AXIS SECURITIES

Initiating Coverage
29th Nov 2021

Healthcare Global Enterprises Ltd
Pharmaceutical

Buy
Target Price
330

Leadership in Speciality Healthcare; Operating Profitability Turning Around

We initiate coverage on HealthCare Global Enterprises Ltd (HCG) with a BUY rating and a target price of Rs 330 (EV/EBITDA 15x for FY24E EBITDA), implying an upside potential of 32% from the current levels. Oncology is the fastest growing industry in the healthcare market with a CAGR of 13% over FY16-19. HCG has reported revenue CGAR of 19%, outpacing the industry growth. Over the same period, it has also delivered an encouraging new patients' registration rate of 24.6% CAGR. The company's ARPOB reached Rs 38,345 (+21.9% Q2FY22 YoY) due to high-end works and is expected to improve further with the increase in the volume of international patients. Fixed cost comprises 65% of overall costs and operating leverage in new centers are likely to improve margins to 12%-15% over FY21-FY24E. CVC Capital (PE) is a new promoter of the company and HCG has appointed extensively experienced Mr. Raj Gore as a new CEO.

Oncology opportunity growing faster than the Healthcare market

Oncology, with a 13% CAGR over FY16-19, is the fastest growing industry in the Healthcare market. The size of the Oncology industry is ~Rs 165 Bn and reports 1.5 Mn new cases every year. HCG has been outpacing the industry growth with revenue CAGR of 19% and new patients' registration CAGR of 24.6% over FY16-FY19. The company has set up a strong network of 25 centers across the country which stands 2x the capacity of the immediate competitor. We believe HCG is well-placed to grow new patient registrations backed by its competitive strengths such as high-end works, strong brand recall, easily access to centers, and reasonable prices.

High-End Work leads to an increase in ARPOB for HCG

HCG's ARPOB reached Rs 38,345 (+21.9% Q2FY22 YoY) due to high end works such as robotic surgery and Cyberknife in Oncology verticals of Head & Neck, Urology, Bone Marrow transplantation, Liver Surgery and complicated tumours. Furthermore, the increase in the volume of international patients may improve ARPOB (Waned Covid-19 impact) in the upcoming quarters. (International patients comprise 2% of the sales now which was 6% before the Covid-19 pandemic). We believe the current ARPOB are sustainable and may report a CAGR of 10% over FY21-FY24E.

On the cusp of turning around the company's operating profitability

HCG is expected to turn around its operating profitability with Operating EBITDA Margins improving by 680bps over FY21-FY24E, majorly driven by a) Operating leverage driven by the increase in Average Occupancy rates (53%-58%) b) Increase in ARPOB led by the increase in international patients and high end works, and c) Operating leverage in new centers that have already achieved breakeven. Given variable and fixed costs comprise 35% and 65% in hospitals respectively, we believe strong operating leverage in new centers may improve margins to 12%-15% over FY21-FY24E.

Key Financials (Consolidated)

(Rs Cr)	FY21	FY22E	FY23E	FY24E
Net Sales	1,013	1,347	1,576	1,807
EBITDA	127	206	273	349
Net Profit	-221	-37	32	100
EPS (Rs)	-17.6	-2.7	2.3	7.2
PER (x)	-14.2	-92.9	107.8	34.6
EV/EBITDA (x)	4.5	4.4	4.2	3.7
P/BV (x)	32.2	20.1	15.0	11.3
ROE (%)	-31.7	-4.7	3.9	10.8

Source: company, Axis Research

(CMP as Nov of 26, 2021)

CMP (Rs)	250
Upside /Downside (%)	32%
High/Low (Rs)	282/130
Market cap (Rs Cr)	3,470
Avg. daily vol. (6m) Shrs (Cr).	2.60
No. of shares (Cr)	13.8

Shareholding (%)

	Mar-21	Jun-21	Sep-21
Promoter	70.7	68.4	68.4
FIIs	6.3	6.4	7.2
MFs / UTI	6.9	6.8	5.2
Banks / FIs	1.0	1.1	1.1
Others	15.1	17.3	18.1

Financial & Valuations

Y/E Mar (Rs Bn)	FY22E	FY23E	FY24E
Net Sales	1,347	1,576	1,807
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P/BV (x)	20.1	15.0	11.3
ROE (%)	-4.7	3.9	10.8

Key Drivers (%) (Growth in %)

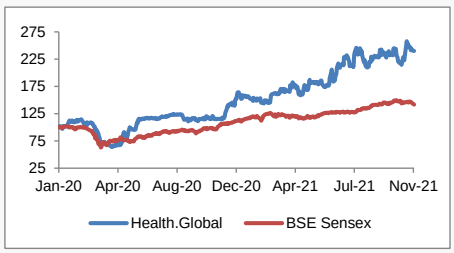
Y/E Mar	FY21E	FY22E	FY23E
Net Sales	1,540	1,811	2,095
EBITDA	431	511	595
Net Profit	255	310	365

ESG disclosure Score**

Environmental Disclosure Score	NA
Social Disclosure Score	NA
Governance Disclosure Score	NA
Total ESG Disclosure Score	NA

Source: Bloomberg, Scale: 0.1-100
**Note: This score measures the amount of ESG data a company reports publicly and does not measure the company's performance on any data point. All scores are based on 2020 disclosures

Relative performance



Source: Capitaline, Axis Securities

Ankush Mahajan
Research Analyst

email: ankush.mahajan@axissecurities.in

Focus Chart:

Exhibit 1: Incremental cases reported CAGR 4.7% over FY16-FY19 and incidences in India are expected to grow to ~2Mn cases by FY24. The industry may report new cases CAGR 4.4 over FY19-FY24.

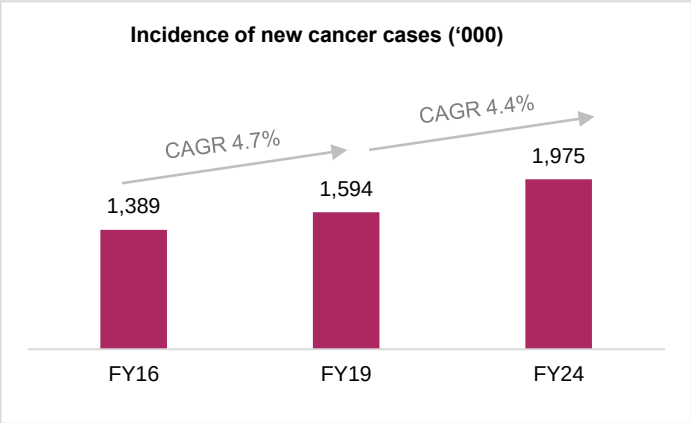
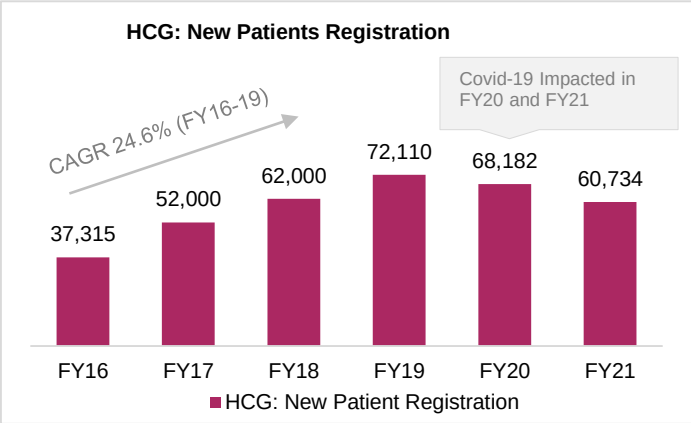


Exhibit 2: HCG has a strong network of 25 oncology centers across the country. It has outpaced industry growth and reported revenue CAGR 24.6% over FY16-FY19. HCG has highest market share of 4.5% (FY19).



Source: Company, Axis Research

Exhibit 3: Oncology is expected to grow faster than the overall Healthcare market

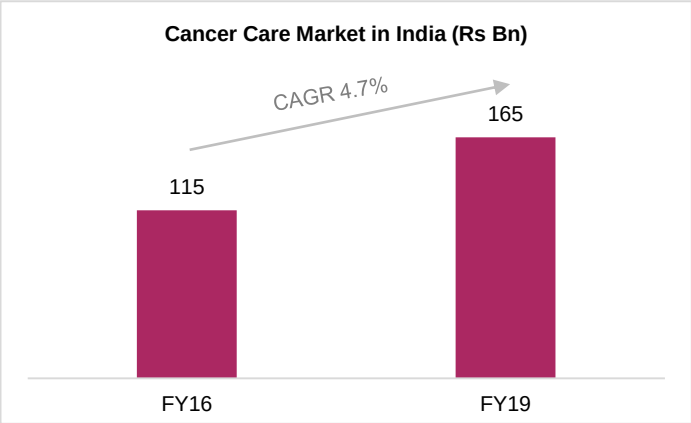
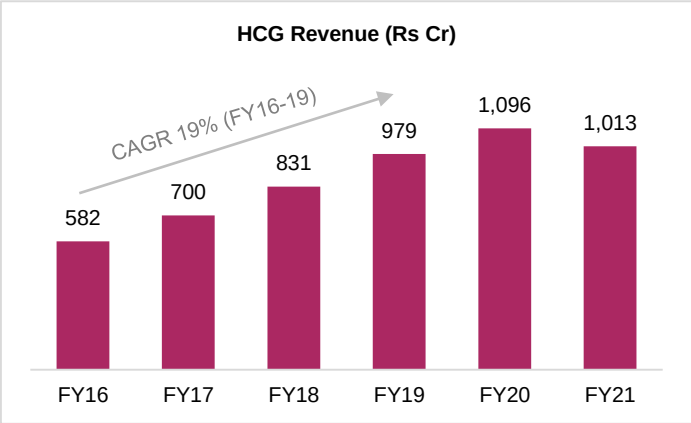


Exhibit 4: Growth in Oncology mortality is a cause for concern and needs a focused intervention.



Source: Company, Axis Research

Exhibit 5: ARPOB is in affordable range that comes under scheme like Ayushman Bharat, TPA & States scheme, expected to drive growth. Expected to grow faster than the overall Healthcare market

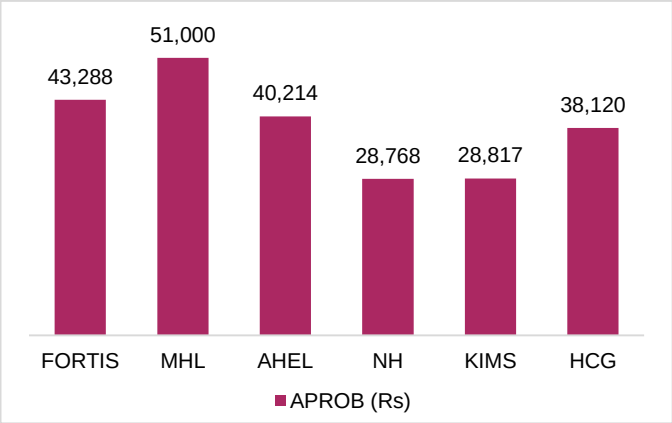
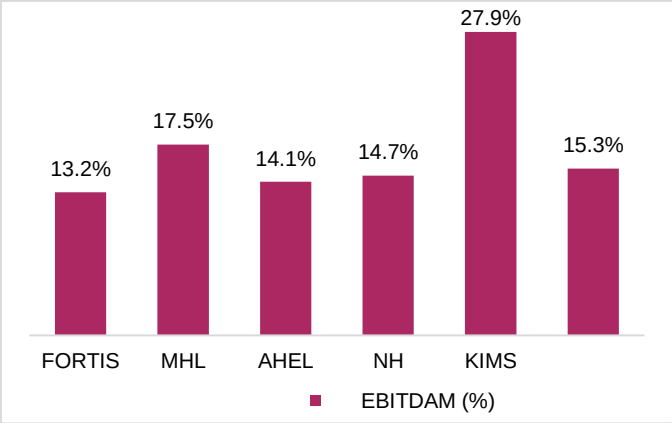
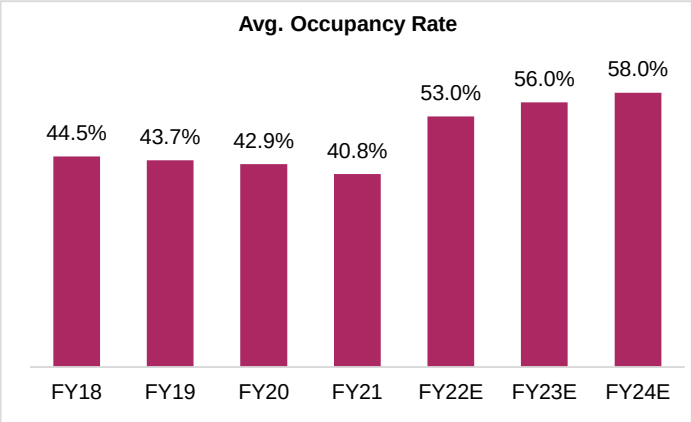


Exhibit 6: EBITDA margins still in the range of industry and expected to improve furthers with the improvement in new centers.



Source: Company, Axis Research

Exhibit 7: An increase in Average Occupancy rates (53%-58%) would bring operational leverage



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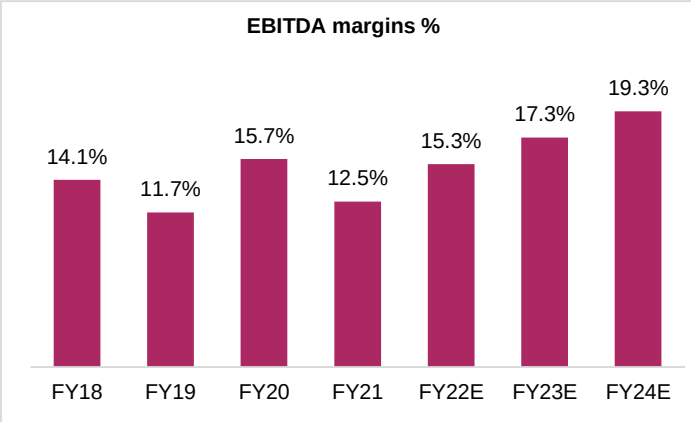


Source: Company, Axis Research, Pre Ind As 116

Exhibit 9: Increase in Average Occupancy rates (53%-58%), increase in ARPOB led by the increase in international patients and high end works.

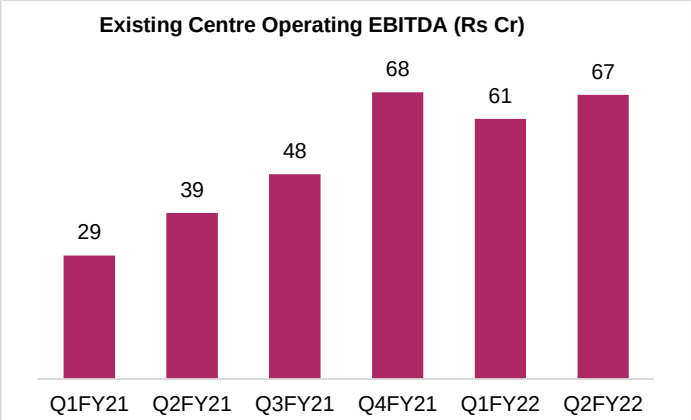
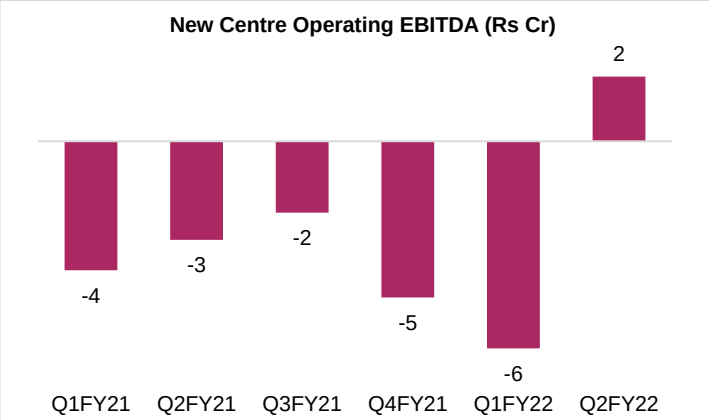


Exhibit 10: New Centers have already achieved breakeven in Q2FY22. We expect new centers may reach margins to 12%-15% over FY21-FY24E given 65% fixed costs in hospitals



Source: Company, Axis Research, Pre Ind As 116

Exhibit 11: Net debt has been reduced with the infusion of additional funds by CVC capital

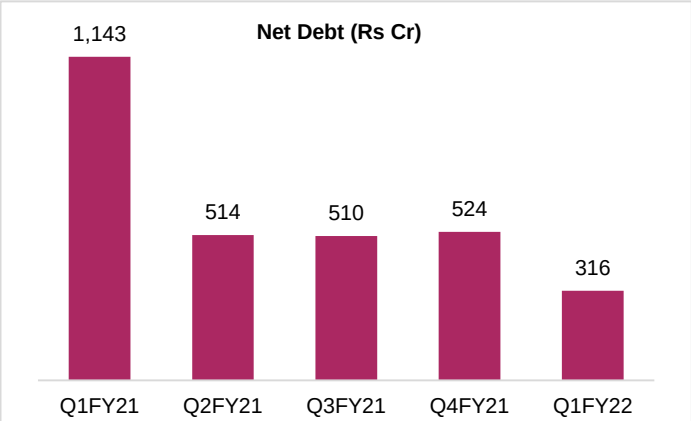
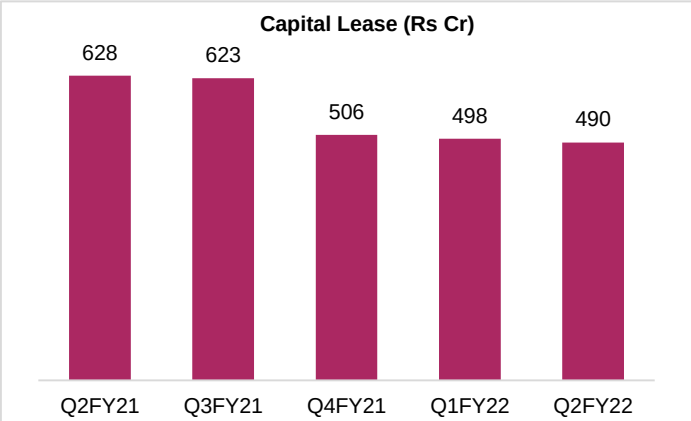


Exhibit 12: Capital Lease amount is also decreasing due to strong negotiations to reduce the long-term lease contracts



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Oncology opportunity: Growing faster than the Healthcare Market

Oncology is the fastest growing industry in the Healthcare market with a CAGR of 13% over FY16-19 and an industry size of Rs 165 Bn. It reports 1.5 Mn new cases every year. HCG reported revenue CGAR 19% over FY16-FY19, outpacing the industry growth. It has also posted an encouraging new patients' registration rate of 24.6% CAGR. HCG has set up a strong network of 25 centers which is 2x the capacity of the immediate competitor across the country. We believe HCG will grow new patient registrations by leveraging competitive strengths such as high-end works, strong brands, easily access to centers, and reasonable prices.

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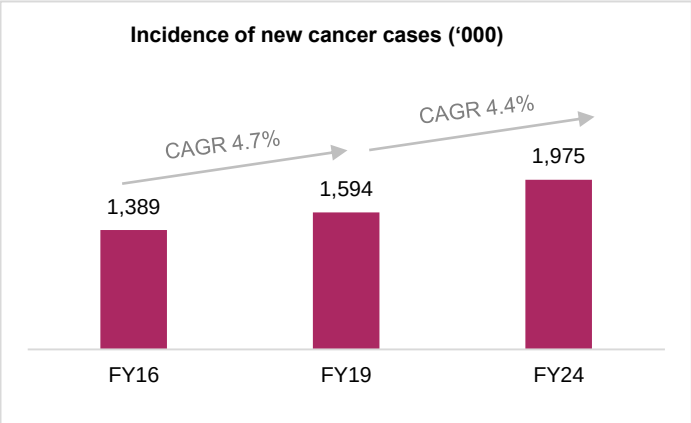

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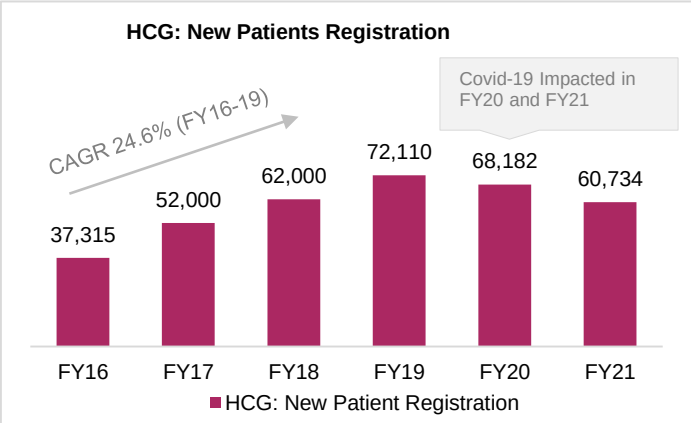

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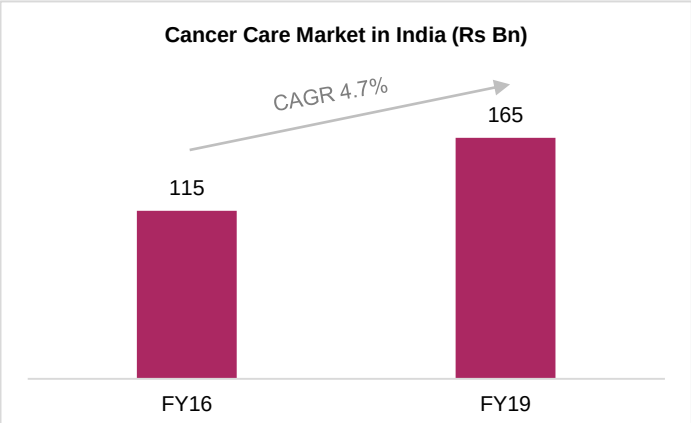
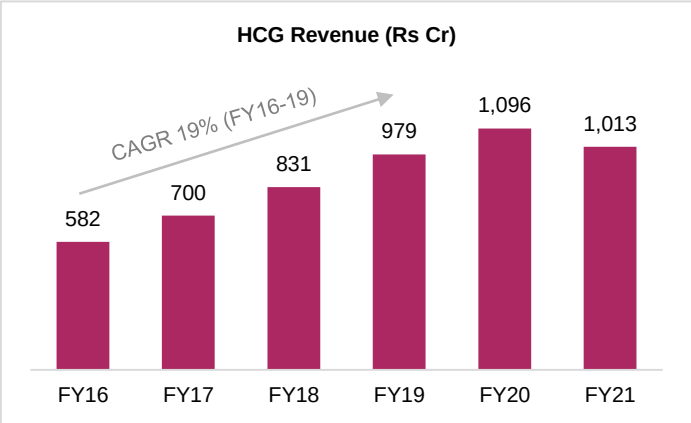


Exhibit 16: Growth in Oncology mortality is a cause for concern and needs a focused intervention.



Source: Company, Axis Research

Key Drivers of Cancer Incidence

- **Demographic Changes:** Cancer incidence increases with age – India's population >50+ years is expected to increase from 22.8 Cr (2015) to 26.2 Cr (2020). Demographic factors alone are expected to increase cancer incidences by 100,000 to 350,000 cases a year.
- **Exposure to Risk Factor:** Factors such as tobacco use, alcohol consumption, use of processed food, and air pollution are expected to increase cancer incidences to 450,000 cases/year from 350,000 cases/year.
- **Narrowing Diagnosis Gap:** Growing awareness and greater public emphasis on screening and improvements are expected to result in increased reported cancer rates.

Company Background: Largest provider of Cancer care in India

HCG is the largest provider of cancer care in India under the HCG brand. 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 in Bengaluru, and 1 center in Africa. 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.

HCG Centers: FY21 Regional highlights

Centers	Beds	AOR	ARPOB/Day (Rs)	Revenue ` (Rs Cr)	Operating EBITDA %
Karnataka	514	60.7%	40,800	113	23.0%
Gujarat	403	50.8%	45,300	88	22.2%
Maharashtra	321	51.3%	35,700	64	17.5%
East India	239	52.5%	25,000	30	13.0%
Andhra Pradesh	155	47.7%	36,500	26	12.5%

Source: company, Axis Research

Leadership across Advanced & Precision Technologies/ Specialised procedures

In HCG network, specialist physicians adopt a technology-focused approach to diagnosis and treatment. The use of advanced technologies, including molecular pathology and molecular imaging for accurate diagnosis and staging of cancer, enable the company to effectively decide the appropriate course of treatment for each patient.

A few of the company's specialized procedures

- Standardizing molecular diagnostics technologies, including genomic testing and molecular imaging, including 128 slice PET-CT scans in the diagnosis and staging of cancer, as well as introducing high-intensity flattening filter free mode radiotherapy, stereotactic, radiosurgery and robotic radiosurgery in the treatment of cancer in India.
- HCG is the first Healthcare provider in India to perform computer-assisted tumour navigation surgery. This gives HCG a distinct advantage relative to competitors in delivering high-quality and standardized cancer care to patients.
- HCG also utilize targeted nuclear medicine therapies as well as advanced radiation treatments to minimize side effects and improve the outcome of treatments.
- Considering the large number of patient cases treated across the HCG network, it is expected that the company will be able to use utilize equipment, technologies and human resources efficiently, thereby deriving economies of scale.

Exhibit 17: HCG has a strong network of 25 oncology centers having total bed capacity 1,700 across the country. This network covers ~64 Cr of population across 9 states of the country.

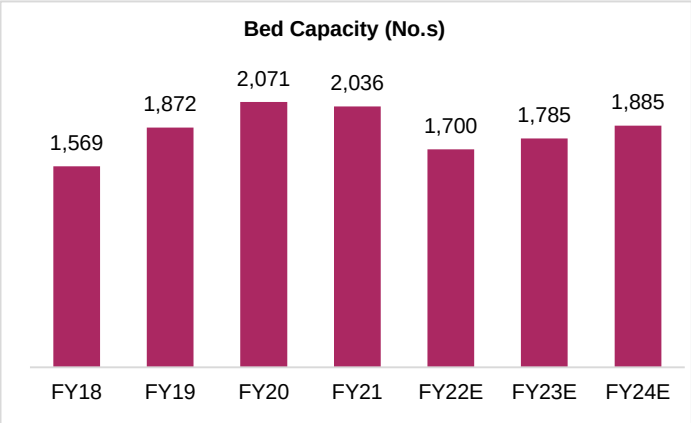
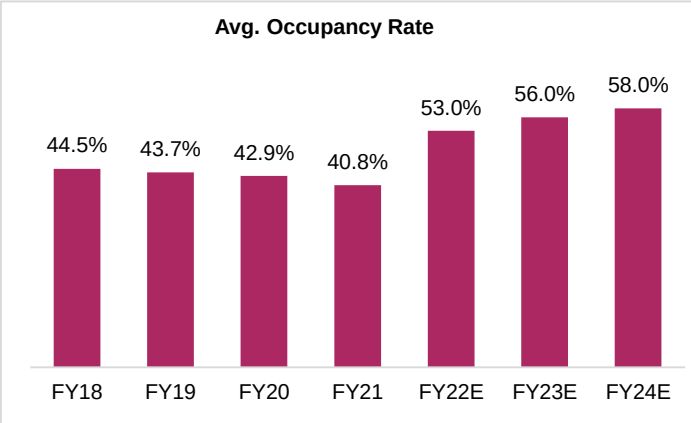


Exhibit 18: The Average Occupancy Rates are expected to be in the range of ~53%-58% and may increase the Occupied Bed Day by 10%/Yr during FY21-24E with the improvement in business after the Covid-19 impact.



Source: Company, Axis Research

Exhibit 19: The increase in the volume of international patients may improve ARPOB in the upcoming quarters. We believe these are sustainable ARPOB and would report a CAGR of 10% over FY21-FY24E.

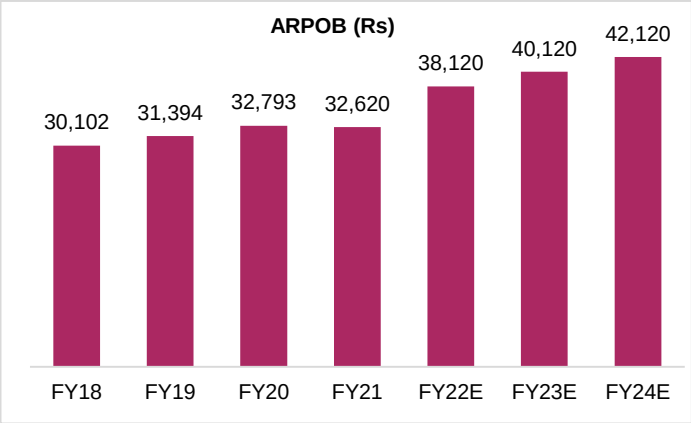
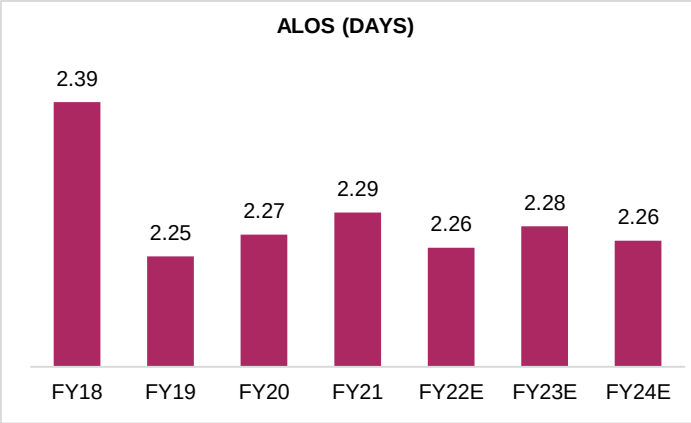


Exhibit 20: Continues improvement in ALOs reflects high churning of patients. HCG' high end works has increased the number of patients and led to improvement of ALOs.



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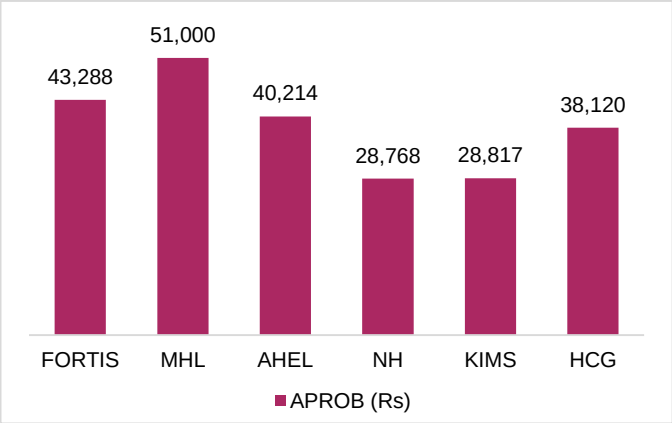
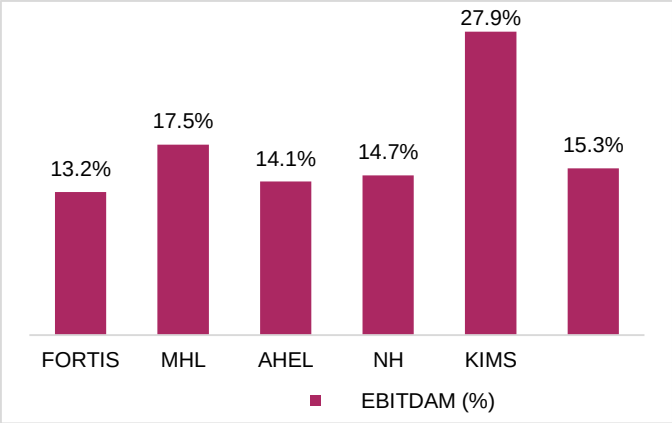


Exhibit 22: EBITDA margins still in the range of industry and expected to improve furthers with the improvement in new centers.



Source: Company, Axis Research

High-End Work leads to increasing ARPOB

HCG' ARPOB reached Rs 38,345 (+21.9% Q2FY22 YoY) due to high end works such as robotic surgery and Cyberknifein oncology verticals of Head & Neck, Urology, Bone Marrow transplantation, Liver Surgery, and complicated tumours. Furthermore, the increase in the volume of international patients may improve the company's ARPOB (Waned Covid-19 impact) in the upcoming quarters. International patients comprise 2% of sales now which was 6% before the Covid-19 pandemic. We believe, these are sustainable ARPOB and may report a CAGR of 10% over FY21-FY24E.

Exhibit 23: HCG's ARPOB reached Rs 38,345 (+21.9% Q2FY22 YoY) due to high-end works. These are likely to be sustainable ARPOB and may report a CAGR of 10% over FY21-FY24E.

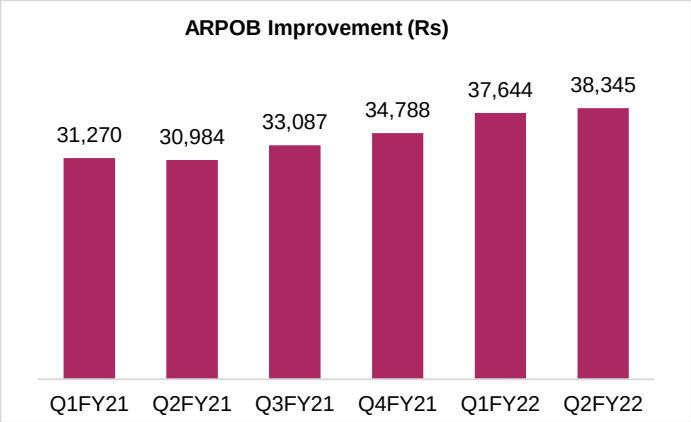
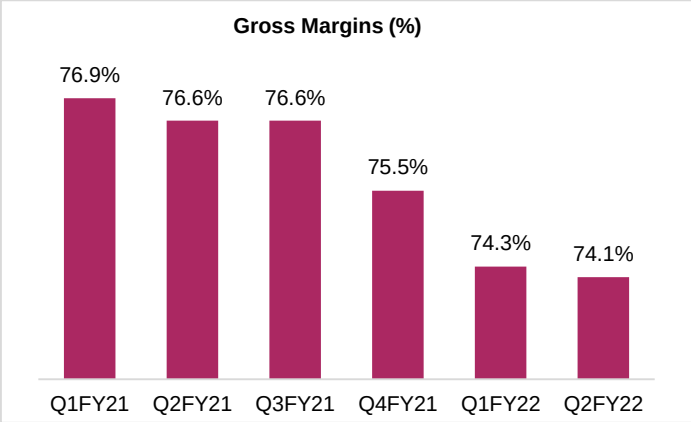
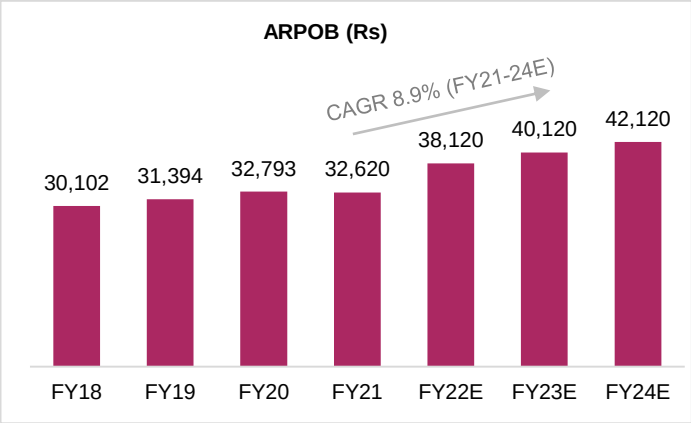


Exhibit 24: The Company is to post sustainable Gross Margins backed by high-end work such as robotic surgery and Cyberknife in oncology verticals of Head & Neck, Urology, Bone Marrow transplantation, liver surgery and complicated tumors.



Source: Company, Axis Research

Exhibit 25: The increase in the volume of international patients may improve ARPOB in the upcoming quarters. We believe these are sustainable ARPOB and would report a CAGR of 10% over FY21-FY24E.



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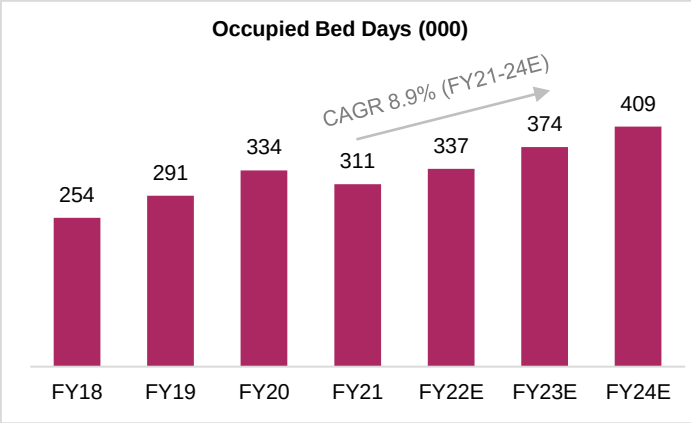


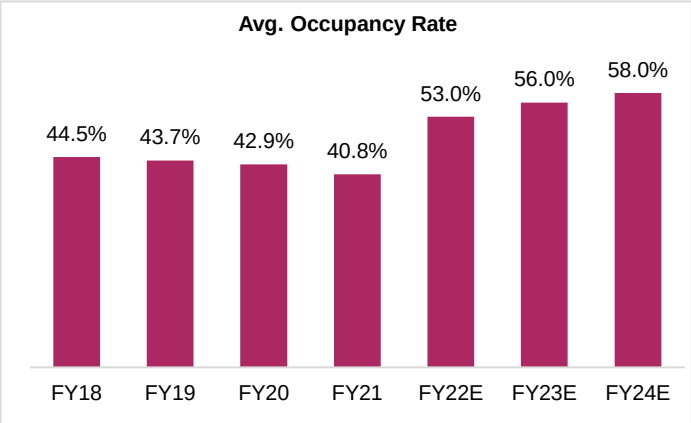
Source: Company, Axis Research

On the cusp to turning around the company's operating profitability

HCG is expected to turn around the operating profitability and we expect its Operating EBITDA Margins to improve by 680bps over FY21-FY24E, majority driven by 1.) Increase in Average Occupancy rates (53%-58%) that would bring operational leverage 2.) Increase in ARPOB led by an increase in international patients and high end works, and 3.) Operating leverage in new centers that have already achieved breakeven. Variable and fixed costs comprise 35% and 65% in hospitals. Therefore, we believe strong operating leverage in new centers may improve margins to 12%-15% over FY21-FY24E.

HCGEL intends to focus on consolidation over FY22-FY24E while incurring minimal Capex. There would be a significant reduction of losses given the improvement in profitability of the new centers, cost reduction measures undertaken by the company, reduction in depreciation, and finance charges.

Exhibit 27: An increase in Average Occupancy rates (53%-58%) would bring operational leverage



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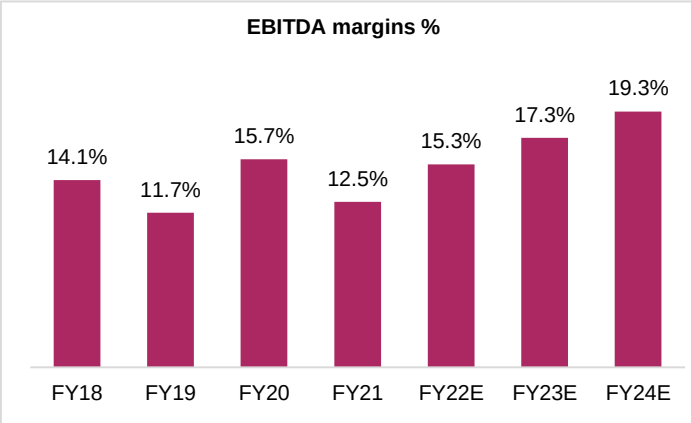


Source: Company, Axis Research, Pre Ind As 116

Exhibit 29: Increase in Average Occupancy rates (53%-58%), increase in ARPOB led by the increase in international patients and high end works.

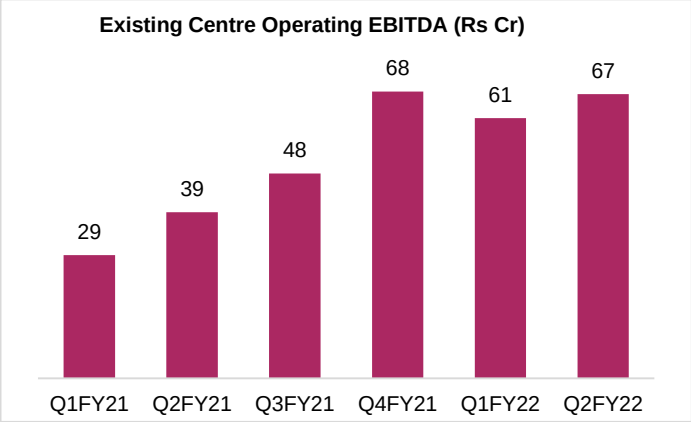
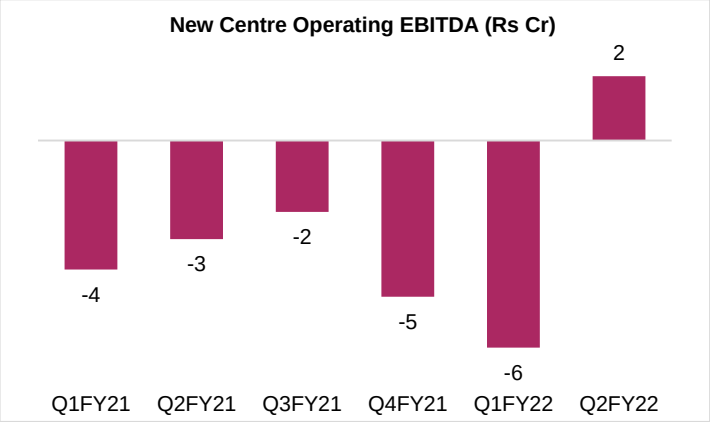


Exhibit 30: New Centers have already achieved breakeven in Q2FY22. We expect new centers may reach margins to 12%-15% over FY21-FY24E given 65% fixed costs in hospitals



Source: Company, Axis Research, Pre Ind As 116

Advancements in cancer treatment in India

With the rising incidence of cancer in recent years, India has significantly improved the processes for cancer diagnosis and treatment. Recent advancements have also transformed cancer care and given hope to millions of people.

- **Immunotherapy**: Immunotherapy, also known as biologic therapy, is widely used for cancer care and cure. It boosts the body's natural defence to help combat the disease. The treatment has offered relief to many patients.
- **Liquid biopsy:** The sampling and examination of non-solid biological tissue, usually blood, is known as liquid biopsy or fluid phase biopsy. It's a groundbreaking method for detecting cancer at an early stage and determining the effectiveness of chemotherapy.
- **Artificial Intelligence (AI):** Recent advancements in artificial intelligence have largely enhanced the efficacy of various treatment methods. AI has helped medical practitioners to predict the effectiveness of cancer immunotherapy and is extremely useful for the diagnosis of different types of cancer.
- **Multipara metric-magnetic resonance imaging (mp-MRI) and Fluorescence lifetime imaging (FLI):** These imaging techniques aid in breast cancer detection. The scan shows signs of proteins that aid the growth of cancer cells and allows doctors to quickly diagnose and decide a clear path for treatment.
- **India stands at the cusp of offering remarkable cancer care** through numerous innovative and patient-centric treatments. The country has achieved important breakthroughs in cancer research that enables better care and treatment of cancer patients. Besides, the use of advanced technology has enabled caregivers to rely on innovative pathways for cancer detection.

Capital infusion by CVC Capital (Current Promoter) and appointment of new CEO

CVC has 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. On top of these, Dr. Ajaikumar has put in money in the form of warrants amounting to Rs 6.5 Cr. Cumulatively, Rs 519 Cr has already been received by HCGEL. A balance of ~Rs 132 Cr is still receivable from CVC and Dr. Ajaikumar taking the total investment to around Rs 651.0 Mn. CVC now holds 49.9% of HCGEL shares with its shareholding rising to 53.4% upon conversion of all warrants in FY22.

Investment by CVC reinforces the faith of minority investors in HCGEL and the fact that long-term prospects of HCGEL are indeed sound. This is supported by the investment by a financial investor such as CVC which intends to make money on its investment by making a profitable exit in 5-7 years from now. Acquisition of majority control of HCGEL by CVC post the preferential allotment and open offer would also give CVC the right to control the composition of the Board of Directors of the company and thereby direct its strategies jointly with the existing promoter, Dr. B.S. Ajaikumar.

Exhibit 31: Net debt has been reduced with the infusion of additional funds by CVC capital

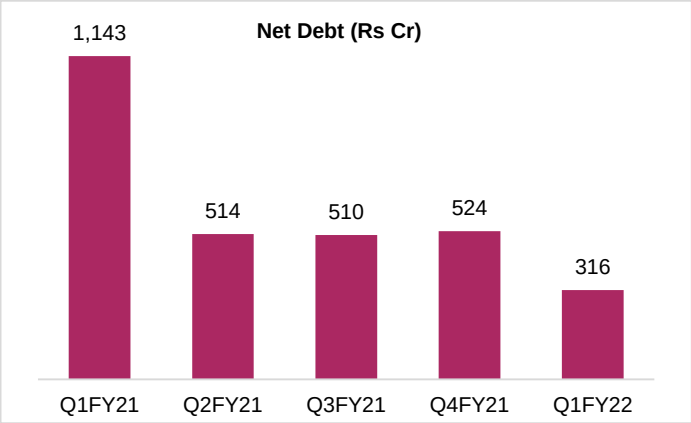
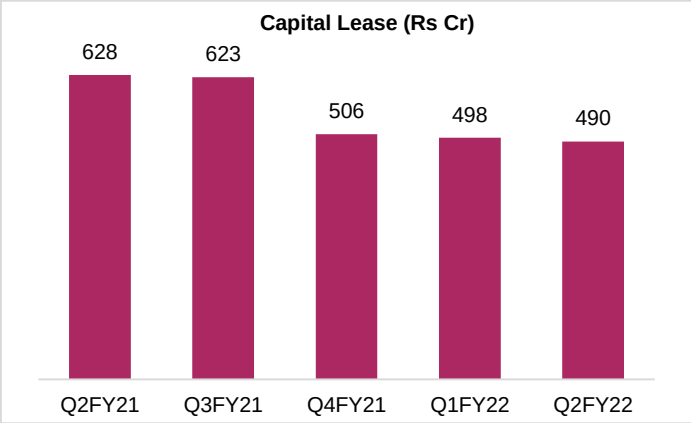


Exhibit 32: Capital Lease amount is also decreasing due to strong negotiations to reduce the long-term lease contracts



Source: Company, Axis Research, Pre Ind As 116

Appointment of a new CEO

The appointment of a new CEO, Mr. Meghraj Arvindrao Gore (Raj Gore) took effect from 1st February 2021. He will replace Dr. B.S. Ajaikumar (founder promoter) who will continue as Chairman of HCG.

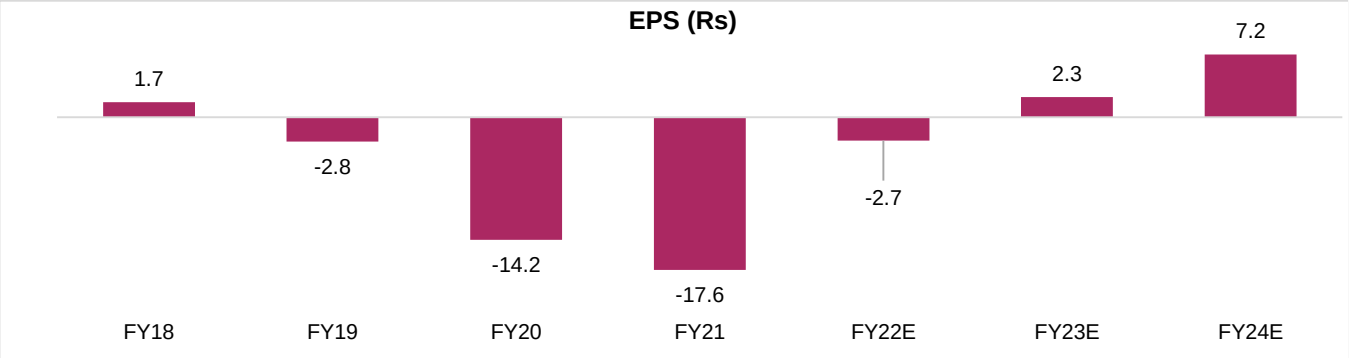
Mr. Raj Gore is a seasoned global professional with more than 21 years of diverse experience in business management in North America, Asia, and Africa with a focus on Healthcare for the past 17 years. He has led business transformation and financial turnaround of acquired Healthcare companies in India, Mauritius, and Vietnam and created sustainable growth momentum and value for these organizations. Mr. Gore has built high-performance teams and implemented organization-wide transformation initiatives successfully to improve employee engagement and patient satisfaction in cross-cultural environments. He has hands-on knowledge and experience of the M&A spectrum including post-acquisition integration.

In his previous role, he was the Chief Executive Officer – Southern Region of Apollo Hospitals Enterprise Limited and was responsible for the overall business portfolio of the largest region for Apollo with 15 facilities in the states of Tamil Nadu and Andhra Pradesh. Before joining Apollo, he worked with Fortis Healthcare Limited as Chief Growth Officer (India) and Chief Operating Officer – NCR. This appointment is bringing a fresh pair of eyes to HCG.

Valuations & Outlook

We initiate coverage on HealtCare Global Enterprises Ltd (HCG) with a BUY rating and a target price of Rs 330/share (EV/EBITDA 15x for FY24E EBITDA), implying an upside potential of 32% from the current levels. Oncology is the fastest growing industry in the Healthcare market, reporting a 13% CAGR over FY16-19. HCG has outpaced the industry growth and reported revenue CGAR 19% and new patients' registration CAGR 24.6% over FY16-FY19 respectively. HCG' ARPOB reached Rs 38,345 (+21.9% Q2FY22 YoY) due to high-end works and is expected to improve further with the increase in the volume of international patients. Operating leverage in new centers may improve margins to 12%-15% over FY21-FY24E as fixed cost comprises 65% of overall costs. CVC Capital (PE) is a new promoter and HCG has appointed Mr. Raj Gore as a new CEO.

Exhibit 33: EPS (Rs)



Source: company, Axis Securities Research

Exhibit 34: Peers comparison

	CMP	Mcap	PE (X)				EV/EBITDA (x)				RoE (%)			
	(Rs)	(Rs Cr)	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E
FORTIS	270	20,000	-	52.8	38.1	34.0	46.8	22.4	17.2	17.0	(1.7)	5.5	6.9	10.3
MHL	342	33,111	-	40.6	34.0	32.0	77.3	27.0	24.0	24.0	(4.2)	17.1	16.9	18.0
AHEL	5,430	77,850	-	107.7	81.4	60.8	69.6	37.1	30.0	24.3	18.4	17.6	16.4	15.1
NH	590	12,000	-	41.0	36.0	32.0	58.6	20.0	18.0	16.0	(1.3)	23.0	21.0	19.0
KIMS	1,185	9,194	-	38.6	31.8	27.0	24.8	22.4	18.8	15.9	23.1	22.4	21.4	20.1
HCG	250	3,472	-	-	107.8	34.6	32.2	20.1	15.0	11.3	-	-	3.9	10.8
Average				**56.2**	**54.9**	**36.7**	**51.5**	**24.8**	**20.5**	**18.1**	**6.9**	**17.1**	**14.4**	**15.6**

Source: RHP, Company, Axis Securities

Robust Corporate Governance and Experienced Management Team

CVC - Capital Partners *Promoter & Member of Board*	• Stakes in more than 50 companies worldwide, employing ~3 Lc people and generating annual sales of over $100 Bn. • 34+ years of proven record of Private Equity investment success. • Marquee investments in Healthcare services including P T Siloam (Indonesia), Affinity Health (Australia), Metropolitan Hospital (Greece), and General Healthcare Group (UK)
Dr. BS Ajaikumar *Promoter & Executive Chairman*	• MBBS from St. Johns & Radiation/Medical oncologist from MD Anderson. • Over 40 years of experience in practising oncology in India and the US. • Successfully raised capital and provided exits to marquee PE investors and led the public listing of HCG.
Mr. Raj Gore *Chief Executive Officer*	• He has 21 years of diverse experience in business management in North America, Asia, and Africa, with a focus on Healthcare for the past 17 years. • In his previous role, he was the Chief Executive Officer – Southern Region of Apollo Hospitals Enterprise Limited. Before joining Apollo, he worked with Fortis Healthcare Limited as Chief Growth Officer (India) & Chief Operating Officer – NCR.

Key Risks

- **Intense Competition:** The company faces intense competition from other Healthcare facilities. HCG's ability to effectively compete with competitors is dependent on its ability to achieve high success rates in diagnosis and treatment.
- **Retention of doctors:** HCG is highly dependent on promoters, key clinicians, partners and the members of the senior management team. The loss of the services of senior management or key management personnel, including our senior specialist physicians and physicians would seriously impair our ability to continue to manage and expand the business.
- **Relationship with partners:** The success of a business is dependent on the ability to identify and maintain relationships with partners, successfully acquire targets, and undertake new partnership arrangements and acquisitions.
- **Challenging operating environment:** The timing of opening and the number of new centres, changes in the competitive landscape in which the company operates, government policies that may affect the pricing of medical services, the operation of medical equipment, delays in project execution resulting in significant time and cost overruns, delays or failure in receiving government approvals, unavailability of human and capital resources, or any other risks that may or may not have foreseen etc may affect the company's performance adversely.

Financials (Consolidated)

Profit & Loss (Rs Cr)

Y/E March	FY21	FY22E	FY23E	FY24E
Net Sales	**1,013**	**1,347**	**1,576**	**1,807**
Growth (%)	**-7.5%**	**32.9%**	**17.0%**	**14.6%**
Total Expenditure	887	1,141	1,303	1,458
Raw Material Consumed	238	306	350	392
% of sales	23.7%	22.7%	22.2%	21.7%
Gross margins (%)	**76.3%**	**77.3%**	**77.8%**	**78.3%**
Employee Expenses	196	256	300	343
% of sales	19.3%	19.0%	19.0%	19.0%
Other Expenses	451	579	654	722
% of sales	44.5%	43.0%	41.5%	40.0%
EBIDTA	**127**	**206**	**273**	**349**
EBITDAM (%)	**12.5%**	**15.3%**	**17.3%**	**19.3%**
Depreciation	159	155	159	163
EBIT	-33	52	114	186
EBITM (%)	-3.2%	3.8%	7.2%	10.3%
Interest	119	103	92	81
Other Income	17	10	12	14
Exceptional Items	-93	0	0	0
Share of P/L of Associates	-0	4	6	6
PBT	**-229**	**-37**	**40**	**125**
Tax Rate (%)	3.3%	0.0%	20.0%	20.0%
Tax	-8	0	8	25
Reported PAT	**-221**	**-37**	**32**	**100**

Source: company, Axis Securities

Balance Sheet (Rs Cr)

Y/E March	FY21	FY22E	FY23E	FY24E
Share Capital	125	139	139	139
Reserves & Surplus	572	654	687	787
Shareholders Fund	697	793	826	926
Minority Interest	17	21	27	33
- Long Term Borrowings	815	735	655	575
- Deferred Tax Liabilities(Net)	4	4	4	4
- Other Long Term Liabilities	28	37	43	50
- Long Term Provisions	9	9	9	9
Total Non Current Liabilities	856	785	711	638
- Short Term Borrowings	162	162	162	162
- Trade Payables	146	185	216	248
- Other Current Liabilities	147	185	194	198
- Short Term Provisions	10	10	10	10
Total Current Liabilities	465	541	583	618
Total Liabilities	**2,036**	**2,141**	**2,147**	**2,214**
Gross Block	1,256	1,241	1,291	1,341
Depriciation	403	508	618	732
% of GB	32.1%	41.0%	47.9%	54.6%
- Fixed Assets	1,433	1,312	1,252	1,188
- Non Current Investments	6	6	6	6
- Deferred Tax Asset(Net)	34	34	34	34
- Long Term Loans & Advances	45	45	45	45
- Other Non Current Assets	82	81	95	108
Total Non Current Assets	1,600	1,478	1,432	1,382
- Inventories	21	28	33	38
- Trade Receivables	187	240	281	322
- Cash & Cash Equivalents	41	223	202	246
- Short Term Loans & Advances	10	10	10	10
- Other Current Assets	177	162	189	217
Total Current Assets	436	663	715	832
TOTAL ASSETS	**2,036**	**2,141**	**2,147**	**2,214**

Source: company, Axis Securities

Cash Flow (Rs Cr)

Y/E March	FY21	FY22E	FY23E	FY24E
PBT	-229	-37	40	125
Add: depreciation	159	155	159	163
Add: Interest	119	103	92	81
Cash flow from operations	50	220	291	369
Change in working capital	286	-42	39	46
Taxes	-8	0	8	25
Miscellaneous expenses	0	0	0	0
Net cash from operations	-229	262	244	298
Capital expenditure	127	-34	-99	-99
Change in Investments	2	0	0	0
Net cash from investing	129	-34	-99	-99
Increase/Decrease in debt	-277	-80	-80	-80
Dividends	0	0	0	0
Proceedings from equity	37	14	0	0
Interest	-119	-103	-92	-81
Others	468	124	6	6
Net cash from financing	109	-45	-166	-155
Net Inc./(Dec.) in Cash	8	182	-21	44
Opening cash balance	32	41	223	202
Closing cash balance	40	223	202	246

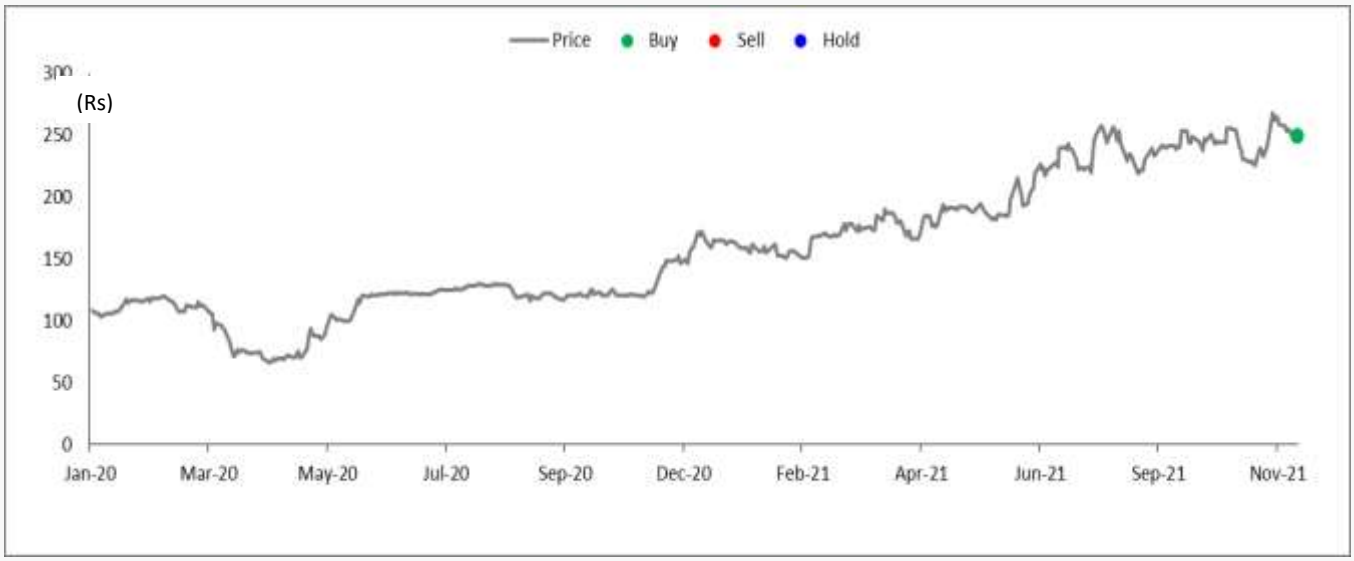
Source: company, Axis Securities

Ratio Analysis (%)

Y/E March	FY21	FY22E	FY23E	FY24E
Sales growth	-7.5%	32.9%	17.0%	14.6%
OPM	12.5%	15.3%	17.3%	19.3%
Oper. profit growth	-26.4%	63.1%	32.3%	27.8%
COGS / Net sales	23.7%	22.7%	22.2%	21.7%
Overheads/Net sales	44.5%	43.0%	41.5%	40.0%
Depreciation / G. block	12.7%	8.0%	8.0%	8.0%
Effective interest rate	12.7%	8.0%	8.0%	8.0%
Net wkg.cap / Net sales	18.0%	10.4%	11.4%	12.5%
Net sales / Gr block (x)	0.8	1.1	1.2	1.3
RoCE	-2.2	3.7	8.4	14.3
Debt / equity (x)	1.4	1.1	1.0	0.8
Effective tax rate	0.0	0.0	0.2	0.2
RoE	-31.7	-4.7	3.9	10.8
Payout ratio (Div/NP)	1.0	2.0	3.0	4.0
EPS (Rs)	-17.6	-2.7	2.3	7.2
EPS Growth	25%	-85%	-186%	211%
CEPS (Rs)	-4.9	8.5	13.8	19.0
DPS (Rs)	0.0	0.0	0.0	0.0

Source: company, Axis Securities

Healthcare Global Enterprise Price Chart and Recommendation History



Date	Reco	TP	Research
29-Nov-21	BUY	330	Initiating Coverage

Source: Axis Securities

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Contact Details: ankush.mahajan@axissecurites.in

Sector: Midcaps/ Pharma Sector

Analyst Bio: Ankush Mahajan is MBA (Finance) from SMVDU with over 12 years of research experience in the Midcaps/ Pharma Sector

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HOLD	Between 10% and -10%
SELL	Less than -10%
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NO STANCE	We do not have any forward looking estimates, valuation or recommendation for the stock

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