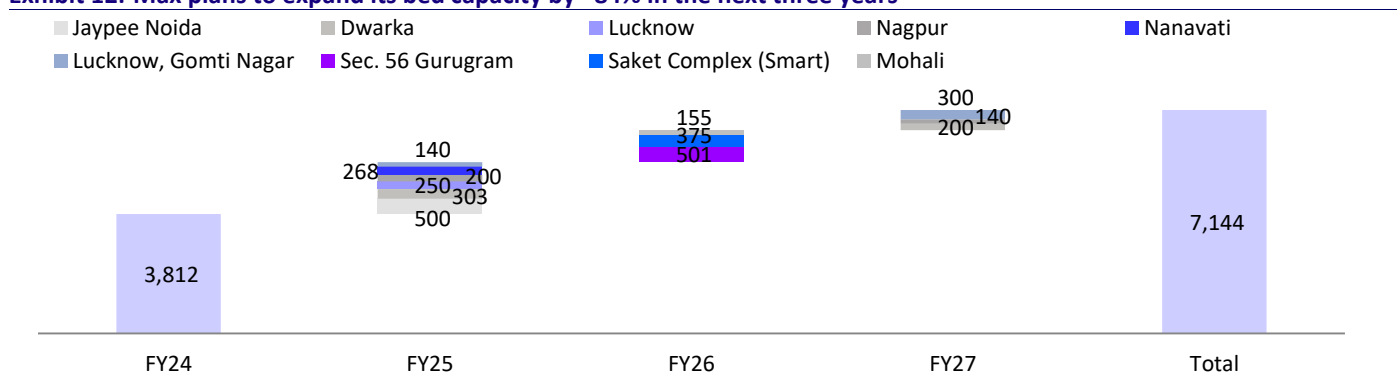
### Strong roadmap for Max Healthcare

- Over FY25-27, Max plans to add 3,332 beds, the highest bed addition among listed players, which will increase its bed capacity by 84% to 7,130 beds.
- With a planned brownfield expansion of ~70%, we expect a quicker breakeven for new beds, thus driving higher operating leverage benefits.
- Max will focus primarily on Tier I cities in North India, with ~82% of its bed additions in this region. The remaining 18% of beds will be added in Western India. The expansion in Tier I cities is expected to be ARPOB-accretive for Max.
- Considering its expansion into Tier I cities, Max is expected to have the highest capex per bed of INR22m (vs. industry average of INR12m).

### Brownfield-focused expansion to be faster margin-accretive for Max

- Max plans to add another 3,332 beds by FY27, taking its total bed capacity to 7,130 for a cumulative capex of INR73b.
- In 1HFY25, Max added 1,250 beds in Maharashtra, Lucknow, and Delhi. Further, the company plans to add ~410 beds in Maharashtra, ~880 beds in Delhi, ~200 beds in UP, and 155 beds in Mohali.
- Of the total planned expansion, ~70% of the total capacity will be brownfield in nature, while the remaining 30% will be greenfield.

Exhibit 12: Max plans to expand its bed capacity by ~84% in the next three years

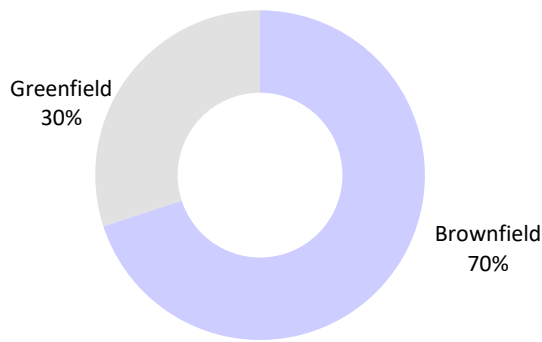


Source: MOFSL, Company

- The company has land parcels in Delhi (Max Smart), Greater Noida, Lucknow (Shaheed Path), Sector-53 Gurugram, and Mohali with the potential to add ~400-500 beds at each of these locations over a longer period.
- Despite multiple acquisitions in 1HFY25, Max was in a net cash position of INR895m and FCF of INR24b as of Sep'24.
- Going ahead, we expect a cumulative three-year cash balance of INR103b and FCF of INR50b, providing Max with enough headroom for bed capacity expansion.

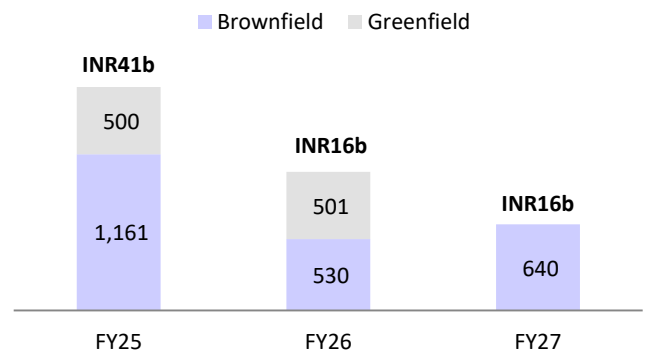


**Exhibit 13: Brownfield expansion to be margin-accretive**



Source: MOFSL, Company

**Exhibit 14: Capex per bed likely to be INR22m**

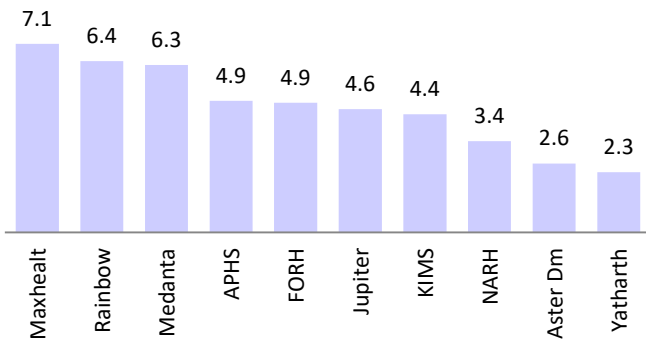


Source: MOFSL, Company

**Max has highest EBITDA per bed despite high capex**

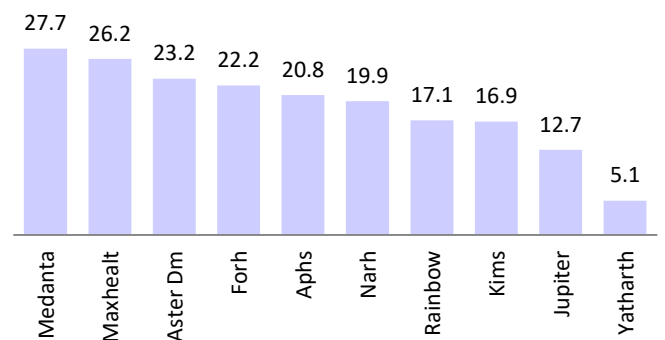
- Despite high capex per bed, Max’s strong operating leverage helped it achieve a 26% CAGR in EBITDA per bed over FY20-24.
- Consequently, Max has the highest EBITDA per bed among its peers at INR7.1m vs. industry average of INR4.7m.

**Exhibit 15: Max’s EBITDA per bed (INRm) is ~50% higher than the total average as of Sep’24**



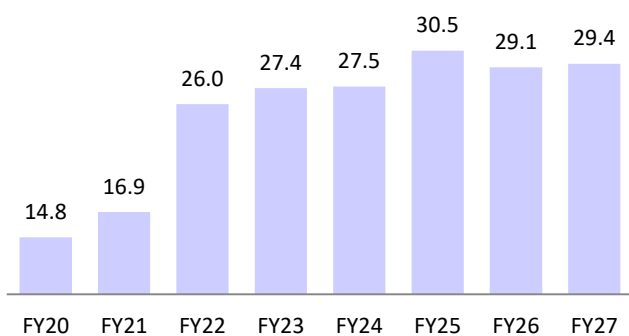
Source: MOFSL, Company

**Exhibit 16: Max’s EBITDA per bed grew at the second-fastest rate of 26% CAGR over FY20-24**



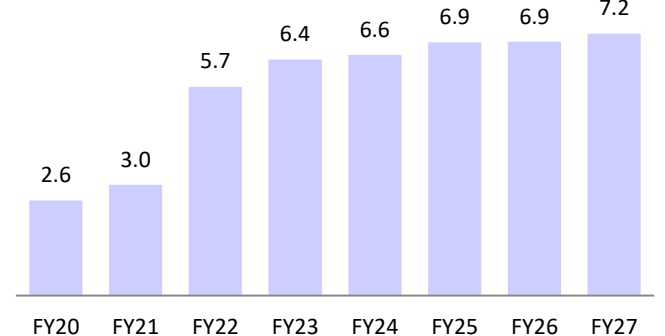
Source: MOFSL, Company

**Exhibit 17: EBITDA margin to expand by 190bp over FY24-27**



Source: MOFSL, Company

**Exhibit 18: EBITDA per bed to scale up to INR7.2m by FY27**



Source: MOFSL, Company

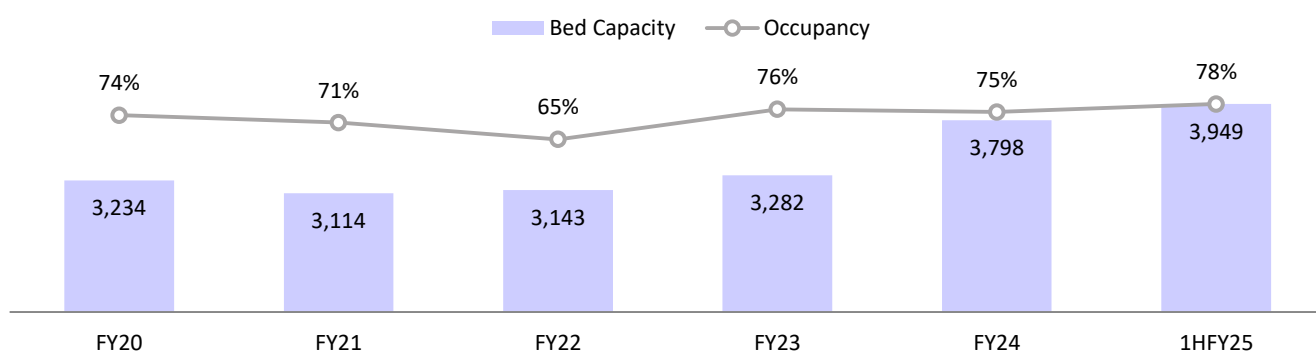
- Among the listed companies, Max is adding the highest number of beds and is one of the hospital companies with the highest brownfield expansion.

- For Max, this will not only drive strong revenue growth, but also pave the way for quicker EBITDA breakeven for new beds, proving the addition to be ARPOB-accretive.

**Operating leverage to further strengthen MAXHEALT’s profitability**

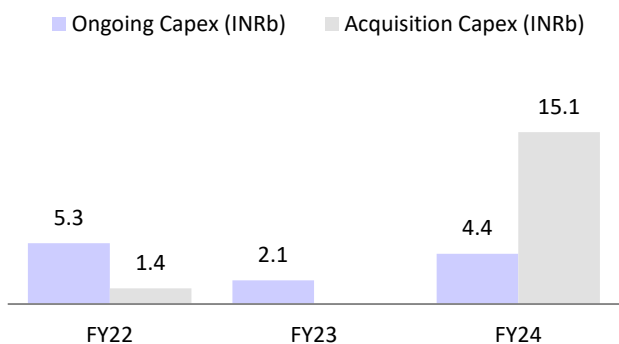
- Max has aggressively increased its bed capacity both organically as well as inorganically. Since FY21, total bed capacity has increased by 931 to 4,302 beds, of which ~81% of beds were added inorganically.
- The acquired entities have land parcels as well to further expand the bed capacity in the future. Synergies from current facilities, along with a strong liquidity position, would support the company to grow both organically as well as inorganically.

**Exhibit 19: Aggressive bed capacity expansion to drive growth**



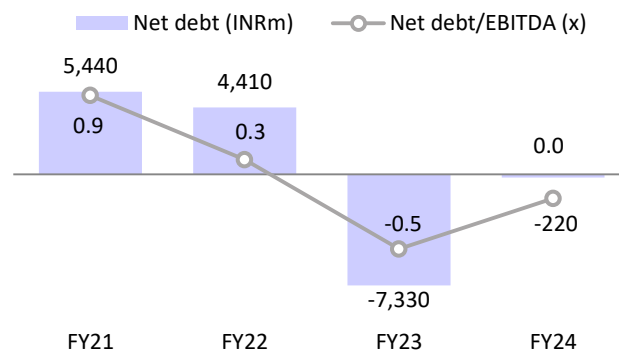
Source: MOFSL, Company

**Exhibit 20: Despite heavy capex...**



Source: MOFSL, Company

**Exhibit 21: ...Max’s liquidity position remains strong**

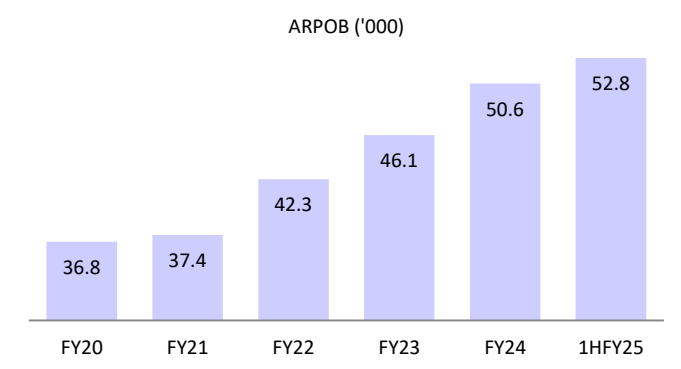


Source: MOFSL, Company

- In FY24, Max acquired a 64% stake in the 550-bed Jaypee Hospital, along with full ownership of the 550-bed Sahara Hospital and the 200-bed Alexis Hospital. Although these hospitals faced underperformance previously, Max Healthcare’s acquisition and management expertise are expected to turn around their operations, driving enhanced profitability for the company.
- Consequently, we expect Max’s EBITDA margins to expand ~190bp over FY24-27 to 29.4%, with EBITDA per bed of INR7.2m.

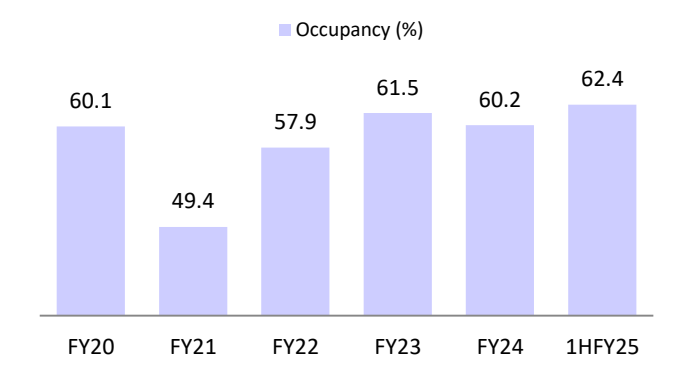
## Snapshot of operational parameters at aggregate level

**Exhibit 22: Average ARPOB clocked 8.3% CAGR over FY20-24**



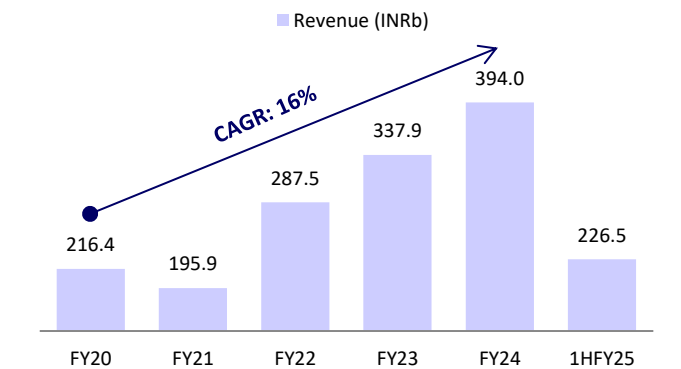
Source: Company, MOFSL

**Exhibit 23: Total occupancy was steady despite bed addition**



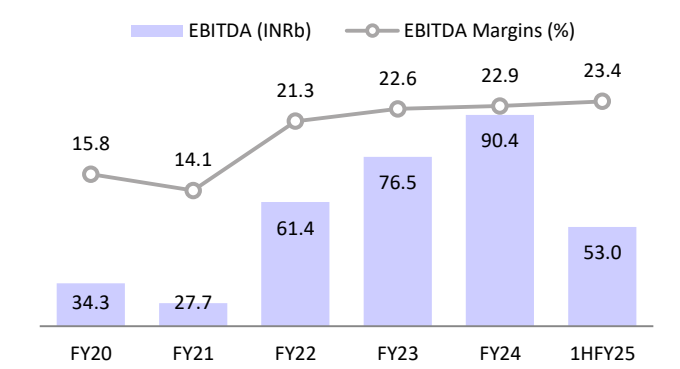
Source: Company, MOFSL

**Exhibit 24: Total revenue saw 16% CAGR over FY20-24**



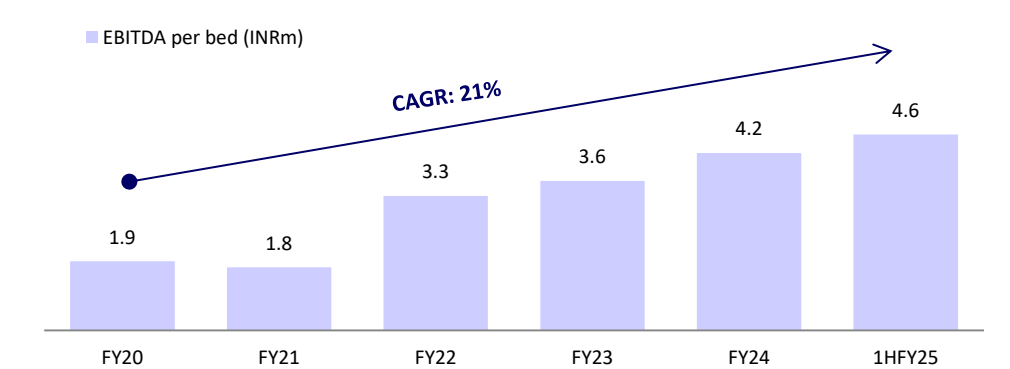
Source: Company, MOFSL

**Exhibit 25: Operating leverage driving profit growth**



Source: Company, MOFSL

**Exhibit 26: EBITDA per bed grew at 21% CAGR over FY20-24**



Source: Company, MOFSL

## Financials and valuations

Consolidated - Income Statement						(INR m)
Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Total Income from Operations</b>	<b>51,710</b>	<b>58,750</b>	<b>68,150</b>	<b>84,161</b>	<b>1,03,506</b>	<b>1,17,935</b>
Change (%)	43.6	13.6	16.0	23.5	23.0	13.9
<b>Total Expenditure</b>	<b>38,270</b>	<b>42,680</b>	<b>49,420</b>	<b>62,111</b>	<b>75,984</b>	<b>85,857</b>
% of Sales	74.0	72.6	72.5	73.8	73.4	72.8
<b>EBITDA</b>	<b>13,440</b>	<b>16,070</b>	<b>18,730</b>	<b>22,050</b>	<b>27,522</b>	<b>32,078</b>
Margin (%)	26.0	27.4	27.5	26.2	26.6	27.2
Depreciation	2,480	2,600	2,840	3,908	4,518	4,602
<b>EBIT</b>	<b>10,960</b>	<b>13,470</b>	<b>15,890</b>	<b>18,143</b>	<b>23,005</b>	<b>27,477</b>
Int. and Finance Charges	1,120	390	-380	179	100	-127
Other Income	470	290	350	295	673	767
<b>PBT bef. EO Exp.</b>	<b>10,310</b>	<b>13,370</b>	<b>16,620</b>	<b>18,258</b>	<b>23,578</b>	<b>28,370</b>
EO Items	-500	-390	-670	-460	0	0
<b>PBT after EO Exp.</b>	<b>9,810</b>	<b>12,980</b>	<b>15,950</b>	<b>17,798</b>	<b>23,578</b>	<b>28,370</b>
Total Tax	1,430	-300	3,160	3,560	4,315	5,107
Tax Rate (%)	14.6	-2.3	19.8	20.0	18.3	18.0
Minority Interest	0	0	0	0	0	0
<b>Reported PAT</b>	<b>8,380</b>	<b>13,280</b>	<b>12,790</b>	<b>14,238</b>	<b>19,263</b>	<b>23,263</b>
<b>Adjusted PAT</b>	<b>8,807</b>	<b>11,226</b>	<b>13,316</b>	<b>14,597</b>	<b>19,263</b>	<b>23,263</b>
Change (%)	401.8	27.5	18.6	9.6	32.0	20.8
Margin (%)	17.0	19.1	19.5	17.3	18.6	19.7

Consolidated - Balance Sheet						(INR m)
Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	9,696	9,696	9,696	9,696	9,696	9,696
Total Reserves	57,484	71,004	83,254	97,492	1,16,755	1,40,019
<b>Net Worth</b>	<b>67,180</b>	<b>80,700</b>	<b>92,950</b>	<b>1,07,188</b>	<b>1,26,452</b>	<b>1,49,715</b>
Minority Interest	0	0	0	0	0	0
Total Loans	9,180	6,820	11,770	12,110	2,110	2,110
Deferred Tax Liabilities	1,850	-500	370	370	370	370
<b>Capital Employed</b>	<b>78,210</b>	<b>87,020</b>	<b>1,05,090</b>	<b>1,19,668</b>	<b>1,28,932</b>	<b>1,52,195</b>
Gross Block	37,100	39,210	57,290	65,886	72,355	78,849
Less: Accum. Deprn.	2,480	2,600	5,440	9,348	13,865	18,467
<b>Net Fixed Assets</b>	<b>34,620</b>	<b>36,610</b>	<b>51,850</b>	<b>56,538</b>	<b>58,490</b>	<b>60,382</b>
Goodwill on Consolidation	37,730	37,730	42,670	42,670	42,670	42,670
Intangibles	6,880	6,810	7,370	7,370	7,370	7,370
Capital WIP	0	0	7,620	4,024	4,055	4,061
<b>Total Investments</b>	<b>20</b>	<b>20</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>660</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>17,192</b>	<b>22,997</b>	<b>20,776</b>	<b>33,115</b>	<b>46,015</b>	<b>71,499</b>
Inventory	830	1,040	1,060	1,276	1,561	1,764
Account Receivables	4,533	4,340	6,000	6,456	7,940	9,047
Cash and Bank Balance	6,150	15,650	12,860	16,140	25,146	47,736
Loans and Advances	5,679	1,967	856	9,243	11,367	12,952
<b>Curr. Liability &amp; Prov.</b>	<b>18,233</b>	<b>17,147</b>	<b>25,856</b>	<b>24,709</b>	<b>30,328</b>	<b>34,447</b>
Account Payables	5,667	6,438	10,170	9,370	11,462	12,952
Other Current Liabilities	8,369	5,940	10,155	8,509	10,465	11,924
Provisions	4,197	4,768	5,531	6,831	8,401	9,572
<b>Net Current Assets</b>	<b>-1,040</b>	<b>5,850</b>	<b>-5,080</b>	<b>8,406</b>	<b>15,687</b>	<b>37,052</b>
<b>Appl. of Funds</b>	<b>78,210</b>	<b>87,020</b>	<b>1,05,090</b>	<b>1,19,668</b>	<b>1,28,931</b>	<b>1,52,195</b>

## Financials and valuations

### Ratios

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Basic (INR)</b>						
Adj. EPS	9.1	11.6	13.7	15.1	19.9	24.0
Cash EPS	11.6	14.3	16.7	19.1	24.5	28.7
BV/Share	69.3	83.2	95.9	110.6	130.4	154.4
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>						
P/E	128.6	100.9	85.0	77.6	58.8	48.7
Cash P/E	100.3	81.9	70.1	61.2	47.6	40.6
P/BV	16.9	14.0	12.2	10.6	9.0	7.6
EV/Sales	22.0	19.1	16.6	13.4	10.7	9.2
EV/EBITDA	84.5	69.9	60.4	51.2	40.3	33.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	4.4	17.8	-3.3	2.9	19.0	22.4
<b>Return Ratios (%)</b>						
RoE	14.1	15.2	15.3	14.6	16.5	16.8
RoCE	13.5	17.2	13.5	13.2	15.6	16.5
RoIC	13.8	19.2	16.4	15.9	19.0	22.7
<b>Working Capital Ratios</b>						
Fixed Asset Turnover (x)	1.4	1.5	1.2	1.3	1.4	1.5
Asset Turnover (x)	0.7	0.7	0.6	0.7	0.8	0.8
Inventory (Days)	6	6	6	6	6	5
Debtor (Days)	32	27	32	28	28	28
Creditor (Days)	40	40	54	41	40	40
<b>Leverage Ratio (x)</b>						
Current Ratio	0.9	1.3	0.8	1.3	1.5	2.1
Interest Cover Ratio	9.8	34.5	-41.8	101.3	231.1	-217.0
Net Debt/Equity	0.0	-0.1	0.0	0.0	-0.2	-0.3

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	10,310	13,370	15,950	17,798	23,578	28,370
Depreciation	2,480	2,600	2,840	3,908	4,518	4,602
Interest & Finance Charges	1,120	390	-730	-115	-573	-893
Direct Taxes Paid	-1,430	300	-3,160	-3,560	-4,315	-5,107
(Inc)/Dec in WC	-1,300	2,609	8,141	-10,206	1,725	1,225
<b>CF from Operations</b>	<b>11,180</b>	<b>19,269</b>	<b>23,041</b>	<b>7,825</b>	<b>24,933</b>	<b>28,197</b>
<b>CF from Operating incl EO</b>	<b>11,180</b>	<b>19,269</b>	<b>23,041</b>	<b>7,825</b>	<b>24,933</b>	<b>28,197</b>
(Inc)/Dec in FA	-6,880	-1,990	-26,260	-5,000	-6,500	-6,500
<b>Free Cash Flow</b>	<b>4,300</b>	<b>17,279</b>	<b>-3,219</b>	<b>2,825</b>	<b>18,433</b>	<b>21,697</b>
(Pur)/Sale of Investments	0	0	-640	0	0	0
Others	470	290	350	295	673	767
<b>CF from Investments</b>	<b>-6,410</b>	<b>-1,700</b>	<b>-26,550</b>	<b>-4,705</b>	<b>-5,827</b>	<b>-5,733</b>
Issue of Shares	37	0	0	0	0	0
Inc/(Dec) in Debt	-2,100	-2,360	4,950	340	-10,000	0
Interest Paid	-1,120	-390	380	-179	-100	127
<b>CF from Fin. Activity</b>	<b>-3,183</b>	<b>-2,750</b>	<b>5,330</b>	<b>161</b>	<b>-10,100</b>	<b>127</b>
<b>Inc/Dec of Cash</b>	<b>1,587</b>	<b>14,819</b>	<b>1,821</b>	<b>3,280</b>	<b>9,006</b>	<b>22,590</b>
Opening Balance	6,660	6,150	15,650	12,860	16,140	25,146
<b>Closing Balance</b>	<b>6,150</b>	<b>15,650</b>	<b>12,860</b>	<b>16,140</b>	<b>25,146</b>	<b>47,736</b>

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SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilalosal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilalosal.com, Contact No.:022-40548085.

#### Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilalosal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilalosal.com, for DP to dpgrievances@motilalosal.com.