

Structural margin levers help maintain positive stance

Bajaj Auto reported a healthy operational performance in Q4FY21. Net revenues came in at ₹ 8,596 crore (up 26.1% YoY) amid 17.9% YoY volume increase at 11.7 lakh units (2-W up 23%, 3-W down 12%) and 7.8% QoQ ASP rise to ₹ 73,492/unit. EBITDA margins for Q4FY21 came in at 17.7% (down 168 bps QoQ) with lower than anticipated decline in gross margins amid improved product mix in the 2-W segment. Consequent reported PAT was up 1.7% YoY to ₹ 1,332 crore, with BAL declaring ₹ 140/share as dividend for FY21, in line with its new dividend distribution policy.

Healthy volume growth lies ahead, amid near term hiccups

The upturn in 2-W demand following the post-Covid 'unlock' programme last year lost momentum in H2FY21, especially at the retail level. While demand initially was driven by the rural economy, latter legs were added by urban demand coming to the fore, as evidenced by improvement in scooter sub segment. BAL performed marginally better than the industry, recording a slight retail market share gain to 12.08% as of March 2021. As per FADA commentary, 2-W channel inventory remains relatively elevated (30-35 days vs. 10-15 days for PV), signalling muted buyer sentiment on the ground. Against this backdrop, a sharp resurgence in Covid cases is set to dampen sentiment further in the near term, with several states under lockdown. The 3-W industry is also facing delay in recovery amid renewed concerns over public transport in pandemic times and its negative impact on schooling and office movement. Nevertheless, favourable base effect following two years of subdued performance should aid domestic operations on CAGR basis in FY21-23E. Exports outperformance vis-à-vis domestic sales is expected to continue. We build 14.9%, 25.5%, 15.9% 2-W, 3-W, total volume CAGR in FY21-23E, respectively, with total volumes seen at 53.4 lakh units in FY23E.

Product mix improvement, price hikes key to margin resilience

With near-term demand outlook slightly strained, immediate relief via operating leverage is unlikely. This leaves price hikes and continued product mix improvement as levers for margin resilience. BAL has undertaken ~3.5% increase in prices thus far in CY21 and hopes to undertake another ~2% increase to offset higher input costs. It has done well on the product mix front, with Pulsar 125 proving to be highly successful and share of <110 cc motorcycles declining ~390 bps YoY to ~44.2% of overall sales in FY21. Expected exports outperformance, going ahead, along with 3-W rebound (courtesy low base) is also set to be beneficial for blended profitability. We build 16.4%, 17% margins in FY22E, FY23E respectively.

Valuation & Outlook

For BAL, we build 22.2%, 15.5% sales, PAT CAGR in FY21P-23E. We value BAL at unchanged target price of ₹ 4,500 using SOTP method (core business at 21x FY23E EPS and 2x P/B on KTM investment), retaining our **BUY** rating. Despite likely slight elongation in demand recovery, presence of margin accretive factors helps us remain constructive on BAL. We are also enthused by the recent revision in dividend policy amid surplus cash on B/S at BAL.

Key Financial Summary

Key Financials	FY19	FY20	FY21P	FY22E	FY23E	CAGR (FY21P-23E)
Net Sales	30,250.0	29,918.6	27,741.1	36,763.8	41,429.0	22.2%
EBITDA	4,982.0	5,096.2	4,928.5	6,034.0	7,053.0	19.6%
EBITDA Margins (%)	16.5	17.0	17.8	16.4	17.0	
Net Profit	4,675.1	5,100.0	4,554.7	5,308.6	6,076.8	15.5%
EPS (₹)	161.6	176.2	157.4	183.5	210.0	
P/E	23.7	21.8	24.4	20.9	18.3	
RoNW (%)	19.9	25.6	18.1	20.6	23.1	
RoCE (%)	21.1	23.9	18.2	21.9	25.2	

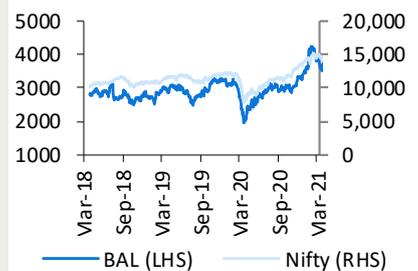
Source: Company, ICICI Direct Research



Particulars

Particular	₹ crore
Market Capitalization	1,10,973
Total Debt (FY21P)	0.0
Cash & Liquid Invests (FY21P)	21,925
EV	89,048
52 week H/L (₹)	4,361 / 2,363
Equity capital (₹)	289.4
Face value (₹)	₹ 10

Price Performance



Key Highlights

- Net sales rose 26% in Q4FY21 amid 18% volume growth and QoQ ASP jump, with EBITDA margins at 17.7%
- Covid spread is set to impact near term demand but hedges in form of improving product mix towards 3-W, exports and premium 2-W are set to aid margin resilience

Key Risk

- Prolonged slowdown in domestic 3-W segment (high margin product)
- Sooner than anticipated transition towards Electric vehicles

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Exhibit 1: Variance Analysis

	Q4FY21	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	Comments
Total Operating Income	8,596	8,209	6,816	26.1	8,910	-3.5	Topline came in ahead of estimates tracking beat on ASP's amid improvement in product mix within the 2-W space
Raw Material Expenses	6,177	6,019	4,665	32.4	6,308	-2.1	RM as a % of sales came in at 71.9%, up 110 bps QoQ vs. our expectation of 73.3% of sales
Employee Expenses	307	322	342	-10.3	317	-3.2	Employee costs came in lower than anticipated
Other Expenses	594	523	561	5.8	557	6.7	
EBITDA	1,524.1	1,347.0	1,252.8	21.7	1,729.6	-11.9	
EBITDA Margin (%)	17.7	16.4	18.4	-65 bps	19.4	-168 bps	EBITDA margins came in ahead of estimates at 17.7% tracking lower than expected contraction in gross margins and operating leverage benefits
Other Income	283.6	343.0	532.7	-46.8	369.2	-23.2	
Depreciation	66.2	66.8	63.3	4.6	65.0	1.8	Depreciation was on expected lines
Interest	2	0	1	NA	1	NA	
PBT	1739	1623	1721	1.1	2033	-14.4	
Total Tax	407	381	411	-0.9	477	-14.5	Tax rate for the quarter stood at 23.4%
Reported PAT	1332.1	1241.8	1310.3	1.7	1556.3	-14.4	
EPS (₹)	46.0	42.9	45.3	1.7	53.8	-14.4	Reported PAT came in higher tracking beat on topline as well as operating margins
Key Metrics							
Revenue (₹ crore)							
Domestic	4,422	4,207	3,711	19.2	4,648	-4.9	Domestic revenues were ahead of estimates at ₹4,422 crore
Exports	3,991	3,841	2,900	37.6	4,082	-2.2	Export revenues too were ahead of estimates at ₹3,991 crore
Blended ASP (₹/ unit)							
Domestic	82,787	78,756	77,608	6.7	75,006	10.4	Domestic ASP's rose sharply 10.4% QoQ to ₹82,787/unit
Exports	62,796	60,444	56,442	11.3	59,408	5.7	Export ASP's rose 5.7% QoQ to ₹62,796/unit

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	34,649	36,764	6.1	38,660	41,429	7.2	Marginal upgrade in volume estimates and commodity price led increase in ASP assumptions leads to single digit upward revision in topline estimates. We expect topline at BAL to grow at a CAGR of 22.2% over FY21-23E
EBITDA	5,776	6,034	4.5	6,967	7,053	1.2	
EBITDA Margin (%)	16.7	16.4	-26 bps	18.0	17.0	-100 bps	Revised downward our margin estimates tracking higher than anticipated increase in RM costs
PAT	5,339	5,309	-0.6	6,354	6,077	-4.4	
EPS (₹)	184.5	183.5	-0.6	219.6	210.0	-4.4	Decline in margin estimates leads to single digit decline in PAT estimates going forward. We expect PAT at BAL to grow at a CAGR of 15.5% over FY21-23E

Source: ICICI Direct Research

Exhibit 3: Assumptions

Units (lakh)	Current				Earlier				Comments
	FY18	FY19	FY20	FY21	FY22E	FY23E	FY22E	FY23E	
Motorcycle volumes	33.7	42.4	39.5	36.1	43.7	47.6	43.6	47.1	Total volume at BAL are seen growing at a
Three-Wheeler volumes	6.4	7.8	6.7	3.7	5.0	5.8	4.8	5.5	CAGR of 15.9% over FY21-23E to 53.4 lakh units
Total volumes	40.1	50.2	46.2	39.7	48.7	53.4	48.4	52.6	in FY23E. 2-W segment in the aforesaid period
Export volumes	16.6	20.8	21.7	20.5	25.0	27.5	24.5	26.5	is seen growing at a CAGR of 14.9%, while 3-W
Domestic revenues (₹ crore)	15,396	18,099	17,169	14,609	19,793	22,137	18,689	20,821	segment is seen growing at a CAGR of 25.5%,
Export revenues (\$ mn)	1,400	1,642	1,677	1,694	2,186	2,453	2,051	2,277	albeit on a low base. Revised upward our ASP's
US\$INR Realisation rate	67	70	71	74	74	75	75	75	assumptions tracking improvement in product
Export ASP (\$/unit)	872	790	772	822	874	892	838	859	mix and calibrated price hikes undertaken to
Blended ASP (₹/unit)	62,640	58,905	63,077	68,295	73,899	75,916	70,213	72,034	mitigate RM costs increase

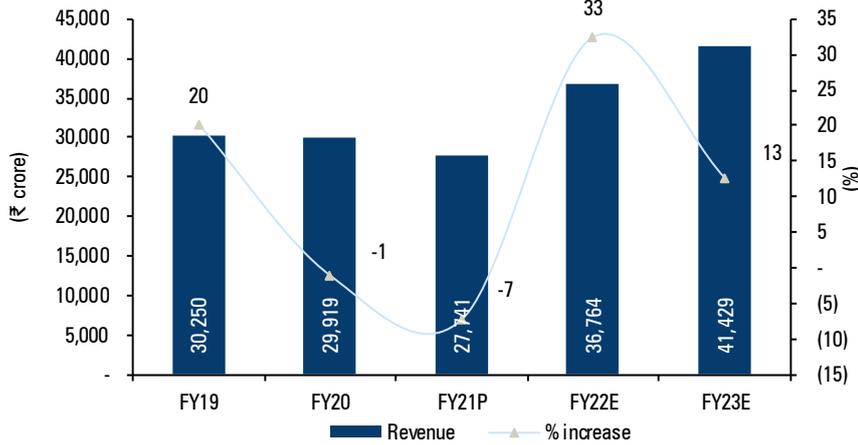
Source: ICICI Direct Research

Q4FY21 Conference call highlights

- While the pandemic is clouding near term outlook, disruption is not at the same level as last year. The company has been able to manage its vendors and supply chain better compared to FY21. BAL expects demand recovery to be swift once vaccination drive picks up pace and Covid spread is controlled. It guided for FY22 to be among the best ever year for exports
- Sequential growth momentum improvement in 3-W over the past few months has been halted because of the pandemic resurgence but share of 3-W in overall volumes is set to increase, going forward
- Exports continue to perform robustly for BAL, with ~77% revenues now being received from markets where the company is either first or second in terms of its market share (leadership). **BAL's exports are ~10-15% below potential due to shipping related issues**
- BAL said that ongoing 2-W premiumisation is on account of the top half of the consumer pyramid being relatively less affected by the pandemic's impact on jobs and incomes
- Pulsar 125 has helped the company gain 12% market share in the segment to 19% over the past 12 months. For BAL, >125 cc products now form 60% of overall 2-W sales
- In FY21, the company's market share in small 3-W was at >80%, while that in large 3-W was at ~48%. It also improved market share in cargo 3-W by 6% to ~34%
- **Input costs have grown ~6-7% over the past two quarters, with the company undertaking ~3.5% blended price hikes to combat it in that time. BAL is hopeful of covering another ~2% of the cost increase via price hikes, going ahead**
- Other expenses as a proportion of sales are seen reverting to previous levels in coming times. However, **general outlook on blended margins is constructive, with better product mix (aided by 3-W rebound), likely rupee depreciation and reinstatement of some export incentives being among the levers**
- **BAL said that general wisdom suggests inflection point for EVs will arrive in ~three to five years time frame, with lowering of battery costs holding the key for the transition. It continues to work on its electric 3-W prototype but at present believes the segment is not offering a compelling solution from TCO perspective**
- **BAL hopes to expand Chetak footprint from June onwards once vendor ecosystem is ready to supply in scale. It can achieve 1,000 units per month run rate comfortably**
- The company is falling short of servicing KTM export demand by ~15% due to ongoing semiconductor shortages
- BAL will introduce new product 2-W platforms and model variants over the next six months
- Exports and spares sales for Q4FY21 were at ₹ 3,991 crore and ₹ 1,089 crore, respectively, with US\$ conversion rate for the quarter at ₹ 72.9

Financial story in charts

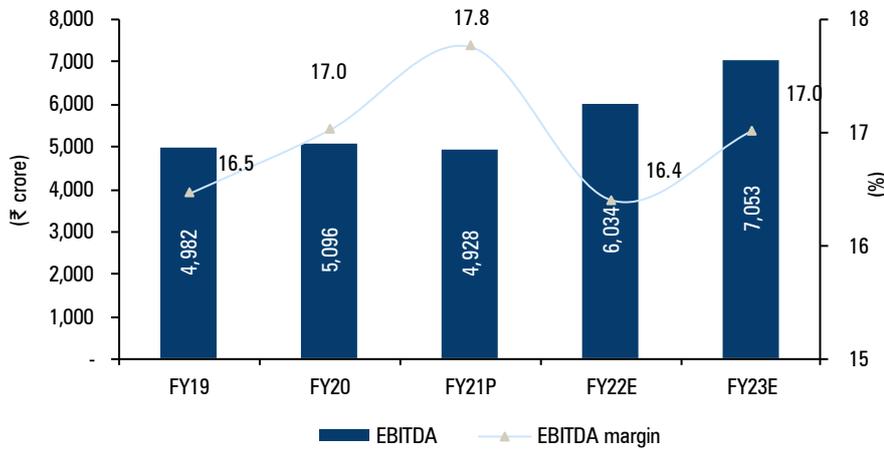
Exhibit 4: Total operating income trend



We expect total operating income to grow at 22.2% CAGR over FY21P-23E. It includes volume growth CAGR of 15.9% over the aforesaid period

Source: Company, ICICI Direct Research

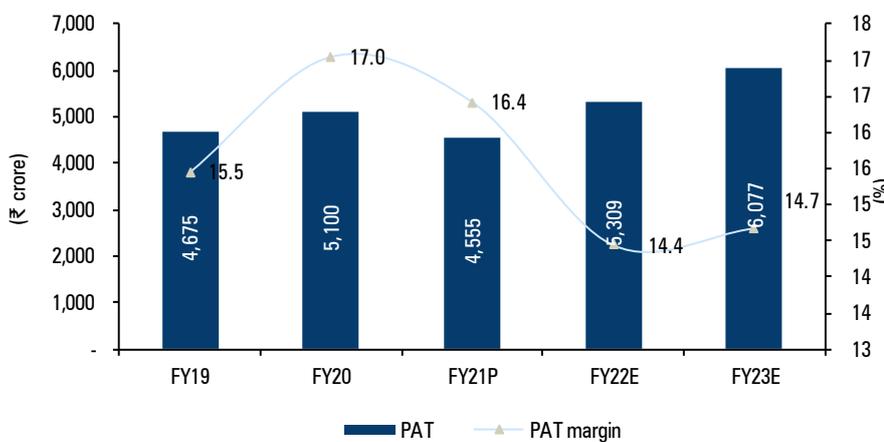
Exhibit 5: EBITDA trend and margin profile



EBITDA margins are seen correcting to 16.4% in FY22E and thereafter improving to 17% by FY23E on the back of expected improvement in product mix as well as improved model mix within 2-W

Source: Company, ICICI Direct Research

Exhibit 6: Profitability trend



PAT is seen growing at 15.5% CAGR over FY21E-23E to ₹ 6,077 crore in FY23E

Source: Company, ICICI Direct Research

Exhibit 7: Segment-wise, model-wise FY21 sales at BAL

Particulars	Domestic			Exports			Total			Sales mix %		Domestic market share %	
	FY20	FY21	YoY %	FY20	FY21	YoY %	FY20	FY21	YoY %	FY20	FY21	FY20	FY21
Motorcycles	20,78,136	18,07,980	(13.0)	18,69,220	17,96,518	(3.9)	39,47,356	36,04,498	(8.7)	85.5	90.7	18.5	18.0
75-110 cc	10,79,432	7,34,712	(31.9)	11,38,965	10,19,327	(10.5)	22,18,397	17,54,039	(20.9)	48.1	44.1		
Boxer	-	-	NA	9,20,322	8,74,800	(4.9)	9,20,322	8,74,800	(4.9)				
CT	4,80,204	2,83,027	(41.1)	1,48,775	74,197	(50.1)	6,28,979	3,57,224	(43.2)				
Discover	20,991	-	(100.0)	27,867	36,360	30.5	48,858	36,360	(25.6)				
Platina	5,78,237	4,51,685	(21.9)	42,001	33,970	(19.1)	6,20,238	4,85,655	(21.7)				
110-125 cc	1,94,756	4,71,403	142.0	2,77,894	2,48,558	(10.6)	4,72,650	7,19,961	52.3	10.2	18.1		
Boxer	-	-	NA	17,468	33,310	90.7	17,468	33,310	90.7				
CT	-	-	NA	1,06,485	61,032	(42.7)	1,06,485	61,032	(42.7)				
Discover	8,504	-	(100.0)	1,10,555	95,258	(13.8)	1,19,059	95,258	(20.0)				
Husqvarna	-	-	NA	-	2,394	NA	-	2,394	NA				
KTM	26,567	19,980	(24.8)	9,135	11,991	31.3	35,702	31,971	(10.5)				
Platina	-	-	NA	3,807	3,572	(6.2)	3,807	3,572	(6.2)				
Pulsar	1,59,685	4,51,423	182.7	30,444	41,001	34.7	1,90,129	4,92,424	159.0				
125-150 cc	5,04,010	3,39,773	(32.6)	2,59,396	2,92,368	12.7	7,63,406	6,32,141	(17.2)	16.5	15.9		
Boxer	-	-	NA	1,55,661	1,72,074	10.5	1,55,661	1,72,074	10.5				
CT 150	-	-	NA	-	1,872	NA	-	1,872	NA				
Pulsar	5,04,010	3,39,773	(32.6)	1,03,735	1,18,422	14.2	6,07,745	4,58,195	(24.6)				
150-200 cc	1,85,320	1,55,889	(15.9)	1,32,358	1,51,340	14.3	3,17,678	3,07,229	(3.3)	6.9	7.7		
Avenger	43,149	35,523	(17.7)	408	2,596	536.3	43,557	38,119	(12.5)				
Husqvarna	-	-	NA	126	1,658	1,215.9	126	1,658	1,215.9				
KTM	24,149	22,167	(8.2)	11,542	16,538	43.3	35,691	38,705	8.4				
Pulsar	1,18,022	98,199	(16.8)	1,20,282	1,30,548	8.5	2,38,304	2,28,747	(4.0)				
200-250 cc	98,158	90,757	(7.5)	28,839	34,085	18.2	1,26,997	1,24,842	(1.7)	2.8	3.1		
Avenger	15,704	9,921	(36.8)	2,764	2,208	(20.1)	18,468	12,129	(34.3)				
Dominar	863	9,843	1,040.6	-	8,499	NA	863	18,342	2,025.4				
Husqvarna	573	6,170	976.8	338	2,112	524.9	911	8,282	809.1				
KTM	6,709	8,240	22.8	4,453	7,123	60.0	11,162	15,363	37.6				
Pulsar	74,309	56,583	(23.9)	21,284	14,143	(33.6)	95,593	70,726	(26.0)				
350-500 cc	16,362	15,446	(5.6)	31,767	50,840	60.0	48,129	66,286	37.7	1.0	1.7		
Dominar	10,400	8,816	(15.2)	11,189	12,824	14.6	21,589	21,640	0.2				
Husqvarna	-	-	NA	1,318	6,758	412.7	1,318	6,758	412.7				
KTM	5,962	6,630	11.2	19,260	31,258	62.3	25,222	37,888	50.2				
500-800 cc	98	-	(100.0)	1	-	(100.0)	99	-	(100.0)	0.0	-		
KTM	98	-	(100.0)	1	-	(100.0)	99	-	(100.0)				
Electric Chetak	212	1,395	558.0	-	-	NA	212	1,395	558.0	0.0	0.0	77.4	56.8
Total 2-W	20,78,348	18,09,375	(12.9)	18,69,220	17,96,518	(3.9)	39,47,568	36,05,893	(8.7)	85.5	90.8	11.9	12.0
Passenger 3-W	3,35,212	81,618	(75.7)	2,94,114	2,50,954	(14.7)	6,29,326	3,32,572	(47.2)	13.6	8.4	63.8	60.9
Maxima	91,773	31,495	(65.7)	12,732	3,990	(68.7)	1,04,505	35,485	(66.0)				
RE	2,43,439	50,123	(79.4)	2,81,382	2,46,964	(12.2)	5,24,821	2,97,087	(43.4)				
Goods 3-W	30,103	27,686	(8.0)	2,088	3,246	55.5	32,191	30,932	(3.9)	0.7	0.8	27.0	33.7
Maxima	30,103	27,686	(8.0)	2,088	3,246	55.5	32,191	30,932	(3.9)				
Quadricycle	942	(12)	(101.3)	5,185	3,529	(31.9)	6,127	3,517	(42.6)	0.1	0.1	100.0	100.0
Qute	942	(12)	(101.3)	5,185	3,529	(31.9)	6,127	3,517	(42.6)				
Total 3-W	3,66,257	1,09,292	(70.2)	3,01,387	2,57,729	(14.5)	6,67,644	3,67,021	(45.0)	14.5	9.2	57.3	50.6
Total sales	24,44,605	19,18,667	(21.5)	21,70,607	20,54,247	(5.4)	46,15,212	39,72,914	(13.9)	100.0	100.0		

Source: SIAM, ICICI Direct Research

Exhibit 8: Valuation Summary

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY19	30,250.0	20.2	161.6	14.9	23.7	18.5	19.9	21.1
FY20	29,918.6	(1.1)	176.2	9.1	21.8	18.4	25.6	23.9
FY21P	27,741.1	-7.3	157.4	-10.7	24.4	18.1	18.1	18.2
FY22E	36,763.8	32.5	183.5	16.6	20.9	14.8	20.6	21.9
FY23E	41,429.0	12.7	210.0	14.5	18.3	12.7	23.1	25.2

Source: Company, ICICI Direct Research

Exhibit 9: SOTP valuation

SOTP Valuation	Estimated value	Per share (₹)	Remark
Core Business			
FY23E EPS (₹)	210.0		
Multiple (x)	21.0		~1.4x PEG to 15.5% earnings CAGR over FY21-23E
Value per share (₹)		4,410	
Stake in KTM (48%)			
KTM value derived back to Bajaj (₹ crore)	2562		~2x of Invested Capital (₹ 1220 crore)
Value per share		90	
Total Value per Share (₹)		4,500	

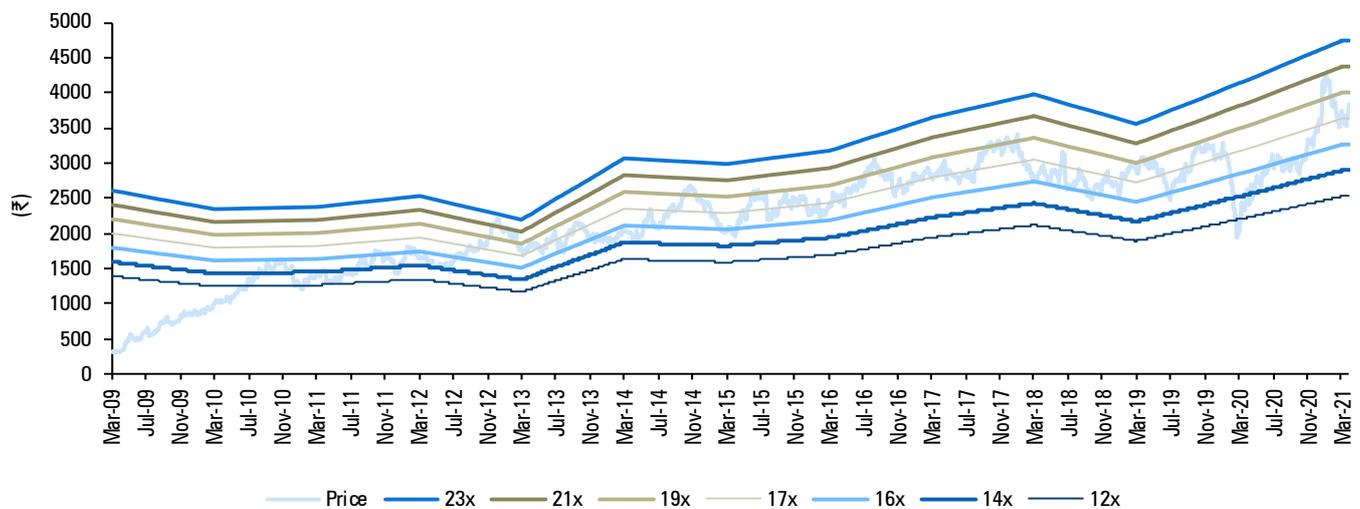
Source: ICICI Direct Research

Exhibit 10: Shareholding pattern

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoters	53.7	53.7	53.7	53.7	53.7
FII	13.9	13.7	13.6	13.1	12.0
DII	8.8	9.1	10.4	9.1	12.3
Others	23.6	23.5	22.3	24.1	22.0

Source: Company, ICICI Direct Research

Exhibit 11: Bajaj Auto currently trades at ~18.3x on its core FY23E EPS



Source: Bloomberg, ICICI Direct Research

Financial Summary

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21P	FY22E	FY23E
Total operating Income	29918.6	27741.1	36763.8	41429.0
Growth (%)	-1.1	-7.3	32.5	12.7
Raw Material Expenses	21,008.3	19,609.7	26,731.6	29,826.3
Employee Expenses	1,389.2	1,286.0	1,389.7	1,543.1
Other expenses	2,454.9	1,929.3	2,633.4	3,034.0
Total Operating Expenditure	24,822.4	22,812.7	30,729.8	34,376.0
EBITDA	5096.2	4928.5	6034.0	7053.0
Growth (%)	2.3	-3.3	22.4	16.9
Depreciation	246.4	259.3	275.7	298.3
Interest	3.2	6.6	0.0	0.0
Other Income	1,733.6	1,276.5	1,181.1	1,188.8
PBT	6,580.2	5,939.1	6,939.4	7,943.5
Total Tax	1,480.2	1,384.4	1,630.8	1,866.7
PAT	5100.0	4554.7	5308.6	6076.8
Growth (%)	9.1	-10.7	16.6	14.5
EPS (₹)	176.2	157.4	183.5	210.0

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(Year-end March)	FY20	FY21P	FY22E	FY23E
Profit after Tax	5,100.0	4,554.7	5,308.6	6,076.8
Add: Depreciation	246.4	259.3	275.7	298.3
Sub: Other Income	1,733.6	1,276.5	1,181.1	1,188.8
(Inc)/dec in Current Assets	1,054.4	-2,110.7	-780.0	-812.1
Inc/(dec) in CL and Provisions	-569.6	1,368.5	-42.7	594.3
CF from operating activities	4050.1	2823.3	3766.4	5074.2
(Inc)/dec in Investments	973.7	-4,434.7	500.0	-100.0
(Inc)/dec in Fixed Assets	-193.7	-181.0	-515.0	-515.0
Others	-216.8	19.6	-95.0	-95.0
Add: Other Income	1,733.6	1,276.5	1,181.1	1,188.8
CF from investing activities	2296.7	-3319.6	1071.1	478.8
Inc/(dec) in loan funds	0.0	0.0	0.0	0.0
Dividend paid & dividend tax	-4,166.9	-4,051.2	-4,774.6	-5,498.0
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	-2,790.7	4,766.7	-14.0	-14.0
CF from financing activities	-6957.6	715.5	-4788.6	-5512.0
Net Cash flow	-610.8	219.3	48.8	41.0
Opening Cash	918.8	308.0	527.3	576.1
Closing Cash	308.0	527.3	576.1	617.1

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
	₹ crore			
(Year-end March)	FY20	FY21P	FY22E	FY23E
Liabilities				
Equity Capital	289.4	289.4	289.4	289.4
Reserve and Surplus	19,636.1	24,912.9	25,432.9	25,997.7
Total Shareholders funds	19,925.5	25,202.3	25,722.3	26,287.1
Total Debt	-	-	-	-
Deferred Tax Liability	346.4	522.1	522.1	522.1
Other non-current liabilities	0.8	0.5	0.5	0.5
Total Liabilities	20,520.1	25,887.0	26,417.0	26,991.8
Assets				
Gross Block	4,090.9	4,311.9	4,527.9	4,727.9
Less: Acc Depreciation	2,435.0	2,694.3	2,970.0	3,268.3
Net Block	1,655.9	1,617.6	1,557.9	1,459.6
Capital WIP	46.5	16.0	300.0	600.0
Total Fixed Assets	1,702.5	1,633.6	1,857.9	2,059.6
Investments	18,196.3	22,631.1	22,181.1	22,331.1
Inventory	1,063.5	1,493.9	1,510.8	1,702.6
Debtors	1,725.1	2,716.9	3,021.7	3,405.1
Loans and Advances	6.1	5.7	7.6	8.6
Other current assets	714.3	1,403.2	1,859.6	2,095.5
Cash	308.0	527.3	576.1	617.1
Total Current Assets	3,817.0	6,146.9	6,975.8	7,828.9
Creditors	3,199.7	4,573.8	4,532.5	5,107.7
Provisions	158.0	152.4	151.0	170.2
Other current liabilities	347.3	509.6	675.3	761.0
Total Current Liabilities	4,253.3	5,643.2	5,786.3	6,486.3
Net Current Assets	(436.3)	503.7	1,189.5	1,342.5
Deferred Tax asset	-	-	-	-
Application of Funds	20,520.1	25,887.0	26,417.0	26,991.8

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY20	FY21P	FY22E	FY23E
Per share data (₹)				
EPS	176.2	157.4	183.5	210.0
Cash EPS	184.8	166.4	193.0	220.3
BV	688.6	870.9	888.9	908.4
DPS	120.0	140.0	165.0	190.0
Cash Per Share	10.6	18.2	19.9	21.3
Operating Ratios (%)				
EBITDA Margin	17.0	17.8	16.4	17.0
PBT / Net sales	16.2	16.8	15.7	16.3
PAT Margin	17.0	16.4	14.4	14.5
Inventory days	13.0	19.7	15.0	15.0
Debtor days	21.0	35.7	30.0	30.0
Creditor days	39.0	60.2	45.0	45.0
Return Ratios (%)				
RoE	23.9	18.2	21.9	25.2
RoCE	25.6	18.1	20.6	23.1
RoIC	164.1	123.4	128.8	147.0
Valuation Ratios (x)				
Core P/E	21.8	24.4	20.9	18.3
EV / EBITDA	18.4	18.1	14.8	12.7
EV / Net Sales	3.1	3.2	2.4	2.2
Market Cap / Sales	3.7	4.0	3.0	2.7
Price to Book Value	5.6	4.4	4.3	4.2
Solvency Ratios				
Current Ratio	0.9	1.1	1.2	1.2
Quick Ratio	0.7	0.8	0.9	0.9

Source: Company, ICICI Direct Research

Exhibit 16: ICICI Direct coverage universe (Auto & Auto Ancillary)

Sector / Company	CMP	TP	Rating	M Cap	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	(₹)		(₹ Cr)	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Apollo Tyre (APOTYR)	210	300	Buy	13,336	3.5	13.7	20.6	60.2	15.4	10.2	7.0	6.1	4.4	7.1	8.0	11.3	5.4	7.4	10.2
Ashok Leyland (ASHLEY)	115	150	Buy	33,662	-1.7	1.4	4.6	-66.9	82.6	25.3	115.3	23.8	12.9	-3.6	6.1	16.4	-6.9	5.9	17.5
Bajaj Auto (BAAUTO)	3,835	4,500	BUY	1,10,973	157.4	183.5	210.0	24.4	20.9	18.3	18.1	14.8	12.7	18.2	21.9	25.2	18.1	20.6	23.1
Balkrishna Ind. (BALIND)	1,760	2,100	Buy	34,024	55.6	65.6	77.6	31.7	26.8	22.7	19.8	16.6	14.0	19.4	21.3	22.7	18.6	19.1	19.5
Bharat Forge (BHAFOR)	580	670	Hold	27,003	-5.2	11.8	19.1	NM	49.3	30.4	40.5	21.6	15.7	1.2	7.1	11.1	3.7	10.2	14.9
Eicher Motors (EICMOT)	2,500	3,050	Hold	68,150	48.7	73.3	94.2	51.4	34.1	26.5	34.0	23.5	18.5	11.7	15.3	16.7	12.0	15.8	17.5
Escorts (ESCORT)	1,125	1,500	Hold	13,790	62.8	65.7	77.8	17.9	17.1	14.5	11.2	10.8	8.7	16.8	14.6	14.9	14.7	13.5	13.9
Exide Industries (EXIIND)	175	225	Buy	14,875	8.0	9.9	10.9	16.1	13.1	11.8	11.1	9.0	8.0	12.9	14.7	15.0	10.2	11.6	11.8
Hero Moto (HERHON)	2,920	4,000	Buy	58,312	139.1	169.9	200.3	21.0	17.2	14.6	13.7	11.0	9.0	18.8	21.2	22.9	17.9	19.7	20.9
M&M (MAHMAH)	780	1,000	Buy	96,970	10.8	36.0	44.8	72.1	21.7	17.4	14.9	13.4	10.9	9.6	9.6	11.4	7.7	11.1	12.5
Maruti Suzuki (MARUTI)	6,560	6,080	Reduce	1,98,164	140.0	172.9	225.1	46.9	37.9	29.1	28.9	21.5	16.0	4.3	6.6	9.1	8.2	9.5	11.4
Minda Industries (MININD)	535	625	Buy	14,547	5.8	11.6	17.9	91.9	46.0	29.9	22.5	15.6	12.2	8.7	14.2	19.1	8.7	15.9	19.5
Motherson (MOTSUM)	220	225	Hold	69,475	2.5	6.7	8.1	NM	33.0	27.2	16.2	9.4	8.0	6.0	16.3	18.9	7.1	16.1	17.4
Tata Motors (TATMOT)	305	375	Buy	1,09,730	-50.8	23.1	32.6	NM	13.2	9.4	6.1	4.2	3.4	4.7	11.6	13.8	-41.3	15.8	18.2

Source: Reuters, ICICI Direct Research

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