

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	BJAUT IN
Equity Shares (m)	289
M.Cap.(INRb)/(USD\$)	1070.8 / 14.3
52-Week Range (INR)	4361 / 2823
1, 6, 12 Rel. Per (%)	-6/-25/-25
12M Avg Val (INR M)	2566

Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	277	357	409
EBITDA	49.3	52.8	67.2
EBITDA (%)	17.8	14.8	16.4
Adj. PAT	48.6	52.9	63.1
EPS (INR)	168	183	218
EPS Gr. (%)	-6.8	8.9	19.3
BV/Sh.(INR)	871	886	904

Ratios

RoE (%)	21.5	20.8	24.4
RoCE (%)	19.7	18.2	21.5
Payout (%)	83.4	82.0	82.5

Valuation

P/E (x)	22.1	20.3	17.0
P/BV (x)	4.3	4.2	4.1
Div.Yield(%)	3.8	4.0	4.9
FCF Yield (%)	2.7	3.2	4.1

Shareholding pattern (%)

As On	Sep-21	Jun-21	Sep-20
Promoter	53.7	53.7	53.7
DII	12.9	12.7	10.4
FII	11.2	11.8	13.6
Others	22.2	21.8	22.3

FII Includes depository receipts

CMP: INR3,701 TP: INR4,200 (+14%)

Neutral

In-line; RM inflation hurts margins; Festive demand to remain flat

Captive NBFC arm to work in tandem with existing financing partners

- Bajaj Auto's (BJAUT) 2QFY22 performance was impacted by high RM cost. While exports remained robust and domestic 3W continued to recover, a recovery in domestic 2Ws is still awaited. BJAUT's ramp-up in EVs would be a key monitorable as the competitive landscape evolves. The company's higher dividend yield will provide support to the stock's valuation.
- We lower our FY22E/FY23E EPS by 5%/4% to account for the weaker domestic volumes and cost inflation. Maintain Neutral with a TP of INR4,200.

Commodity inflation diluted by price hike and favourable Fx

- Revenue/EBITDA/PAT grew 20%/0%/2.5% YoY in 2QFY22 and 56%/42%/34% in 1HFY22.
- Volumes grew 9% YoY (14% QoQ). Realisation improved by 11% YoY (3% QoQ) to INR75.3k (v/s est. INR74.1b).
- Gross margin declined 420bp YoY (-190bp QoQ) to 25.1% (v/s est 26.2%), due to impact of higher RM cost (350-400bp QoQ gross impact).
- EBITDA margin contracted by 310bp YoY (-60bp QoQ) to 14.6% (v/s est 15.4%) due to higher RM cost inflation, offset by operating leverage.
- EBITDA remained flat YoY (+12.5% QoQ) at INR12.6b (v/s est INR13b). Higher other income and lower tax supported S/A adj. PAT which stood at ~INR11.7b (v/s est INR11.75b), marking a growth of 2.5% YoY (+10% QoQ).
- BJAUT has accounted for incentives under the RODTEP scheme - INR515m for 2QFY22 and ~INR820m for 1HCY21. Also, it has accounted for INR596m incentive under the MEIS scheme for 9MFY21.
- The share in BJAUT's PAT from its associates (KTM) stood at INR2.65b (v/s INR1.1b in 1QFY22).

Highlights of management commentary

- **Domestic 2W Outlook:** The festival season has so far been weak and demand has witnessed a decline, with the rural market lagging the urban market and the entry segment being the most impacted. Management expects a recovery in the remaining season, although the entire festive season would still remain flat.
- **Domestic 3W** recovery has been very swift post the second lockdown. Management expects 3Q to be better than 2Q, with Oct-21 retails likely to be 20k (last achieved in Mar-20).
- **Exports** continue to do well despite weakness in the key markets like Philippines (at 50% level) and SL (nil). Management expects exports to sustain at above 200k/month. BJAUTs' market share in the sporty commuter segment (150-250cc) stood at 45% across all the emerging markets. The South East Asian markets are recovering from the COVID impact, with 3Q expected to see a further recovery.

- **E-2Ws:** Chetak distribution will be expanded to 30 cities by Mar-22 from eight cities currently. BJAUT has 4-5 months of bookings for Chetak whose production has been impacted by supply side issues. It currently has a capacity of 5,000 units/month at the Chakan plant and plans to add another 0.5m capacity at Akrudi (timelines yet to be finalised).
- **e-3Ws:** BJAUT is testing a prototype of e-3Ws which it plans to launch during Mar-May'22. It expects the migration to e-3Ws to take a longer time as CNG is still better on a TCO basis.
- **Semi-conductor shortage** continues to impact the company's premium motorcycle portfolio, resulting in a 50% gap between demand and supply. The company is reshaping its portfolio, particularly in exports, to dilute the impact of shortages.
- **Captive NBFC:** Considering that retail finance is expected to play an even larger role, BJAUT plans to set up a captive NBFC to gain the flexibility and agility for creating customized solutions. It will continue to work with external NBFCs, including NBFC. Bajaj Finance's share in financing for BJAUT stood at 39% in 1HFY22 (v/s 35% in 1HFY21).

Valuation and view

- BJAUT's margin will be impacted by commodity headwinds in the near-term, although it will benefit in the long-term from: a) premiumisation trend, b) opportunity in exports, and c) potential sizeable position in the 2W scooter market via EVs. While the domestic 3W market appears to be on the recovery path, it is still vulnerable to a possible disruption from electrification in the 3W space.
- At 20.3x/17x. FY22E/FY23 consolidated EPS, the stock's valuation largely captures the expected recovery. BJAUT's dividend yield of 4-5% will provide support to the stock. Maintain Neutral with a TP of INR4,200/share (18x Sep-23E consolidated EPS).

Quarterly Performance

	FY21				FY22E				FY21	FY22E	2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Net Sales	30,792	71,559	89,099	85,961	73,860	86,206	99,538	97,871	277,411	357,476	84,861
Change (%)	(60.3)	(7.2)	16.6	26.1	139.9	20.5	11.7	13.9	(7.3)	28.9	18.6
EBITDA	4,085	12,662	17,296	15,241	11,198	12,596	14,486	14,481	49,285	52,761	13,080
EBITDA Margins (%)	13.3	17.7	19.4	17.7	15.2	14.6	14.6	14.8	17.8	14.8	15.4
Interest	10	27	10	20	23	17	20	25	67	85	20
Depreciation	638	643	650	662	641	656	675	681	2,593	2,653	660
Non-operating Income	3,379	2,858	3,692	2,836	3,293	3,183	2,900	3,001	12,765	12,377	3,000
PBT after EO	6,817	14,851	20,328	17,395	13,827	16,521	16,691	16,776	59,390	63,816	15,400
Effective Tax Rate (%)	22.5	23.4	23.4	23.4	23.3	22.9	23.0	25.3	23.3	23.6	23.7
Adj. PAT	5,280	11,382	15,563	13,321	10,612	11,664	12,852	12,540	45,546	47,664	11,751
Change (%)	(53.1)	(18.8)	23.4	1.7	101.0	2.5	(17.4)	(5.9)	(10.7)	4.7	3.2

Key Performance Indicators

	FY21				FY22E				FY21	FY22E	
	1Q	2Q	3Q	4QE	1Q	2Q	3QE	4QE			2QE
Volumes ('000 units)	443	1,053	1,307	1,170	1,006	1,144	1,315	1,290	3,973	4,756	1,144
Growth YoY (%)	-64.5	-10.2	8.7	17.9	127.0	8.6	0.6	10.3	-13.9	19.7	8.6
Dom. M/Cycle MktSh (%)	20.7	17.5	18.6	17.3	19.7	18.7			18.1		
Realization (INR/unit)	69,493	67,935	68,180	73,492	73,419	75,328	75,705	75,847	69,826	75,169	74,153
Growth YoY (%)	11.7	3.4	7.3	7.0	5.6	10.9	11.0	3.2	7.7	7.7	9.2
Cost Break-up											
RM Cost (% of sales)	67.1	70.7	70.8	71.9	73.0	74.9	75.5	75.2	70.7	74.8	73.8
Staff Cost (% of sales)	11.0	4.5	3.6	3.6	4.9	4.1	3.6	3.8	4.6	4.0	4.3
Other Cost (% of sales)	8.7	7.1	6.2	6.9	6.9	6.5	6.4	6.5	7.0	6.6	6.6
Gross Margins (%)	32.9	29.3	29.2	28.1	27.0	25.1	24.5	24.8	29	27	26
EBITDA Margins (%)	13.3	17.7	19.4	17.7	15.2	14.6	14.6	14.8	17.8	14.8	15.4
EBIT Margins (%)	11.2	16.8	18.7	17.0	14.3	13.9	13.9	14.1	16.8	14.3	14.6

E:MOFSL Estimates



Key takeaways from earnings call

- **Domestic 2W Outlook:** The festival season has so far been weak and witnessed a decline, with the rural market lagging the urban market and the entry segment being the most impacted. Management expects a recovery in the remaining season, although the entire festive season would still remain flat. The current inventory in the system is at 7-8 weeks of stock which will reduce to <6 weeks post the festive season.
- **Domestic 3W** recovery has been very swift post the second lockdown. Management expects 3Q to be better than 2Q, with Oct-21 retails likely to be 20k (last achieved in Mar-20).
- **Exports** continue to do well despite weakness in the key markets like Philippines (at 50% level) and SL (nil). Management expects exports to sustain at above 200k/month. The company recorded its highest-ever sales in LatAm in 2QFY22. Its market share in the sporty commuter segment (150-250cc) stood at 45% across all the emerging markets. The South East Asian markets are recovering from the COVID impact, with 3Q expected to see a further recovery.
- **E-2Ws:** Chetak distribution will be expanded to 30 cities by Mar-22 from eight cities currently. BJAUT has 4-5 months of bookings for Chetak whose production has been impacted by supply side issues. It currently has a capacity of 5000 units/month at the Chakan plant and plans to add another 0.5m capacity at Akrudi (timelines yet to be finalised).
- **e-3Ws:** BJAUT is testing a prototype of e-3Ws which it plans to launch during Mar-May'22. It expects the migration to e-3Ws to take a longer time as CNG is still better on a TCO basis.
- **Semi-conductor shortage** continues to impact BJAUT's premium motorcycle portfolio, resulting in a 50% gap between demand and supply. The company is reshaping its portfolio, particularly in exports, to dilute the impact of shortages.
- **Captive NBFC:** Considering that retail finance is expected to play an even larger role, BJAUT plans to set up a captive NBFC to gain flexibility and agility for creating customized solutions. It will continue to work with external NBFCs, including NBFC. Bajaj Finance's share in financing for BJAUT stood at 39% in 1HFY22 (v/s 35% in 1HFY21).
- **Commodity price impact** was 350-400bp in 2Q and BJAUT took a price hike of 3% in 2Q, resulting in a net impact of 60bp. Management expects an additional 2% QoQ impact in 3QFY22. Given the weak demand and competitive pressures, it

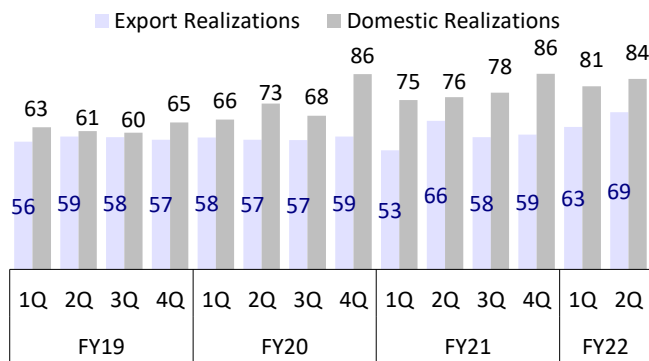
may be difficult for the company to take price hikes and hence, its margins are expected to remain under pressure in the foreseeable future. Even in exports, the pressure on pricing is visible as not all players are reacting to cost pressures.

- **New product launches:** BJAUT has launched the new 250cc Pulsar and is looking at further product launches in the 125cc motorcycle segment over the next few quarters that would be very different from its existing 125cc Pulsar.

Trend in product mix

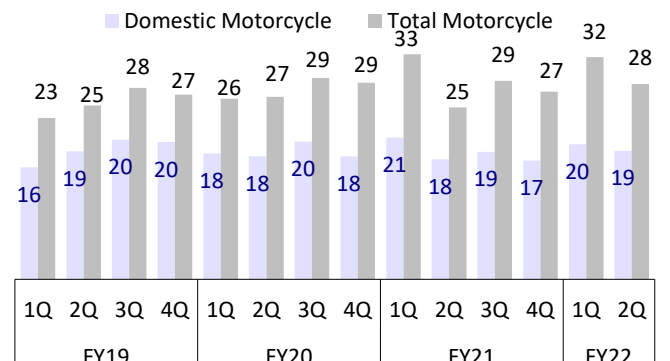
	2QFY22	2QFY21	YoY (%)	1QFY22	QoQ (%)
Motorcycles					
Domestic	4,88,148	5,50,194	-11.3	3,42,552	42.5
% of total volumes	42.7	52.2		34.1	
Exports	5,41,767	4,14,271	30.8	5,56,753	-2.7
% of total volumes	47.3	39.3		55.3	
Total Motorcycles	10,29,915	9,64,465	6.8	8,99,305	14.5
% of total volumes	90.0	91.6		89.4	
Three Wheelers					
Domestic	44,068	23,392	88.4	14,585	202.1
% of total volumes	3.9	2.2		1.4	
Exports	70,424	65,480	7.6	92,124	-23.6
% of total volumes	6.2	6.2		9.2	
Total 3Ws	1,14,492	88,872	28.8	1,06,709	7.3
% of total volumes	10.0	8.4		10.6	
Total Volumes	11,44,407	10,53,337	8.6	10,06,014	13.8

Exhibit 1: Trend in domestic/export realisations



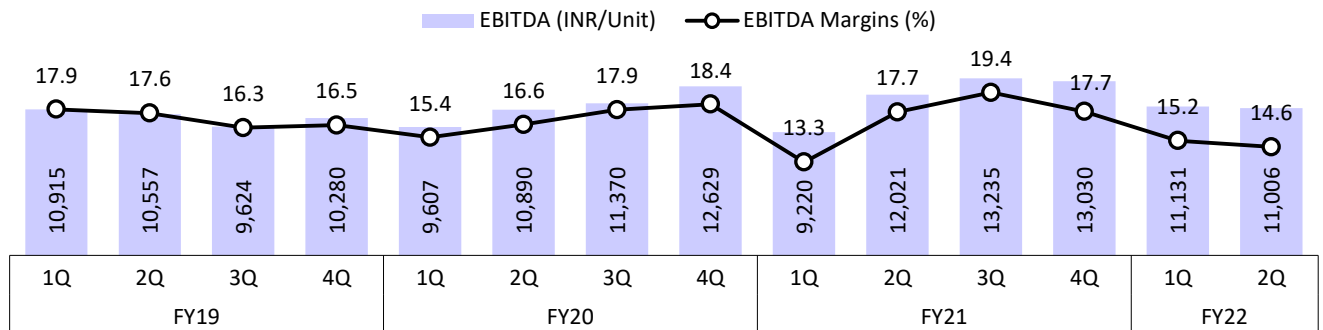
Source: Company, MOFSL

Exhibit 2: Trend in domestic and total 2W market share



Source: Company, MOFSL

Exhibit 3: EBITDA and EBITDA margin trend



Source: Company, MOFSL

Valuation and view

- **Volumes impacted by slowdown in 2W industry since 4QFY21:** While FY21 was a challenging year for the domestic 2W industry due to the COVID-19 outbreak, BJAUT sailed on the back on of a good recovery in the domestic market (led by its

Pulsar 125cc) and faster recovery in the export markets (its key African markets were least impacted by the pandemic). BJAUT is relatively better-positioned than its mainstream 2W peers owing to its strength in exports and the Premium Motorcycle segment. We estimate the company's volumes to grow at 15.5% CAGR over FY20-23E.

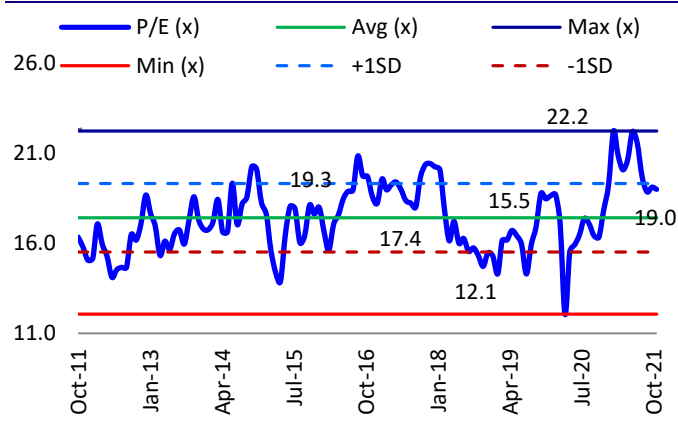
- **Well-placed to ride the premiumisation trend:** By leveraging its strong alliance with KTM and its latest partnerships with Husqvarna and Triumph, BJAUT will have the widest range of Premium Motorcycles to offer. Husqvarna and KTM present an opportunity for BJAUT to grow its contract manufacturing volumes by 3x over the next few years. Meanwhile, Triumph will facilitate the company's entry into the fast-growing mid-capacity Cruiser segment (~1.5m motorcycles annually) in CY20.
- **Chetak e-scooter to drive re-entry into large Scooter segment:** BJAUT has re-entered the lucrative scooter segment through its Chetak e-scooter. This will expand its addressable market as Scooter constitutes ~32% of the domestic 2W industry. The company, which plans to focus solely on e-scooters, is one of the early movers in this segment. BJAUT will be at the forefront of driving electrification and has the opportunity to gain a sizeable share of the e-scooter market.
- **Better-positioned to protect margins v/s peers:** Unlike its 2W peers, BJAUT has several levers to support its margins and dilute the impact of cost inflation and operating deleverage. The company supports its margins through: a) healthy mix (Premium Motorcycle, domestic 3Ws and exports), b) normalising export incentives, and c) keeping fixed cost lower vis-à-vis its peers. We expect BJAUT to maintain an EBITDA margin of around 17-18% over the next 2-3 years.
- **Maintain Neutral with a TP of INR4,200/share:** We lower our FY22E/FY23E EPS estimates by 5%/4% to account for the weaker domestic volumes and cost inflation. BJAUT will benefit in the long-term from: a) premiumisation trend, b) opportunity in exports, and c) potential sizeable position in 2W scooter market via EVs. While the domestic 3W market appears to be on the recovery path, it is still vulnerable to a possible disruption from electrification in the 3W space. At 20.3x/17x. FY22E/FY23 consolidated EPS, the stock's valuation largely captures the expected recovery. BJAUT's dividend yield of 4-5% will provide support to the stock. Maintain Neutral with a TP of INR4,200/share (18x Sep-23E consolidated EPS).

Exhibit 4: Revised forecast (INR m)

	FY22E			FY23E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Vols ('000 units)	4,756	4,770	-0.3	5,296	5,312	-0.3
Net Sales	357,476	353,467	1.1	408,771	406,570	0.5
EBITDA	52,761	57,848	-8.8	67,181	72,326	-7.1
EBITDA Margins (%)	14.8	16.4	-160bp	16.4	17.8	-140bp
Net Profit	52,907	55,509	-4.7	63,139	65,639	-3.8
EPS (INR)	182.8	191.8	-4.7	218.2	226.8	-3.8

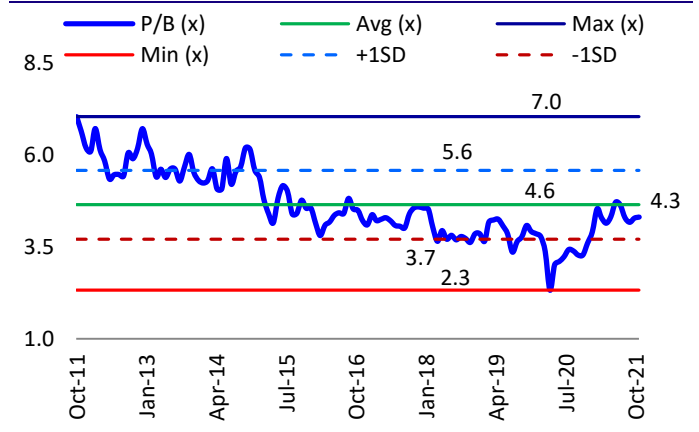
Source: MOFSL

Exhibit 5: P/E band



Source: MOFSL

Exhibit 6: P/BV band



Source: MOFSL

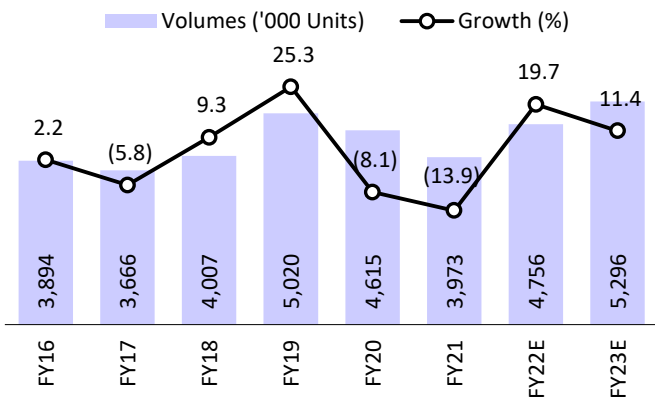
Exhibit 7: Key operating metrics

000 units	FY18	FY19	FY20	FY21	FY22E	FY23E
Motorcycles (units)						
Domestic	1,975	2,541	2,078	1,809	1,963	2,120
Growth (%)	-1.3	28.7	-18.2	-12.9	8.5	8.0
% of total volumes	49.3	50.6	45.0	45.5	41.3	40.0
Exports	1,395	1,696	1,869	1,797	2,246	2,470
Growth (%)	14.5	21.6	10.2	-3.9	25.0	10.0
% of total volumes	34.8	33.8	40.5	45.2	47.2	46.6
Total M/Cycles	3,369	4,237	3,948	3,606	4,209	4,590
Growth (%)	4.6	25.7	-6.8	-8.7	16.7	9.1
% of total volumes	84.1	84.4	85.5	90.8	88.5	86.7
3Ws						
Domestic	370	399	366	109	221	353
Growth (%)	46.0	8.1	-8.4	-70.1	102.0	60.0
% of total volumes	9.2	8.0	7.9	2.8	4.6	6.7
Exports	268	383	302	258	326	352
Growth (%)	38.9	43.1	-21.2	-14.6	26.5	8.0
% of total volumes	6.7	7.6	6.5	6.5	6.9	6.6
3Ws	637	783	668	367	547	705
Growth (%)	42.9	22.8	-14.7	-45.0	49.0	29.0
% of total volumes	15.9	15.6	14.5	9.2	11.5	13.3
Total Volumes	4,007	5,020	4,615	3,973	4,756	5,296
Growth (%)	9.3	25.3	-8.1	-13.9	19.7	11.4
Avg. Net Realn (INR/unit)	55,745	52,928	56,462	60,588	65,794	68,113
Growth (%)	2.3	-5.1	6.7	7.3	8.6	3.5
Net Revenues (INR B)	247	296	291	271	349	400
Growth (%)	15.6	19.7	-1.5	-6.8	28.6	14.5
EBITDA (INR B)	48	52	51	49	53	67
EBITDA margins (%)	19.2	17.1	17.0	17.8	14.8	16.4
EBITDA (INR/Unit)	12,073	10,345	11,042	12,405	11,094	12,686
Growth (%)	9.4	7.3	-1.9	-3.3	7.1	27.3
Consol. PAT (INR B)	42	49	52	49	53	63
Consol. EPS	146	170	180	168	183	218

Source: Company, MOFSL

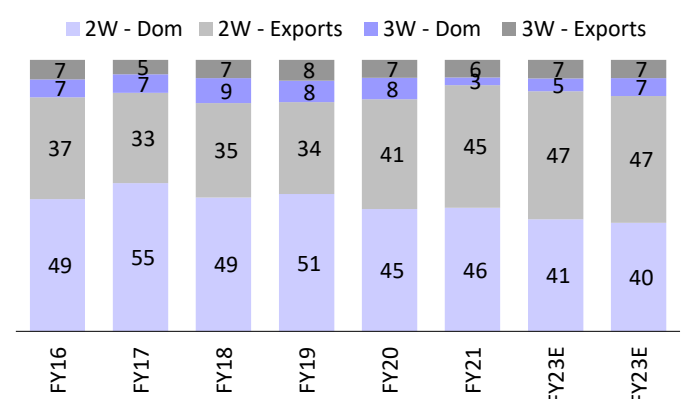
Stories in charts

Exhibit 8: Trend in volume and volume growth



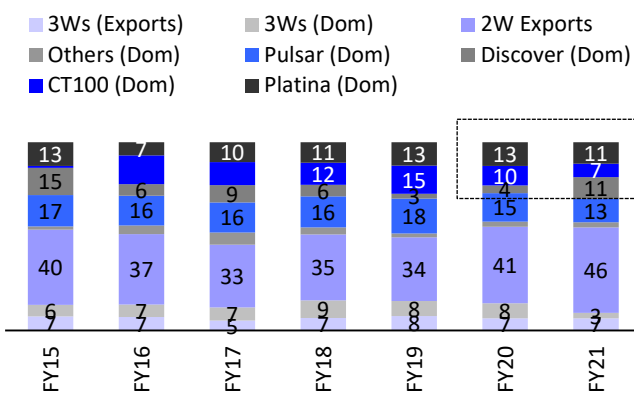
Source: Company, MOFSL

Exhibit 9: Product mix trend



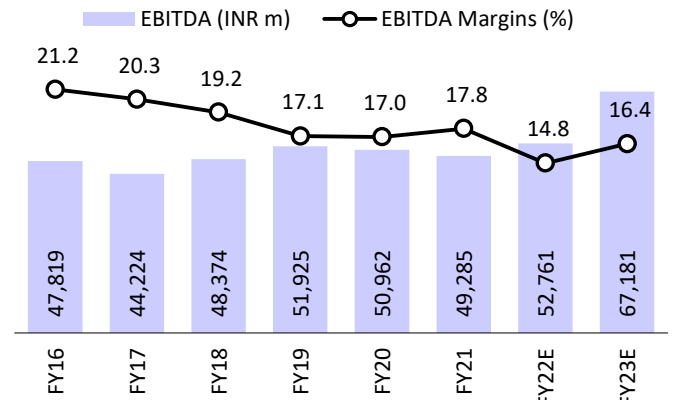
Source: Company, MOFSL

Exhibit 10: Trend in volume mix



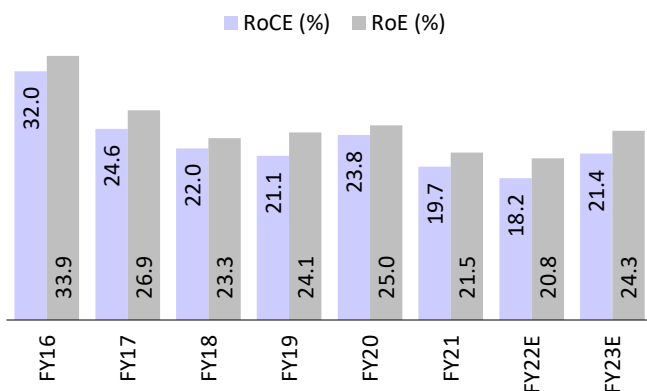
Source: Company, MOFSL

Exhibit 11: Trend in EBITDA and EBITDA margin



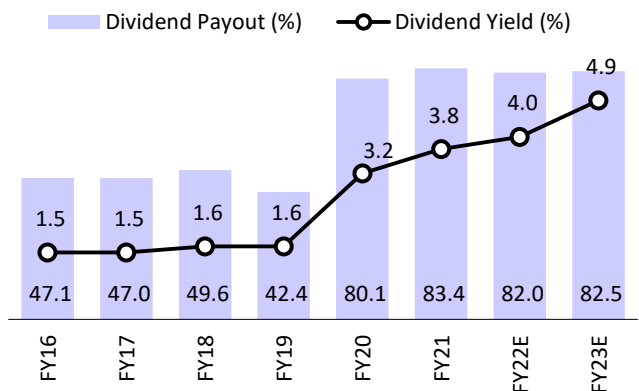
Source: Company, MOFSL

Exhibit 12: Trend in return ratios



Source: Company, MOFSL

Exhibit 13: Dividend payout to remain healthy



Source: Company, MOFSL

Financials and valuations

Income Statement							(INR Million)	
Y/E March	2016	2017	2018	2019	2020	2021	2022E	2023E
Volumes	38,93,581	36,65,950	40,06,788	50,19,503	46,15,212	39,72,914	4,755,616	5,295,779
Change (%)	2.2	-5.8	9.3	25.3	-8.1	-13.9	19.7	11.4
Net Sales	2,25,865	2,17,667	2,52,189	3,03,576	2,99,187	2,77,411	357,476	408,771
Change (%)	4.5	-3.6	15.9	20.4	-1.4	-7.3	28.9	14.3
Total Expenditure	1,78,046	1,73,443	2,03,815	2,51,651	2,48,224	2,28,126	304,715	341,590
EBITDA	47,819	44,224	48,374	51,925	50,962	49,285	52,761	67,181
Change (%)	16.2	-7.5	9.4	7.3	-1.9	-3.3	7.1	27.3
EBITDA Margins (%)	21.2	20.3	19.2	17.1	17.0	17.8	14.8	16.4
Depreciation	3,072	3,073	3,148	2,657	2,464	2,593	2,653	2,997
EBIT	44,748	41,151	45,226	49,268	48,498	46,692	50,108	64,184
Int. & Fin. Charges	11	14	13	45	32	67	85	85
Other Income	10,736	12,220	12,933	14,389	17,336	12,765	12,377	11,850
Non-recurring Exp.	0	0	320	-3,420	0	0	-1,416	0
PBT	55,473	53,356	57,826	67,032	65,802	59,390	63,816	75,949
Tax	16,177	15,081	17,145	20,280	14,802	13,844	15,067	18,523
Effective Rate (%)	29.2	28.3	29.6	30.3	22.5	23.3	23.6	24.4
PAT	39,297	38,276	40,681	46,752	51,000	45,546	48,749	57,426
Change (%)	39.7	-2.6	6.3	14.9	9.1	-10.7	7.0	17.8
Add: Share in profit of asso.	1,316	2,519	1,283	4,910	1,119	3,024	5,239	5,713
Adj. PAT	40,612	40,795	42,189	49,276	52,119	48,570	52,907	63,139
Change (%)	24.5	0.4	3.4	16.8	5.8	(6.8)	8.9	19.3

Balance Sheet							(INR Million)	
Y/E March	2016	2017	2018	2019	2020	2021	2022E	2023E
Share Capital	2,894	2,894	2,894	2,894	2,894	2,894	2,894	2,894
Net Worth	1,32,666	1,70,341	1,91,039	2,17,799	1,99,255	252,023	257,367	262,706
Deferred Tax	2,028	3,136	3,234	5,427	3,464	5,221	6,498	8,017
Loans	1,886	1,764	1,674	1,685	1,669	1,601	1,601	1,601
Capital Employed	1,36,579	1,75,242	1,95,947	2,24,910	2,04,388	258,845	265,465	272,323
Gross Fixed Assets	51,572	45,917	46,402	42,956	41,573	43,443	46,103	53,803
Less: Depreciation	24,183	25,900	27,619	25,317	24,583	26,794	29,446	32,444
Net Fixed Assets	27,389	20,018	18,783	17,639	16,990	16,649	16,656	21,359
Capital WIP	522	422	565	480	602	160	3,500	800
Investments	1,02,606	1,47,315	1,75,883	1,91,594	1,81,960	226,310	226,310	226,310
Current Assets	34,348	40,395	42,964	64,091	48,181	72,183	94,659	110,371
Inventory	7,191	7,284	7,426	9,615	10,635	14,939	19,250	22,013
Sundry Debtors	7,179	9,533	14,919	25,597	17,251	27,169	35,010	40,033
Cash & Bank Balances	8,176	2,798	7,609	9,054	2,773	5,051	8,151	11,450
Loans & Advances	365	362	369	380	386	372	479	548
Others	11,437	20,418	12,641	19,445	17,136	24,653	31,768	36,327
Current Liab. & Prov.	28,286	32,907	42,248	48,894	43,345	56,457	75,659	86,516
Sundry Creditors	20,270	22,357	32,443	37,867	31,997	45,738	58,939	67,396
Other Liabilities	6,410	8,559	7,427	9,475	8,964	9,175	11,823	13,520
Provisions	1,605	1,991	2,378	1,552	2,385	1,544	4,897	5,600
Net Current Assets	6,063	7,488	716	15,197	4,836	15,727	19,000	23,855
Application of Funds	1,36,580	1,75,242	1,95,947	2,24,911	2,04,387	258,845	265,465	272,323

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2016	2017	2018	2019	2020	2021	2022E	2023E
Basic (INR)								
Consol EPS	140.3	141.0	145.8	170.3	180.1	167.8	182.8	218.2
EPS growth (%)	24.5	0.4	3.4	16.8	5.8	-6.8	8.9	19.3
Consol Cash EPS	151.0	151.6	156.7	179.5	188.6	176.8	192.0	228.6
Book Value per Share	458.5	588.7	660.2	752.7	688.6	870.9	889.4	907.9
DPS	55.0	55.0	60.0	60.0	120.0	140.0	150.0	180.0
Payout (Incl. Div. Tax) %	47.1	47.0	49.6	42.4	80.1	83.4	82.0	82.5
Valuation (x)								
P/E	26.4	26.3	25.4	21.8	20.6	22.1	20.3	17.0
Cash P/E	24.6	24.5	23.7	20.7	19.7	21.0	19.3	16.2
EV/EBITDA	20.2	20.9	18.4	16.8	17.5	17.1	15.9	12.5
EV/Sales	4.3	4.2	3.5	2.9	3.0	3.0	2.4	2.0
Price to Book Value	8.1	6.3	5.6	4.9	5.4	4.3	4.2	4.1
Dividend Yield (%)	1.5	1.5	1.6	1.6	3.2	3.8	4.0	4.9
Profitability Ratios (%)								
RoE	33.9	26.9	23.3	24.1	25.0	21.5	20.8	24.3
RoCE	32.0	24.6	22.0	21.1	23.8	19.7	18.2	21.4
RoIC	182	118	174	193	176	154	80	94
Turnover Ratios								
Debtors (Days)	11	15	21	31	21	36	36	36
Inventory (Days)	11	12	11	12	13	20	20	20
Creditors (Days)	31	35	46	46	39	60	60	60
Working Capital (Days)	-9	-9	-14	-3	-5	-5	-5	-5
Asset Turnover (x)	1.7	1.2	1.3	1.3	1.5	1.1	1.3	1.5
Fixed Asset Turnover	4.9	4.5	5.5	6.8	7.1	6.5	8.0	8.2
Leverage Ratio								
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

(INR Million)

Y/E March	2016	2017	2018	2019	2020	2021	2022E	2023E
Profit before Tax	55,473	53,356	57,826	67,032	65,802	59,390	62,401	75,949
Depreciation & Amort.	3,072	3,073	3,148	2,657	2,464	2,593	2,653	2,997
Direct Taxes Paid	-18,195	-15,026	-16,851	-19,643	-16,777	-13,397	-13,790	-17,004
(Inc)/Dec in Working Capital	5,753	2,533	10,451	-7,030	3,765	-5,105	-173	-1,557
Other Items	-9236	-10269	-11738	-18061	-16635	-12339	-12292	-11765
CF from Oper. Activity	36,866	33,667	42,836	24,954	38,620	31,142	38,798	48,620
Extra-ordinary Items	-298	-275	-228	-58	-3	-4	1,416	0
CF after EO Items	36,568	33,392	42,608	24,895	38,618	31,139	40,213	48,620
(Inc)/Dec in FA+CWIP	-2,582	-1,970	-1,833	-1,082	-2,800	-2,509	-6,000	-5,000
Free Cash Flow	33,986	31,422	40,775	23,814	35,818	28,630	34,213	43,620
(Pur)/Sale of Invest.	2,280	-34,899	-17,111	-1,629	20,367	-26,157	12,377	11,850
CF from Inv. Activity	-303	-36,868	-18,944	-2,710	17,567	-28,665	6,377	6,850
Interest Paid	-5	-6	-4	-35	-21	-108	-85	-85
Dividends Paid	-34,337	-2,022	-18,848	-20,733	-62,444	-87	-43,406	-52,087
CF from Fin. Activity	-33,841	-1,901	-18,853	-20,741	-62,465	-195	-43,491	-52,172
Inc/(Dec) in Cash	2,425	-5,377	4,811	1,444	-6,281	2,278	3,100	3,299
Add: Beginning Bal.	5,751	8,176	2,798	7,609	9,054	2,773	5,051	8,151
Closing Balance	8,176	2,798	7,609	9,054	2,773	5,051	8,151	11,450

E: MOFSL Estimates

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
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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