

# Bajaj Auto

Refer to important disclosures at the end of this report

## Strong beat but structural concerns on domestic franchises persist

**Bajaj Auto (BJAUT) reported better-than-expected performance, with an improved product mix leading to a significant rise in ASPs and, consequently, healthy margins.** For Q4FY23, BJAUT's revenue grew by 12% YoY (-4% QoQ) to Rs89bn (Emkay est.: Rs83.8bn; Consensus est.: Rs85.7bn), above estimates mainly due to strong beat in realizations. Volumes declined by 12% YoY (-13% QoQ) to 0.86mn units, while ASP grew by 27% YoY to Rs103,810/unit (9% QoQ). Product mix improved notably with higher 3W and >125cc motorcycle share as well as lower 2W exports (to African markets). EBITDA grew by 26% YoY to Rs17.2bn (Emkay est.: Rs16bn; Consensus est.: Rs15.7bn), above estimates, owing to better-than-expected revenue and gross margin expansion. EBITDA margin grew by 220bps YoY to 19.3%, led by gross margin expansion of 210bps to 30.2%. Other income declined by 10% to Rs2.6bn. Depreciation grew by 447% to Rs157mn. PAT grew by 17% to Rs14.3bn (Emkay est.: Rs13.8bn; Consensus est.: Rs13.5bn), above estimates due to higher operating profit. BJAUT announced Rs140/share as dividend (71% payout for FY23).

**What we liked:** 1) Robust performance in ASP/margins led by a strong product mix and 2) positive commentary around the domestic motorcycle industry's growth. **What we did not like:** 1) Export recovery is expected to be gradual and dependent on easing USD availability in key countries and 2) Consistent market share loss in the domestic motorcycle business.

**Earnings call KTAs:** 1) The domestic motorcycle industry is showing 'true' underlying growth; management has guided for 6-8% industry growth in FY24E; 125cc and above segment is expected to grow faster and the 100cc segment is expected to recover; BJAUT expects to grow in line with the industry; 2) Export volumes have bottomed-out, with retails improving at the margin level and sharp channel inventory correction behind; while recovery is expected going ahead, the pace would depend on the ease of USD availability for several importing countries; 3) Commodities, after being stable in Q4, may put upward pressure in Q1 (particularly steel); 4) Margins would incrementally be driven by commodities; the product mix would partially reverse as low-end exports to Africa come back; 5) Management has taken ~1% price action in Q1, covering two-thirds of OBD-2 norms cost; 6) E-3W is expected to be launched soon (awaiting FAME certification), and this will be a gradual launch in selective markets over the next few months; 7) Expects *Chetak* E-2W sales to ramp-up to 10,000/month by Jun-23; 8) Bajaj-Triumph motorcycle would be launched on June 27, 2023.

**Valuation and View:** BJAUT has created a strong franchise in the fast-growing, albeit near-term volatile, export (2Ws/3Ws) segment, with a leadership position in several countries. However, the weakening domestic ICE-2W franchise with continued market-share loss in the commuter and premium motorcycle space, along with sustained absence from the ICE-scooter segment, is a structural concern. Despite expectations of increased activity in the E-2W/E-3W segment, poor execution in the domestic ICE-2W segment over the past decade limits confidence. *Triumph's* launch, though positive, would not swing the needle much for BJAUT. Nevertheless, risk-reward at current valuations of 19.1x/16.4x its FY24E/FY25E PER, with a dividend yield of 4.7%/5.5%, appears balanced. We maintain our HOLD rating on BJAUT (refer to our recent update; [Valuations attractive amid growth revival](#)).

### Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Revenue	277,411	331,447	364,276	422,806	493,595
EBITDA	49,285	52,586	65,491	77,470	91,610
EBITDA Margin (%)	17.8	15.9	18.0	18.3	18.6
APAT	45,546	47,761	56,276	64,468	74,797
EPS (Rs)	157.4	165.1	198.9	227.8	264.3
EPS (% chg)	(10.7)	4.9	20.5	14.6	16.0
ROE (%)	20.2	18.4	21.6	25.0	28.3
P/E (x)	27.6	26.3	21.8	19.1	16.4
EV/EBITDA (x)	21.3	19.9	15.8	13.4	11.3
P/BV (x)	5.0	4.7	4.8	4.7	4.6

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
Rs4,343 as of (April 25, 2023)	Rs4,420 (▲) 12 months
<b>Rating</b>	<b>Upside</b>
HOLD (■)	1.8 %

### Change in Estimates

EPS Chg. FY24E/FY25E (%)	3.4/3.9
Target Price change (%)	5.5
Target Period (Months)	12
Previous Reco.	HOLD

### Emkay vs. Consensus

EPS Estimates		
	FY24E	FY25E
Emkay	227.8	264.3
Consensus	230.5	258.0
Mean Consensus TP (12M)	Rs 4,252	

### Stock Details

Bloomberg Code	BJAUT IN
Face Value (Rs)	10
Shares outstanding (mn)	289
52-Week H/L	4,375 / 3,460
M Cap (Rs bn/USD bn)	1,257 / 15.34
Daily Avg. Volume (nos.)	402,692
Daily Avg. Turnover (US\$ mn)	19.3

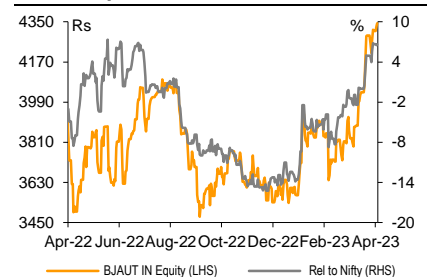
### Shareholding Pattern Mar-23

Promoters	55.0%
FIIIs	12.4%
DIIIs	10.9%
Public and Others	21.8%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	13	17	19	18
<b>Rel. to Nifty</b>	8	18	18	12

### Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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**Exhibit 1: Volumes down 12% YoY/13% QoQ; sharp jump in ASPs driven by better product mix, higher forex realization and price hikes**

	4QFY23	4QFY22	% change	3QFY23	% change
Two Wheelers	723,465	859,091	(16)	851,047	(15)
Three Wheelers	134,323	117,560	14	132,229	2
<b>Total units sold (numbers)</b>	<b>857,788</b>	<b>976,651</b>	<b>(12)</b>	<b>983,276</b>	<b>(13)</b>
Exports (of the above)	344,705	587,496	(41)	439,088	(21)
<b>Realization (Rs)</b>	<b>103,810</b>	<b>81,655</b>	<b>27</b>	<b>94,736</b>	<b>10</b>
Domestic 2W market share (%)	11.4	10.0	140 bps	11.8	-40 bps

Source: Company, Emkay Research

**Exhibit 2: Revenue grew by 12% YoY due to better ASPs, while EBITDA expansion due to better-than-expected revenue and higher GM**

(Rs mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ (%)	FY23	FY22	YoY (%)
<b>Revenue</b>	<b>79,748</b>	<b>80,050</b>	<b>102,028</b>	<b>93,151</b>	<b>89,047</b>	<b>11.7</b>	<b>(4.4)</b>	<b>364,276</b>	<b>331,447</b>	<b>9.9</b>
Expenditure	66,092	67,080	84,440	75,383	71,882	8.8	(4.6)	298,785	278,861	7.1
As a % of sales	82.9	83.8	82.8	80.9	80.7			82.0	84.1	
Consumption of RM	57,357	57,776	74,861	65,775	62,135	8.3	(5.5)	260,548	243,298	7.1
As a % of sales	71.9	72.2	73.4	70.6	69.8			71.5	73.4	
Employee Cost	3,059	3,796	3,522	3,511	3,620	18.4	3.1	14,449	13,588	6.3
As a % of sales	3.8	4.7	3.5	3.8	4.1			4.0	4.1	
Other expenditure	5,677	5,507	6,058	6,097	6,126	7.9	0.5	23,788	21,975	8.3
As a % of sales	7.1	6.9	5.9	6.5	6.9			6.5	6.6	
<b>EBITDA</b>	<b>13,656</b>	<b>12,970</b>	<b>17,587</b>	<b>17,768</b>	<b>17,166</b>	<b>25.7</b>	<b>(3.4)</b>	<b>65,491</b>	<b>52,586</b>	<b>24.5</b>
<b>EBITDA margin (%)</b>	<b>17.1</b>	<b>16.2</b>	<b>17.2</b>	<b>19.1</b>	<b>19.3</b>			<b>18.0</b>	<b>15.9</b>	
Depreciation	697	673	670	740	742	6.4	0.3	2,824	2,692	4.9
EBIT	12,959	12,297	16,917	17,029	16,424	26.7	(3.5)	62,667	49,895	25.6
Other Income	2,889	3,193	3,332	2,691	2,598	(10.0)	(3.5)	11,814	12,092	(2.3)
Interest	29	43	109	85	157	446.5	85.6	395	87	355.9
PBT	15,819	15,447	20,140	19,635	18,865	19.3	(3.9)	74,086	61,901	19.7
Total Tax	3,557	3,714	4,840	4,721	4,536	27.5	(3.9)	17,810	14,139	26.0
Adjusted PAT	12,262	11,733	15,300	14,914	14,329	16.9	(3.9)	56,276	47,761	17.8
Extraordinary Items Loss/(Gain)	-2,428	0	0	0	0			0	-2,428	
Reported PAT	14,690	11,733	15,300	14,914	14,329	(2.5)	(3.9)	56,276	50,189	12.1
<b>Adjusted EPS (Rs)</b>	<b>42.4</b>	<b>40.5</b>	<b>53.9</b>	<b>52.7</b>	<b>50.6</b>	<b>19.5</b>	<b>(3.9)</b>	<b>198</b>	<b>165</b>	<b>19.9</b>
								0	0	
<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
EBITDA	17.1	16.2	17.2	19.1	19.3	215	20	18.0	15.9	211
EBIT	16.3	15.4	16.6	18.3	18.4	219	16	17.2	15.1	215
EBT	19.8	19.3	19.7	21.1	21.2	135	11	20.3	18.7	166
PAT	15.4	14.7	15.0	16.0	16.1	72	8	15.4	14.4	104
Effective Tax Rate	22.5	24.0	24.0	24.0	24.0	156	0	24.0	22.8	120

Source: Company, Emkay Research

**Exhibit 3: Gross margin expanded by 80bps QoQ with EBITDA margins up 20bps qoq to 19.3%**

Year to March	4QFY23	4QFY22	Change (bps)	3QFY23	Change (bps)
Raw material	69.8	71.9	(215)	70.6	(83)
Staff costs	4	3.8	23	3.8	30
Other expenses (incl. expenses capitalized)	6.9	7.1	(24)	6.5	34
EBITDA	19.3	17.1	215	19.1	20
Adjusted net profit	16.1	16.0	8	15.4	72
Tax rate	24.0	22.5	156	24.0	0

Source: Company, Emkay Research

**Exhibit 4: Product mix improved notably with higher 3W and >125cc motorcycle share as well as lower 2W exports (to African markets)**

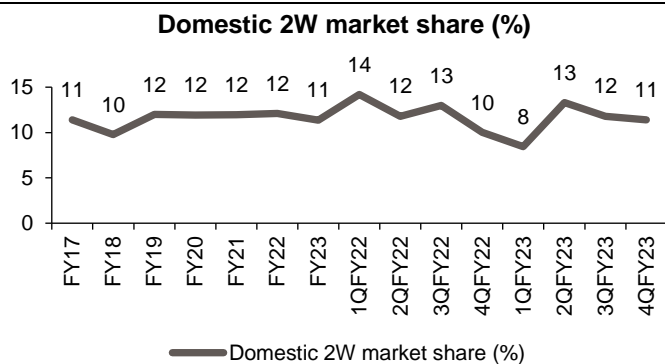
Sales volume (units)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
<b>Dom. 2W</b>	<b>487,731</b>	<b>342,552</b>	<b>488,148</b>	<b>471,284</b>	<b>339,100</b>	<b>314,418</b>	<b>621,134</b>	<b>455,341</b>	<b>414,993</b>
- Commuter	313,771	251,642	380,579	347,996	239,060	244,249	449,823	307,312	272,840
- Premium	173,690	89,917	105,833	121,214	96,656	63,910	161,512	137,483	132,446
- Electric 2W (Chetak)	270	993	1,736	2,074	3,384	6,259	9,799	10,546	9,707
<b>Export motorcycle</b>	<b>559,901</b>	<b>556,753</b>	<b>541,767</b>	<b>577,261</b>	<b>519,991</b>	<b>532,740</b>	<b>397,900</b>	<b>395,901</b>	<b>310,415</b>
<b>Dom. 3W</b>	<b>46,388</b>	<b>14,585</b>	<b>44,068</b>	<b>52,015</b>	<b>50,055</b>	<b>38,418</b>	<b>73,241</b>	<b>89,042</b>	<b>100,033</b>
<b>Export 3W</b>	<b>75,644</b>	<b>92,124</b>	<b>70,424</b>	<b>80,801</b>	<b>67,505</b>	<b>48,070</b>	<b>58,737</b>	<b>43,187</b>	<b>34,290</b>
<b>Total volumes</b>	<b>1,169,664</b>	<b>1,006,014</b>	<b>1,144,407</b>	<b>1,181,361</b>	<b>976,651</b>	<b>933,646</b>	<b>1,151,012</b>	<b>983,471</b>	<b>859,731</b>
<b>Growth YoY (%)</b>									
Dom. Motorcycle	21	84	(11)	(20)	(30)	(8)	27	(3)	22
- Commuter	36	128	3	(11)	(24)	(3)	18	(12)	14
- Premium	1	19	(41)	(37)	(44)	(29)	53	13	37
- Electric 2W (Chetak)			189	295	1,153	530	464	408	187
Export motorcycle	38	100	(9)	40	(15)	12	(27)	(31)	(40)
Dom. 3W	(38)	(100)	88	52	8	163	66	71	100
Export 3W	19	(100)	42	3	(9)	(47)	(17)	(47)	(49)
<b>Total volume</b>	<b>18</b>	<b>127</b>	<b>9</b>	<b>(10)</b>	<b>(16)</b>	<b>(7)</b>	<b>1</b>	<b>(17)</b>	<b>(12)</b>
<b>Overall product mix (%)</b>									
Dom. Motorcycle	41.7	34.1	42.7	39.9	34.7	33.7	54.0	46.3	48.3
Export motorcycle	47.9	55.3	47.3	48.9	53.2	57.1	34.6	40.3	36.1
Dom. 3W	4.0	1.4	3.9	4.4	5.1	4.1	6.4	9.1	11.6
Export 3W	6.5	9.2	6.2	6.8	6.9	5.1	5.1	4.4	4.0

Source: Company, Emkay Research

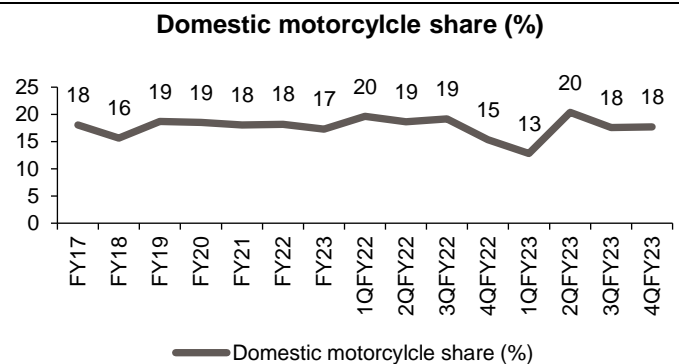
**Exhibit 5: BJAUT's market share across segments**

BJAUT's Market Share (%)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
Dom. 2W	11.2	14.2	11.8	13.0	10.0	8.4	13.3	11.8	11.4
- Commuter	14.7	18.5	17.5	18.2	14.0	12.4	19.5	16.1	15.8
- Premium	25.4	23.6	24.4	22.9	20.2	14.6	23.3	22.2	23.6
Export motorcycle	54.8	53.4	53.6	57.2	51.0	50.7	48.3	51.9	52.4
Dom. 3W	53.4	59.5	62.1	62.9	60.0	50.3	60.7	64.2	64.9
Export 3W	61.2	65.8	57.1	62.5	59.2	49.0	50.8	46.8	53.5

Source: Company, Emkay Research

**Exhibit 6: Domestic 2W market share down 40bps QoQ**

Source: SIAM, Emkay Research

**Exhibit 7: Domestic motorcycle market share grew on account of increased market share in premium motorcycle**

Source: Company, Emkay Research

**Exhibit 8: Expect a ~15% EPS CAGR over FY23-25E**

Revenue Model	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Domestic 2Ws (units)	2,001,471	1,974,577	2,541,320	2,078,348	1,809,375	1,641,084	1,803,748	1,980,597	2,217,882
Growth (%)	5.4	(1.3)	28.7	(18.2)	(12.9)	(9.3)	9.9	9.8	12.0
Domestic 3Ws (units)	253,147	369,637	398,826	364,817	109,304	160,599	300,009	360,011	385,212
Growth (%)	(0.7)	46.0	7.9	(8.5)	(70.0)	46.9	86.8	20.0	7.0
Domestic Total (units)	2,254,618	2,344,214	2,940,146	2,443,165	1,918,679	1,801,683	2,103,757	2,340,607	2,603,094
Growth (%)	4.7	4.0	25.4	(16.9)	(21.5)	(6.1)	16.8	11.3	11.2
Export 2Ws (units)	1,218,541	1,394,757	1,695,553	1,869,220	1,796,518	2,195,772	1,636,956	1,882,499	2,258,999
Growth (%)	(16.5)	14.5	21.6	10.2	(3.9)	22.2	(25.4)	15.0	20.0
Export 3Ws (units)	192,792	267,820	383,177	301,885	257,729	310,854	184,284	206,398	237,358
Growth (%)	(31.2)	38.9	43.1	(21.2)	(14.6)	20.6	(40.7)	12.0	15.0
Export Total (units)	1,411,333	1,662,577	2,078,730	2,171,105	2,054,247	2,506,626	1,821,240	2,088,897	2,496,357
Growth (%)	(18.9)	17.8	25.0	4.4	(5.4)	22.0	(27.3)	14.7	19.5
<b>Total volumes (units)</b>	<b>3,665,951</b>	<b>4,006,791</b>	<b>5,018,876</b>	<b>4,614,270</b>	<b>3,972,926</b>	<b>4,308,309</b>	<b>3,924,997</b>	<b>4,429,505</b>	<b>5,099,451</b>
Growth (%)	(5.8)	9.3	25.3	(8.1)	(13.9)	8.4	(8.9)	12.9	15.1
ASP (Rs/unit)	59,375	62,940	60,479	64,826	69,826	76,930	92,792	95,433	96,776
Growth (%)	2.4	6.0	(3.9)	7.2	7.7	10.2	20.6	2.8	1.4
<b>Revenue</b>	<b>217,667</b>	<b>252,189</b>	<b>303,576</b>	<b>299,187</b>	<b>277,411</b>	<b>331,447</b>	<b>364,276</b>	<b>422,806</b>	<b>493,595</b>
Growth (%)	(3.6)	15.9	20.4	(1.4)	(7.3)	19.5	9.9	16.1	16.7
<b>EBITDA</b>	<b>44,224</b>	<b>48,374</b>	<b>51,925</b>	<b>50,962</b>	<b>49,285</b>	<b>52,586</b>	<b>65,491</b>	<b>77,470</b>	<b>91,610</b>
<b>EBITDA margin (%)</b>	<b>20.3</b>	<b>19.2</b>	<b>17.1</b>	<b>17.0</b>	<b>17.8</b>	<b>15.9</b>	<b>18.0</b>	<b>18.3</b>	<b>18.6</b>
EBITDA growth (%)	(7.5)	9.4	7.3	(1.9)	(3.3)	6.7	24.5	18.3	18.3
EBIT	53,370	58,159	63,656	65,834	59,457	61,987	74,481	85,260	98,895
EBIT margin (%)	24.5	23.1	21.0	22.0	21.4	18.7	20.4	20.2	20.0
<b>EPS (Rs)</b>	<b>132</b>	<b>142</b>	<b>153</b>	<b>176</b>	<b>157</b>	<b>165</b>	<b>199</b>	<b>228</b>	<b>264</b>

Source: Company, Emkay Research

**Exhibit 9: Change in estimates**

(Rs mn)	FY23E				FY24E				FY25E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Domestic 2W	1,782,301	1,803,748	1.2	9.9	1,956,221	1,980,597	1.2	9.8	2,192,164	2,217,882	1.2	12.0
Domestic 3W	302,001	300,734	(0.4)	87.1	356,361	360,881	1.3	20.0	374,179	386,142	3.2	7.0
<b>Total Domestic</b>	<b>2,084,301</b>	<b>2,104,482</b>	<b>1.0</b>	<b>16.8</b>	<b>2,312,581</b>	<b>2,341,477</b>	<b>1.2</b>	<b>11.3</b>	<b>2,566,342</b>	<b>2,604,025</b>	<b>1.5</b>	<b>11.2</b>
Export 2W	1,653,098	1,636,956	(1.0)	(25.4)	1,851,470	1,882,499	1.7	15.0	2,129,190	2,258,999	6.1	20.0
Export 3W	185,279	184,284	(0.5)	(40.7)	207,513	206,398	(0.5)	12.0	238,640	237,358	(0.5)	15.0
<b>Total Export</b>	<b>1,838,377</b>	<b>1,821,240</b>	<b>(0.9)</b>	<b>(27.3)</b>	<b>2,058,983</b>	<b>2,088,897</b>	<b>1.5</b>	<b>14.7</b>	<b>2,367,830</b>	<b>2,496,357</b>	<b>5.4</b>	<b>19.5</b>
Volumes (Units)	3,922,679	3,925,722	0.1	(8.9)	4,371,564	4,430,375	1.3	12.9	4,934,172	5,100,382	3.4	15.1
Revenues	357,789	364,276	1.8	9.9	408,989	422,806	3.4	16.1	467,581	493,595	5.6	16.7
EBITDA	64,554	65,491	1.5	24.5	74,116	77,470	4.5	18.3	87,156	91,610	5.1	18.3
Margin (%)	18.0	18.0	-6 bps	211 bps	18.1	18.3	20 bps	34 bps	18.6	18.6	-8 bps	24 bps
Net Profit	55,904	56,276	0.7	17.8	62,323	64,468	3.4	14.6	71,969	74,797	3.9	16.0
EPS (Rs)	197.6	198.9	0.7	20.5	220.3	227.8	3.4	14.6	254.3	264.3	3.9	16.0

Source: Company, Emkay Research

**Exhibit 10: Actual vs. Estimates (Q4FY23)**

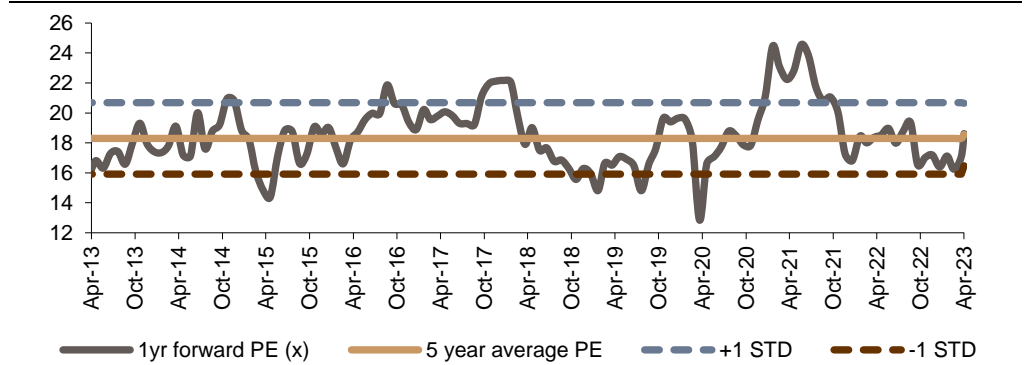
(Rs mn)	Actual	Estimates		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Total Revenue	89,047	83,848	85,671	6.2	3.9	Above estimates mainly due to a strong beat in realizations
EBITDA	17,166	16,003	15,719	7.3	9.2	Above estimates owing to better-than-expected revenue and gross margin expansion
EBITDA Margin (%)	19.3	19.1	18.3	19 bps	93 bps	
Adjusted Net Profit	14,329	13,785	13,528	3.9	5.9	Above estimates due to higher operating profit

Source: Bloomberg, Company, Emkay Research

**Exhibit 11: Earnings Estimates: Emkay Estimates vs. Consensus Estimates**

	Emkay Estimates			Bloomberg Consensus			Difference (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	364,276	422,806	493,595	368,123	415,600	465,147	-1.0	1.7	6.1
EBITDA	65,491	77,470	91,610	65,597	75,898	85,350	-0.2	2.1	7.3
EBITDA margin (%)	18.0	18.3	18.6	17.8	18.3	18.3	20 bps	10 bps	20 bps
EPS (Rs)	199	228	264	200.9	230.2	258.1	-1.0	-1.0	2.4

Source: Company, Emkay Research

**Exhibit 12: One-year forward P/E (10-year average at 19x, +1 sd at 21x, -1sd at 16x)**

Source: Company, Emkay Research

**Key Financials (Standalone)****Income Statement**

Y/E March (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
<b>Revenue</b>	<b>277,411</b>	<b>331,447</b>	<b>364,276</b>	<b>422,806</b>	<b>493,595</b>
<b>Expenditure</b>	<b>228,126</b>	<b>278,861</b>	<b>298,785</b>	<b>345,336</b>	<b>401,985</b>
<b>EBITDA</b>	<b>49,285</b>	<b>52,586</b>	<b>65,491</b>	<b>77,470</b>	<b>91,610</b>
Depreciation	2,593	2,692	2,824	3,309	3,824
<b>EBIT</b>	<b>46,692</b>	<b>49,895</b>	<b>62,667</b>	<b>74,161</b>	<b>87,786</b>
Other Income	12,765	12,092	11,814	11,099	11,109
Interest expenses	67	87	395	434	478
<b>PBT</b>	<b>59,390</b>	<b>61,901</b>	<b>74,086</b>	<b>84,826</b>	<b>98,417</b>
Tax	13,844	14,139	17,810	20,358	23,620
Extraordinary Items	0	2,428	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>45,546</b>	<b>50,189</b>	<b>56,276</b>	<b>64,468</b>	<b>74,797</b>
<b>Adjusted PAT</b>	<b>45,546</b>	<b>47,761</b>	<b>56,276</b>	<b>64,468</b>	<b>74,797</b>

**Balance Sheet**

Y/E March (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Equity share capital	2,894	2,894	2,830	2,830	2,830
Reserves & surplus	249,129	263,794	251,429	257,876	265,355
<b>Net worth</b>	<b>252,023</b>	<b>266,688</b>	<b>254,259</b>	<b>260,705</b>	<b>268,185</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>1,215</b>	<b>1,228</b>	<b>1,242</b>	<b>1,242</b>	<b>1,242</b>
Net deferred tax liability	5,221	4,033	3,452	3,367	3,268
<b>Total Liabilities</b>	<b>258,459</b>	<b>271,949</b>	<b>258,952</b>	<b>265,314</b>	<b>272,696</b>
<b>Net block</b>	<b>16,126</b>	<b>17,829</b>	<b>26,660</b>	<b>34,229</b>	<b>40,405</b>
<b>Investment</b>	<b>226,833</b>	<b>238,699</b>	<b>229,733</b>	<b>229,233</b>	<b>231,233</b>
<b>Current Assets</b>	<b>72,183</b>	<b>61,923</b>	<b>54,064</b>	<b>57,846</b>	<b>64,430</b>
Cash & bank balance	5,274	5,883	2,858	1,522	1,676
Other Current Assets	14,032	16,859	9,877	9,853	9,948
<b>Current Liabilities &amp; Provision</b>	<b>56,843</b>	<b>47,270</b>	<b>52,325</b>	<b>58,203</b>	<b>65,581</b>
<b>Net current assets</b>	<b>15,340</b>	<b>14,653</b>	<b>1,740</b>	<b>(357)</b>	<b>(1,151)</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>258,459</b>	<b>271,949</b>	<b>258,952</b>	<b>265,314</b>	<b>272,696</b>

**Cash Flow**

Y/E March (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>46,625</b>	<b>52,961</b>	<b>62,272</b>	<b>73,727</b>	<b>87,308</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(5,105)	6,009	7,234	761	949
<b>Operating Cashflow</b>	<b>18,374</b>	<b>29,983</b>	<b>43,305</b>	<b>39,382</b>	<b>59,544</b>
Capital expenditure	(2,509)	(5,176)	(8,064)	(12,268)	(10,000)
<b>Free Cash Flow</b>	<b>15,865</b>	<b>24,807</b>	<b>35,241</b>	<b>27,114</b>	<b>49,544</b>
Investments	(26,808)	1,787	17,173	500	(2,000)
Other Investing Cash Flow	663	2,430	4,229	0	0
<b>Investing Cashflow</b>	<b>(15,889)</b>	<b>11,133</b>	<b>25,152</b>	<b>(668)</b>	<b>(891)</b>
Equity Capital Raised	0	0	(30,939)	0	0
Loans Taken / (Repaid)	(53)	0	0	0	0
Dividend paid (incl. tax)	(87)	(40,490)	(40,470)	(39,614)	(58,021)
Other Financing Cash Flow	(99)	57	306	0	0
<b>Financing Cashflow</b>	<b>(294)</b>	<b>(40,506)</b>	<b>(71,483)</b>	<b>(40,049)</b>	<b>(58,499)</b>
<b>Net chg in cash</b>	<b>2,191</b>	<b>610</b>	<b>(3,026)</b>	<b>(1,335)</b>	<b>154</b>
Opening cash position	3,083	5,274	5,883	2,858	1,522
<b>Closing cash position</b>	<b>5,274</b>	<b>5,883</b>	<b>2,858</b>	<b>1,522</b>	<b>1,676</b>

Source: Company, Emkay Research

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**Key Ratios**

<b>Profitability (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
EBITDA Margin	17.8	15.9	18.0	18.3	18.6
EBIT Margin	16.8	15.1	17.2	17.5	17.8
Effective Tax Rate	23.3	22.8	24.0	24.0	24.0
Net Margin	16.4	14.4	15.4	15.2	15.2
ROCE	15.2	14.3	17.9	21.4	24.6
ROE	20.2	18.4	21.6	25.0	28.3
RoIC	162.8	145.8	182.6	194.7	190.8

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	157.4	165.1	198.9	227.8	264.3
CEPS	166.4	174.4	208.9	239.5	277.9
BVPS	870.9	921.6	898.6	921.4	947.8
DPS	140.0	140.0	140.0	205.1	237.9

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
PER	27.6	26.3	21.8	19.1	16.4
P/CEPS	26.1	24.9	20.8	18.1	15.6
P/BV	5.0	4.7	4.8	4.7	4.6
EV / Sales	3.8	3.2	2.8	2.5	2.1
EV / EBITDA	21.3	19.9	15.8	13.4	11.3
Dividend Yield (%)	3.2	3.2	3.2	4.7	5.5

<b>Gearing Ratio (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
Net Debt/ Equity	(0.8)	(0.8)	(0.8)	(0.7)	(0.7)
Net Debt/EBIDTA	(4.2)	(4.0)	(3.0)	(2.5)	(2.1)
Working Cap Cycle (days)	13.2	9.7	(1.1)	(1.6)	(2.1)

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	(7.3)	19.5	9.9	16.1	16.7
EBITDA	(3.3)	6.7	24.5	18.3	18.3
EBIT	(3.7)	6.9	25.6	18.3	18.4
PAT	(10.7)	10.2	12.1	14.6	16.0

<b>Quarterly (Rs mn)</b>	<b>Q4FY22</b>	<b>Q1FY23</b>	<b>Q2FY23</b>	<b>Q3FY23</b>	<b>Q4FY23</b>
Revenue	79,748	80,050	102,028	93,151	89,047
EBITDA	13,656	12,970	17,587	17,768	17,166
<b>EBITDA Margin (%)</b>	<b>17.1</b>	<b>16.2</b>	<b>17.2</b>	<b>19.1</b>	<b>19.3</b>
PAT	12,262	11,733	15,300	14,914	14,329
<b>EPS (Rs)</b>	<b>42.4</b>	<b>40.5</b>	<b>53.9</b>	<b>52.7</b>	<b>50.6</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Mar-22</b>	<b>Jun-22</b>	<b>Sep-22</b>	<b>Dec-22</b>	<b>Mar-23</b>
Promoters	53.8	53.8	54.8	55.0	55.0
FII	10.5	11.2	11.6	11.8	12.4
DII	13.2	12.4	11.6	11.0	10.9
Public and Others	22.6	22.7	22.0	22.2	21.8

Source: Capitaline

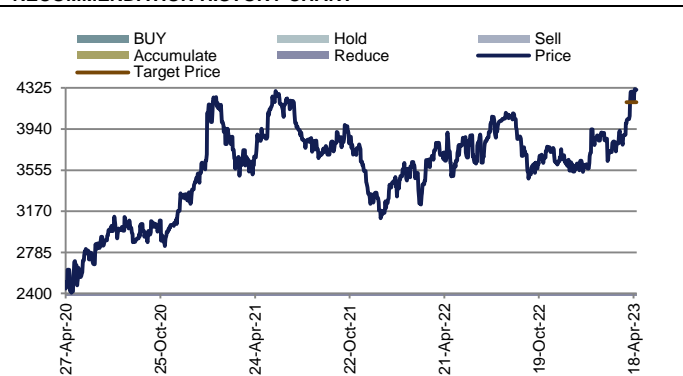


## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
04-Apr-23	3,994	4,190	12m	Hold	Chirag Jain

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research



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HOLD	Between -5% to 15%
SELL	Below -5%

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