

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	BJAUT IN
Equity Shares (m)	289
M.Cap.(INRb)/(USD\$)	957.7 / 12.9
52-Week Range (INR)	4361 / 3028
1, 6, 12 Rel. Per (%)	0/-29/-28
12M Avg Val (INR M)	2282

Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	277	344	383
EBITDA	49.3	52.0	59.8
Consol PAT	48.6	51.8	57.4
EPS (INR)	168	179	199
EPS Gr. (%)	(6.8)	6.7	10.9
BV/Sh. (INR)	871	896	915
RoE (%)	21.5	20.3	21.9
RoCE (%)	19.7	17.7	19.2

Valuation			
P/E (x)	19.7	18.5	16.7
P/BV (x)	3.8	3.7	3.6
EV/EBITDA (x)	14.8	13.9	12.0
Div. Yield (%)	4.2	4.2	4.8

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: INR3,310 TP: INR3,500 (+6%) Neutral

RM pressures easing, but domestic demand remains weak

EV supply chain issues ironed out; focus on ramp-up

- Bajaj Auto (BJAUT)'s 3QFY22 beat was driven by lower RM cost pressures and favorable Fx. While exports remained robust and domestic 3W continued to recover, domestic 2Ws are yet to see recovery. In EVs, BJAUT is focusing on aggressively rolling out Chetak after ironing out supply chain issues. The e-3W launch is planned for FY23E.
- While we maintain our EPS estimates, we cut our P/E multiple to 16x (v/s 18x earlier) to account for hyper-competition in e-2Ws and the EV threat to the dominance of domestic 3Ws. We maintain a **Neutral** rating, with TP of **INR3,500**.

Lower cost inflation and favorable Fx aid margins

- 3QFY22 revenues were flat YoY (+5% MoM) at INR90.2b, while EBITDA/PAT declined 21%/22% YoY (+9%/+4% QoQ). 9MFY22 revenues/EBITDA/PAT grew 31%/10%/7% YoY to INR250.2b/INR37.5b/INR34.4b.
- Volumes declined 10% YoY (3% QoQ). Realization improved 12% YoY (1% QoQ) to INR76.4k (v/s est. INR76.3b).
- The gross margin declined 390bp YoY (+20bp QoQ) to 25.3% (v/s est 24.6%) on lower cost inflation and favorable Fx. The EBITDA margin contracted 420bp YoY (+60bp QoQ) to 15.2% (v/s est 14.3%).
- EBITDA declined 21% YoY (+9% MoM) to INR13.7b (v/s est INR12.9b). S/A adj. PAT declined 22% YoY (+4% QoQ) to INR12.1b (v/s est INR11.45b).
- The share of KTM's PAT stood at INR1.4b (v/s INR2.65b in 2QFY22).

Highlights from management commentary

- **Domestic 2Ws:** It expects YoY decline for the industry in 4QFY22, whereas BJAUT is estimated to be flat.
- **Egypt 3W ban:** The ban was imposed from Oct'21; however, the government has allowed for the fulfillment of the order book. Hence, export volumes are not expected to be impacted until 4QFY22. It is working with the government and is hopeful of resolving some of the issues. Moreover, it has been developing new markets over the last 4–5 years, which should dilute any impact of the ban.
- **EVs:** It is seeing gradual improvement in the supply chain, particularly since changing its vendor base and localizing certain components. With improving visibility on supply, it plans to add 12 cities (to the 8 currently) in the coming months. It would also launch e-3Ws in FY23E (the product would go for approval in 4QFY22). It sold 2k units of the Chetak product in 3QFY22 (v/s 1.7k in 2Q) and has an order book of 10k units.
- **EV strategy is three-pronged:** It would: 1) prioritize certainty over speed and build a robust, dependable brand; 2) continue to build R&D and the supply chain, including partnerships (KTM, Yulu, etc); and 3) expand the product portfolio aggressively for India and exports through products made to address the targeted use cases. In e-2Ws, it currently has three platforms undergoing R&D, which would largely cover most of the use cases.

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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.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- The BJAUT margin would continue to improve as it passes on the commodity inflation to customers. It would further benefit over the long term from a) the premiumization trend, b) the opportunity in exports, and c) the potential sizeable position in the 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.
- At 18.5x/16.7x FY22E/FY23E consolidated EPS, the stock's valuation largely captures the expected recovery. BJAUT's dividend yield of 4–5% would support the stock. We maintain our Neutral rating, with TP of INR3,500/share (16x Mar'24E consolidated EPS).

Quarterly Performance (INR m)

	FY21				FY22E				FY21	FY22E	3QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Net Sales	30,792	71,559	89,099	85,961	73,860	86,206	90,217	93,551	2,77,411	3,43,834	90,102
Change (%)	(60.3)	(7.2)	16.6	26.1	139.9	20.5	1.3	8.8	(7.3)	23.9	1.1
EBITDA	4,085	12,662	17,296	15,241	11,198	12,596	13,721	14,530	49,285	52,045	12,869
EBITDA Margins (%)	13.3	17.7	19.4	17.7	15.2	14.6	15.2	15.5	17.8	15.1	14.3
Interest	10	27	10	20	23	17	18	27	67	85	20
Depreciation	638	643	650	662	641	656	698	658	2,593	2,653	670
Non-operating Income	3,379	2,858	3,692	2,836	3,293	3,183	2,728	2,507	12,765	11,711	2,700
PBT after EO	6,817	14,851	20,328	17,395	13,827	16,521	15,733	16,352	59,390	62,433	14,879
Effective Tax Rate (%)	22.5	23.4	23.4	23.4	23.3	22.9	22.8	25.6	23.3	23.7	23.0
Adj. PAT	5,280	11,382	15,563	13,321	10,612	11,665	12,142	12,161	45,546	46,575	11,457
Change (%)	(53.1)	(18.8)	23.4	1.7	101.0	2.5	(22.0)	(8.7)	(10.7)	2.3	(26.4)

Key Performance Indicators

	FY21				FY22E				FY21	FY22E	3QE
	1Q	2Q	3Q	4QE	1Q	2Q	3Q	4QE			
Volumes ('000 units)	443	1,053	1,307	1,170	1,006	1,144	1,181	1,213	3,973	4,545	1,181
Growth YoY (%)	-64.5	-10.2	8.7	17.9	127.0	8.6	-9.6	3.7	-13.9	14.4	-9.6
Dom. M/Cycle Mkt Sh (%)	20.7	17.5	18.6	17.3	19.7	18.7	19.3		18.1		19
Realization (INR/unit)	69,493	67,935	68,180	73,492	73,419	75,328	76,367	77,107	69,826	75,650	76,270
Growth YoY (%)	11.7	3.4	7.3	7.0	5.6	10.9	12.0	4.9	7.7	8.3	11.9
Cost Break-up											
RM Cost (% of sales)	67.1	70.7	70.8	71.9	73.0	74.9	74.7	74.3	70.7	74.3	75.4
Staff Cost (% of sales)	11.0	4.5	3.6	3.6	4.9	4.1	3.8	3.9	4.6	4.1	4.0
Other Cost (% of sales)	8.7	7.1	6.2	6.9	6.9	6.5	6.3	6.5	7.0	6.5	6.4
Gross Margins (%)	32.9	29.3	29.2	28.1	27.0	25.1	25.3	25.7	29	27	25
EBITDA Margins (%)	13.3	17.7	19.4	17.7	15.2	14.6	15.2	15.5	17.8	15.1	14.3
EBIT Margins (%)	11.2	16.8	18.7	17.0	14.3	13.9	14.4	14.8	16.8	14.3	13.5

E:MOFSL Estimates



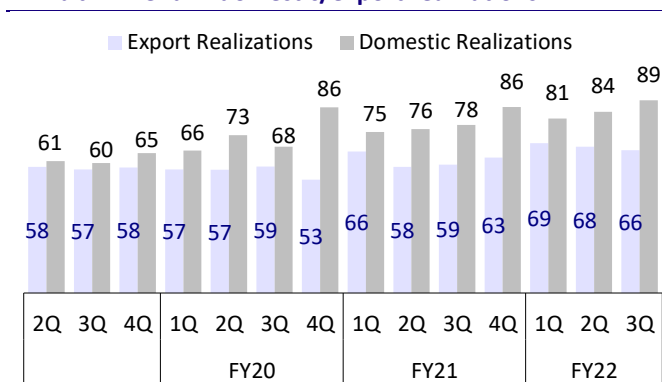
Key takeaways from earnings call

- **Exports:** 3Q saw the highest every quarterly retails for BJAUT, with either an increase or stability in market share in all of the markets. It has taken 5% price hikes in 9MFY22, higher than any of its peers. It expects FY22 export volumes/revenues at 2.5m/USD2.5b.
- **Domestic 2Ws retails** in 3QFY22 declined by the double digits. Even after 14th Jan (the completion of the inauspicious period), retails continue to be weak across segments and geographies due to weak purchasing power and sentiment. It expects YoY decline for the industry in 4QFY22, whereas BJAUT is estimated to be flat.
- In domestic 2Ws, Bajaj has gained market share owing to its upgrade strategy (premiumization in the 100cc and 125cc segments). It also plans to implement this upgrade strategy in the Sports segment, driven by the new Pulsar 250 as well as more products/variants over the next 6–9 months.
- **Recovery in domestic 3Ws** continued in 3QFY22, with BJAUT achieving market leadership in all 3W segments, leading to all-time high market share of 71% in 3QFY22.
- **The ban on 3Ws in Egypt** was imposed from Oct'21; however, the government has allowed for the fulfillment of the order book. Hence, export volumes are not expected to be impacted until 4QFY22. The Egyptian government wants to shift to CNG (from petrol currently). It also aims to introduce better looking products in cities. BJAUT is working with the government and is hopeful of resolving some of the issues over the next few months. Also, it has been developing new markets over the last 4–5 years, which should dilute any impact of the ban.
- **EVs:** It is seeing gradual improvement in the supply chain, particularly since changing its vendor base and localizing certain components. With improving visibility on supply, it plans to add 12 cities (to the 8 currently) in the coming months. It would also launch e-3Ws in FY23E (the product would go for approval in 4QFY22). It sold 2k units of the Chetak product in 3QFY22 (v/s 1.7k in 2Q) and has an order book of 10k units.
- **EV strategy is three-pronged:** It would: 1) prioritize certainty over speed and build a robust, dependable brand; 2) continue to build R&D and the supply chain, including partnerships (KTM, Yulu, etc); and 3) expand the product portfolio aggressively for India and exports through products made to address the targeted use cases. In e-2Ws, it currently has three platforms undergoing R&D, which would largely cover most of the use cases. Barring one ICE platform, most of its R&D efforts are entirely towards EVs. Additionally, KTM is working on different forms other than scooters and motorcycles. It is focusing on first aggressively rolling out Chetak and then expanding the Chetak platform, followed by the KTM and Yulu platforms.
- **3W:** It expects the transition to electric in 3Ws to be gradual and not sudden – weighed by challenges such as higher initial ownership costs, the lack of charging infra, and the lack of retail finance – despite the operating cost of EVs being lower (by 10% v/s CNG and 30% v/s diesel). Also, there is no clarity on the resale value (for individual owners).
- **EBITDA margins** improved 60bp QoQ on a) favorable Fx and b) better price hikes than RM costs. It expects RM costs to increase 1% QoQ in 4Q, which would be passed on to the customer. Hence, it expects 4Q margins to improve on a QoQ basis.

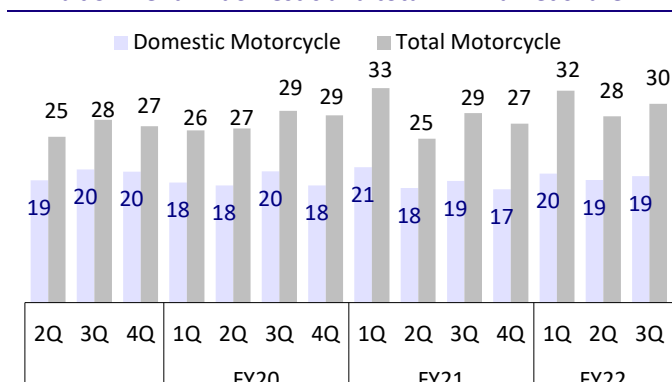
Exhibit 1: Trend in product mix

	3QFY22	3QFY21	YoY (%)	2QFY22	QoQ (%)
Motorcycles					
Domestic	4,71,284	5,85,469	-19.5	4,88,148	-3.5
% of total volumes	39.9	44.8		42.7	
Exports	5,77,261	6,08,398	-5.1	5,41,767	6.6
% of total volumes	48.9	46.6		47.3	
Total Motorcycles	10,48,545	11,93,867	-12.2	10,29,915	1.8
% of total volumes	88.8	91.4		90.0	
Three Wheelers					
Domestic	52,015	34,230	52.0	44,068	18.0
% of total volumes	4.4	2.6		3.9	
Exports	80,801	78,713	2.7	70,424	14.7
% of total volumes	6.8	6.0		6.2	
Total 3Ws	1,32,816	1,12,943	17.6	1,14,492	16.0
% of total volumes	11.2	8.6		10.0	
Total Volumes	11,81,361	13,06,810	-9.6	11,44,407	3.2

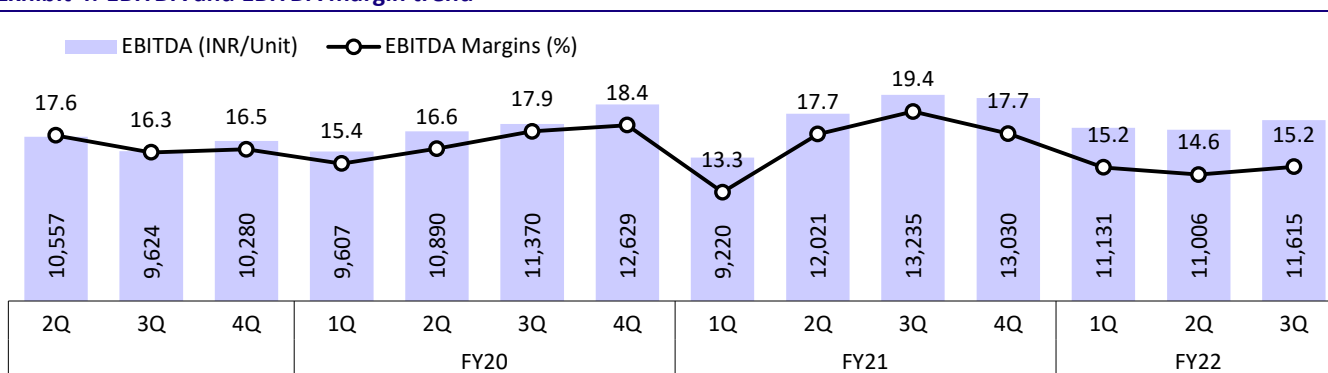
Source: Company, MOFSL

Exhibit 2: Trend in domestic/export realizations

Source: Company, MOFSL

Exhibit 3: Trend in domestic and total 2W market share

Source: Company, MOFSL

Exhibit 4: EBITDA and EBITDA margin trend

Source: Company, MOFSL

Valuation and view

- Volumes impacted by slowdown in 2W industry since 4QFY21:** FY21 was a challenging year for the domestic 2W industry due to the COVID-19 outbreak. Despite this, BJAUT sailed through on the back of good recovery in the domestic market (led by the Pulsar 125cc) and faster recovery in the export markets (its key African markets were the 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 a 12% CAGR over FY21–23E.

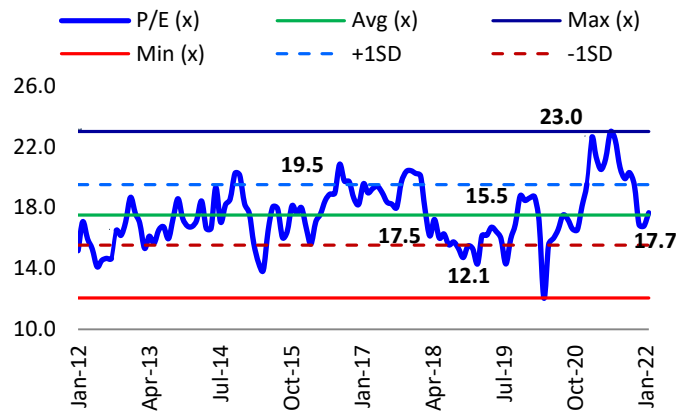
- **Well-placed to ride the premiumization trend:** By leveraging its strong alliance with KTM and its latest partnerships with Husqvarna and Triumph, BJAUT would have the widest range of premium motorcycles on offer. Husqvarna and KTM present an opportunity for BJAUT to grow its contract manufacturing volumes by 3x over the next few years. Meanwhile, Triumph would 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 would expand its addressable market as the Scooter category 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 would be at the forefront in 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) a healthy mix (premium motorcycles, domestic 3Ws, and exports), b) normalizing export incentives, and c) keeping fixed costs lower vis-à-vis peers. We expect BJAUT to maintain an EBITDA margin of around 15–16% over the next 2–3 years.
- **Maintain Neutral, with TP of INR3,500/share:** While we maintain our EPS estimates, we cut the P/E multiple to 16x (v/s 18x earlier) to account for hyper-competition in e-2Ws and the EV threat to the domestic dominance of 3Ws. BJAUT would benefit over the long term from a) the premiumization trend, b) the opportunity in exports, and c) the potential sizeable position in the 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 18.5x/16.7x FY22E/FY23E consolidated EPS, the stock's valuation largely captures the expected recovery. BJAUT's dividend yield of 4–5% would support the stock. Maintain Neutral, with TP of INR3,500/share (16x Mar'23E consolidated EPS).

Exhibit 5: Revised forecast (INR m)

	FY22E			FY23E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Vols ('000 units)	4,545	4,579	-0.7	4,965	5,002	-0.8
Net Sales	3,43,834	3,44,901	-0.3	3,82,740	3,84,022	-0.3
EBITDA	52,045	50,810	2.4	59,762	59,770	0.0
EBITDA Margins (%)	15.1	14.7	40bp	15.6	15.6	10bp
Net Profit	51,819	51,053	1.5	57,447	57,453	0.0
EPS (INR)	179.1	176.4	1.5	198.5	198.5	0.0

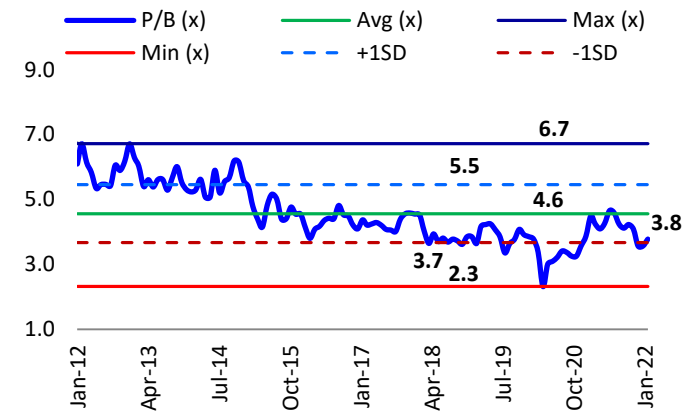
Source: MOFSL

Exhibit 6: P/E band



Source: MOFSL

Exhibit 7: P/BV band



Source: MOFSL

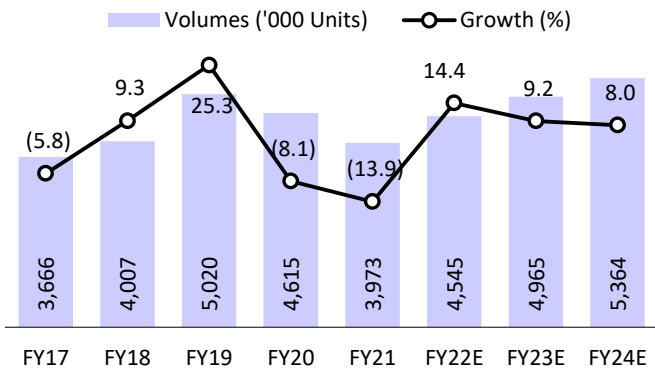
Exhibit 8: Key operating metrics

000 units	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Motorcycles (units)							
Domestic	1,975	2,541	2,078	1,809	1,791	1,899	2,013
Growth (%)	-1.3	28.7	-18.2	-12.9	-1.0	6.0	6.0
% of total volumes	49.3	50.6	45.0	45.5	39.4	38.2	37.5
Exports	1,395	1,696	1,869	1,797	2,238	2,461	2,707
Growth (%)	14.5	21.6	10.2	-3.9	24.6	10.0	10.0
% of total volumes	34.8	33.8	40.5	45.2	49.2	49.6	50.5
Total M/Cycles	3,369	4,237	3,948	3,606	4,029	4,360	4,720
Growth (%)	4.6	25.7	-6.8	-8.7	11.7	8.2	8.3
% of total volumes	84.1	84.4	85.5	90.8	88.6	87.8	88.0
3Ws							
Domestic	370	399	366	109	190	295	318
Growth (%)	46.0	8.1	-8.4	-70.1	74.0	55.0	8.0
% of total volumes	9.2	8.0	7.9	2.8	4.2	5.9	5.9
Exports	268	383	302	258	326	310	325
Growth (%)	38.9	43.1	-21.2	-14.6	26.5	-5.0	5.0
% of total volumes	6.7	7.6	6.5	6.5	7.2	6.2	6.1
3Ws	637	783	668	367	516	604	644
Growth (%)	42.9	22.8	-14.7	-45.0	40.6	17.1	6.5
% of total volumes	15.9	15.6	14.5	9.2	11.4	12.2	12.0
Total Volumes	4,007	5,020	4,615	3,973	4,545	4,965	5,364
Growth (%)	9.3	25.3	-8.1	-13.9	14.4	9.2	8.0
Avg. Net Realn (INR/unit)	55,745	52,928	56,462	60,588	65,862	67,483	68,443
Growth (%)	2.3	-5.1	6.7	7.3	8.7	2.5	1.4
Net Revenues (INR B)	247	296	291	271	335	374	409
Growth (%)	15.6	19.7	-1.5	-6.8	23.6	11.5	9.4
EBITDA (INR B)	48	52	51	49	52	60	68
EBITDA margins (%)	19.2	17.1	17.0	17.8	15.1	15.6	16.1
EBITDA (INR/Unit)	12,073	10,345	11,042	12,405	11,451	12,038	12,600
Growth (%)	9.4	7.3	-1.9	-3.3	5.6	14.8	13.1
Consol. PAT (INR B)	42	49	52	49	52	57	64
Consol. EPS	146	170	180	168	179	199	220

Source: Company, MOFSL

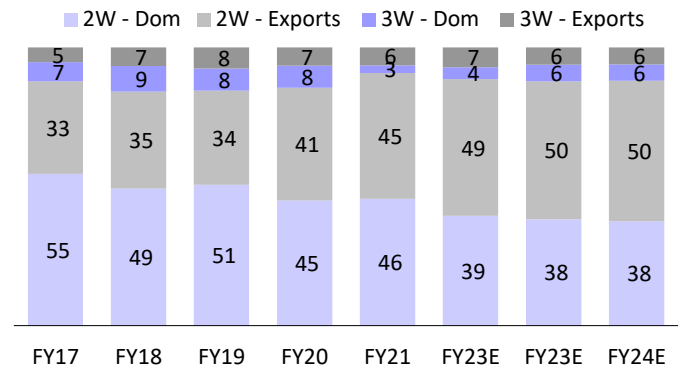
Stories in charts

Exhibit 9: Trend in volume and volume growth



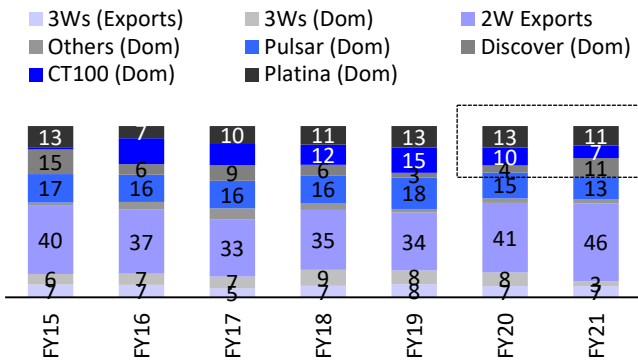
Source: Company, MOFSL

Exhibit 10: Product mix trend



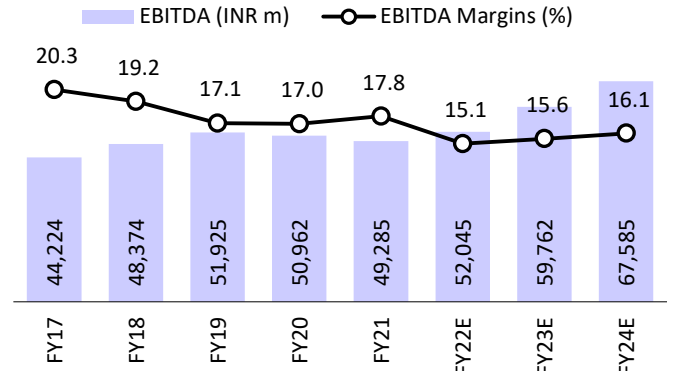
Source: Company, MOFSL

Exhibit 11: Trend in volume mix



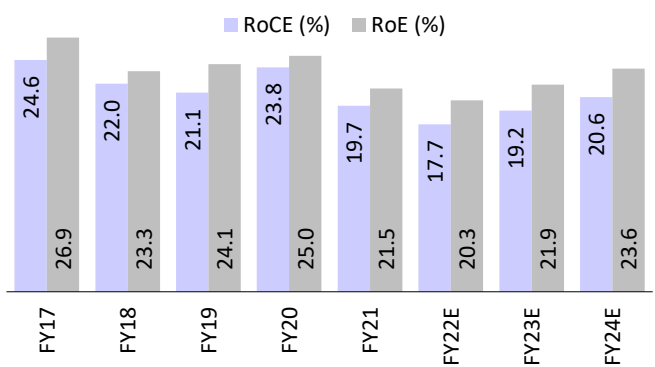
Source: Company, MOFSL

Exhibit 12: Trend in EBITDA and EBITDA margin



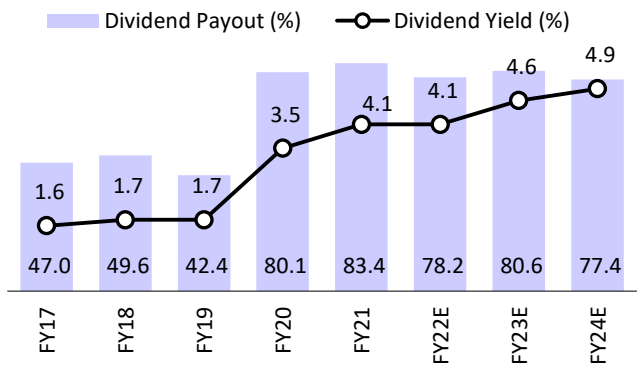
Source: Company, MOFSL

Exhibit 13: Trend in return ratios



Source: Company, MOFSL

Exhibit 14: Dividend payout to remain healthy



Source: Company, MOFSL

Financials and valuations

Income Statement								(INR M)
Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Volumes	36,65,950	40,06,788	50,19,503	46,15,212	39,72,914	45,45,040	49,64,564	53,63,689
Change (%)	-5.8	9.3	25.3	-8.1	-13.9	14.4	9.2	8.0
Net Sales	2,17,667	2,52,189	3,03,576	2,99,187	2,77,411	3,43,834	3,82,740	4,18,784
Change (%)	-3.6	15.9	20.4	-1.4	-7.3	23.9	11.3	9.4
Total Expenditure	1,73,443	2,03,815	2,51,651	2,48,224	2,28,126	2,91,789	3,22,978	3,51,199
EBITDA	44,224	48,374	51,925	50,962	49,285	52,045	59,762	67,585
Change (%)	-7.5	9.4	7.3	-1.9	-3.3	5.6	14.8	13.1
EBITDA Margins (%)	20.3	19.2	17.1	17.0	17.8	15.1	15.6	16.1
Depreciation	3,073	3,148	2,657	2,464	2,593	2,653	2,847	3,204
EBIT	41,151	45,226	49,268	48,498	46,692	49,392	56,915	64,381
Int. & Fin. Charges	14	13	45	32	67	85	85	85
Other Income	12,220	12,933	14,389	17,336	12,765	11,711	11,700	11,700
Non-recurring Exp.	0	320	-3,420	0	0	-1,416	0	0
PBT	53,356	57,826	67,032	65,802	59,390	62,433	68,530	75,996
Tax	15,081	17,145	20,280	14,802	13,844	14,773	16,661	18,543
Effective Rate (%)	28.3	29.6	30.3	22.5	23.3	23.7	24.3	24.4
PAT	38,276	40,681	46,752	51,000	45,546	47,660	51,869	57,454
Change (%)	-2.6	6.3	14.9	9.1	-10.7	4.6	8.8	10.8
Add: Share in profit of asso.	2,519	1,283	4,910	1,119	3,024	5,239	5,578	6,088
Adj. PAT	40,795	42,189	49,276	52,119	48,570	51,819	57,447	63,541
Change (%)	0.4	3.4	16.8	5.8	(6.8)	6.7	10.9	10.6

Balance Sheet								(INR M)
Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Share Capital	2,894	2,894	2,894	2,894	2,894	2,894	2,894	2,894
Net Worth	1,70,341	1,91,039	2,17,799	1,99,255	2,52,023	2,59,171	2,64,741	2,73,001
Deferred Tax	3,136	3,234	5,427	3,464	5,221	6,470	7,841	9,361
Loans	1,764	1,674	1,685	1,669	1,601	1,601	1,601	1,601
Capital Employed	1,75,242	1,95,947	2,24,910	2,04,388	2,58,845	2,67,242	2,74,182	2,83,963
Gross Fixed Assets	45,917	46,402	42,956	41,573	43,443	46,103	53,803	58,603
Less: Depreciation	25,900	27,619	25,317	24,583	26,794	29,446	32,294	35,497
Net Fixed Assets	20,018	18,783	17,639	16,990	16,649	16,656	21,509	23,105
Capital WIP	422	565	480	602	160	3,500	800	1,000
Investments	1,47,315	1,75,883	1,91,594	1,81,960	2,26,310	2,26,310	2,26,310	2,26,310
Current Assets	40,395	42,964	64,091	48,181	72,183	93,548	1,06,570	1,22,183
Inventory	7,284	7,426	9,615	10,635	14,939	18,516	20,611	22,552
Sundry Debtors	9,533	14,919	25,597	17,251	27,169	33,674	37,484	41,014
Cash & Bank Balances	2,798	7,609	9,054	2,773	5,051	10,342	13,949	20,839
Loans & Advances	362	369	380	386	372	461	513	561
Others	20,418	12,641	19,445	17,136	24,653	30,556	34,013	37,217
Current Liab. & Prov.	32,907	42,248	48,894	43,345	56,457	72,772	81,006	88,635
Sundry Creditors	22,357	32,443	37,867	31,997	45,738	56,690	63,104	69,047
Other Liabilities	8,559	7,427	9,475	8,964	9,175	11,372	12,659	13,851
Provisions	1,991	2,378	1,552	2,385	1,544	4,710	5,243	5,737
Net Current Assets	7,488	716	15,197	4,836	15,727	20,776	25,564	33,548
Application of Funds	1,75,242	1,95,947	2,24,911	2,04,387	2,58,845	2,67,242	2,74,182	2,83,963

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Basic (INR)								
Consol EPS	141.0	145.8	170.3	180.1	167.8	179.1	198.5	219.6
EPS growth (%)	0.4	3.4	16.8	5.8	-6.8	6.7	10.9	10.6
Consol Cash EPS	151.6	156.7	179.5	188.6	176.8	188.2	208.4	230.7
Book Value per Share	588.7	660.2	752.7	688.6	870.9	895.6	914.9	943.4
DPS	55.0	60.0	60.0	120.0	140.0	140.0	160.0	170.0
Payout (Incl. Div. Tax) %	47.0	49.6	42.4	80.1	83.4	78.2	80.6	77.4
Valuation (x)								
P/E	24.4	23.6	20.2	19.1	20.5	19.2	17.3	15.7
Cash P/E	22.7	22.0	19.2	18.3	19.5	18.3	16.5	14.9
EV/EBITDA	19.2	16.8	15.4	16.0	15.6	14.6	12.7	11.1
EV/Sales	3.9	3.2	2.6	2.7	2.8	2.2	2.0	1.8
Price to Book Value	5.8	5.2	4.6	5.0	4.0	3.8	3.8	3.7
Dividend Yield (%)	1.6	1.7	1.7	3.5	4.1	4.1	4.6	4.9
Profitability Ratios (%)								
RoE	26.9	23.3	24.1	25.0	21.5	20.3	21.9	23.6
RoCE	24.6	22.0	21.1	23.8	19.7	17.7	19.2	20.6
RoIC	118	174	193	176	154	79	85	90
Turnover Ratios								
Debtors (Days)	15	21	31	21	36	36	36	36
Inventory (Days)	12	11	12	13	20	20	20	20
Creditors (Days)	35	46	46	39	60	60	60	60
Working Capital (Days)	-9	-14	-3	-5	-5	-5	-5	-5
Asset Turnover (x)	1.2	1.3	1.3	1.5	1.1	1.3	1.4	1.5
Fixed Asset Turnover	4.5	5.5	6.8	7.1	6.5	7.7	7.7	7.5
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 M)

Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Profit before Tax	53,356	57,826	67,032	65,802	59,390	61,018	68,530	75,996
Depreciation & Amort.	3,073	3,148	2,657	2,464	2,593	2,653	2,847	3,204
Direct Taxes Paid	-15,026	-16,851	-19,643	-16,777	-13,397	-13,524	-15,291	-17,023
(Inc)/Dec in Working Capital	2,533	10,451	-7,030	3,765	-5,105	241	-1,181	-1,094
Other Items	-10269	-11738	-18061	-16635	-12339	-11626	-11615	-11615
CF from Oper. Activity	33,667	42,836	24,954	38,620	31,142	38,761	43,291	49,468
Extra-ordinary Items	-275	-228	-58	-3	-4	1,416	0	0
CF after EO Items	33,392	42,608	24,895	38,618	31,139	40,177	43,291	49,468
(Inc)/Dec in FA+CWIP	-1,970	-1,833	-1,082	-2,800	-2,509	-6,000	-5,000	-5,000
Free Cash Flow	31,422	40,775	23,814	35,818	28,630	34,177	38,291	44,468
(Pur)/Sale of Invest.	-34,899	-17,111	-1,629	20,367	-26,157	11,711	11,700	11,700
CF from Inv. Activity	-36,868	-18,944	-2,710	17,567	-28,665	5,711	6,700	6,700
Interest Paid	-6	-4	-35	-21	-108	-85	-85	-85
Dividends Paid	-2,022	-18,848	-20,733	-62,444	-87	-40,512	-46,299	-49,193
CF from Fin. Activity	-1,901	-18,853	-20,741	-62,465	-195	-40,597	-46,384	-49,278
Inc/(Dec) in Cash	-5,377	4,811	1,444	-6,281	2,278	5,291	3,607	6,890
Add: Beginning Bal.	8,176	2,798	7,609	9,054	2,773	5,051	10,342	13,949
Closing Balance	2,798	7,609	9,054	2,773	5,051	10,342	13,949	20,839

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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