

Estimate change



TP change



Rating change



	BJAUT IN
Bloomberg	
Equity Shares (m)	283
M.Cap.(INRb)/(USD\$b)	1256.7 / 15.3
52-Week Range (INR)	4375 / 3461
1, 6, 12 Rel. Per (%)	9/18/13
12M Avg Val (INR M)	1643

## Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Sales	364	403	447
EBITDA	65.5	76.5	85.6
EBITDA (%)	18.0	19.0	19.1
Adj. PAT	60.6	69.3	77.3
EPS (INR)	214	245	273
EPS Gr. (%)	16.7	14.3	11.6
BV/Sh. (INR)	899	925	955

## Ratios

RoE (%)	23.3	26.8	29.1
RoCE (%)	21.3	24.4	25.9
Payout (%)	70.4	88.2	80.5

## Valuation

P/E (x)	20.3	17.7	15.9
P/BV (x)	4.8	4.7	4.5
Div. Yield (%)	3.2	4.6	5.1
FCF Yield (%)	3.8	4.1	4.8

## Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	55.0	55.0	53.8
DII	10.9	11.0	13.2
FII	12.4	11.8	10.5
Others	21.8	22.2	22.6

FII Includes depository receipts

**CMP: INR4,343**

**TP: INR4,400 (+1%)**

**Neutral**

## Above est.; strong product mix drives all-round beat

### Exports reviving from the lows | Chetak to ramp-up to 10k/month from Jun'23

- Bajaj Auto (BJAUT) reported better-than-estimated EBITDA margin of 19.3% (nine-quarter high) driven by better product mix. However, we do not expect any material margin expansion in the coming quarters as this largely reflects the benefits of Fx and improved mix. Over the next two quarters, BJAUT has three catalysts for growth: a) Chetak EV ramp-up to 10k/month from Jun'23, b) Triumph product launch, and c) potential recovery in exports.
- We raise our FY24E/FY25E EPS by 7%/8% to factor in a sustained recovery in domestic 2W/3W volumes and better product mix. **We reiterate our Neutral rating with a TP of INR4,400 (based on 16x Mar'25E Consol. EPS).**

### EBITDA margin at a nine-quarter high, largely driven by better mix

- BJAUT's 4QFY23 revenue/EBITDA/PAT grew 12%/26%/17% YoY to INR89b/INR17.2b/INR14.3b. In FY23, its revenue/EBITDA/PAT rose 10%/28%/21% YoY.
- Volumes declined 12% YoY/ 13% QoQ. However, ASPs grew ~27% YoY (+9% QoQ) to INR103.6/unit (v/s est. INR96.1k). Net sales grew 12% YoY to INR89b (v/s est. INR82.6b) during the quarter.
- Gross margin improved 210bp YoY (+80bp QoQ) to 30.2% (v/s est. 29.8%) largely driven by better mix and favorable Fx.
- As a result, EBITDA margin improved 220bp YoY (+20bp QoQ) to 19.3% (v/s est. 18.8%). EBITDA grew 26% YoY to INR17.2b (v/s est. INR15.5b).
- Adj. PAT was up 17% YoY to INR14.3b (v/s est. INR13.3b). Share of profit from associate for 2HFY23 rose 63% to INR3.3b or ~11% contribution to the standalone PAT.
- Payout for FY23: The company announced dividend of INR140/share, amounting to INR39.6b (or 70% of PAT), and buyback of INR30.9b. The net cash balance of the company stood at INR174.5b as of Mar'23.

### Highlights from the management commentary

- **Exports:** 4QFY23 had the full impact of Nigeria election and demonetization, with a sharp fall in sales in Feb'23. However, retails have recovered post-election and due to easing of currency restrictions, as Apr'23 is better than Mar'23, which in-turn was better than Feb'23. Other regions saw better QoQ retails in 4QFY23. With low inventory, new products (new Pulsars for LatAm and Boxer range for Africa) and ramp-up in new market such as Brazil, exports should see a strong recovery if USD availability improves.
- **India 2Ws:** Management expects 6-8% growth for the industry over the next few quarters, driven by >125cc.
- **EV supply chain has been restructured**, and the company is now targeting to produce ~10k units/month of Chetak from Jun'23 onwards. Revised pricing of Chetak has benefitted demand, resulting in 8k bookings and retails improving to >5.5k/month from 3k. BJAUT is working on Chetak's upgrade, which will be launched in the near term.
- **e-3Ws (both passenger and cargo) would be launched in the coming days.** In the initial phase, BJAUT is targeting markets where there is no permit requirement for ICE 3Ws.

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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.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Product from its alliance with Triumph would be showcased on 27<sup>th</sup> Jun'23** in the UK and retail sales in India/other markets would start from 2QFY24E.

#### Valuation and view

- Both domestic and export volumes are expected to recover in FY24 from the low base, driving healthy earnings recovery. We expect BJAUT to benefit from market share gains over the long term, driven by: 1) the premiumization trend, 2) the opportunity in exports, and 3) the potential sizeable position in the Scooter market via EVs. However, a large part of its India profit pool (of premium motorcycle and 3Ws) is vulnerable to possible disruption from electrification.
- At 17.7x/15.9x FY24E/FY25E consolidated EPS, the stock's valuation fairly reflects the expected recovery as well as the risk of EVs. BJAUT's dividend yield of 4.5-5.0% should support the stock. **We reiterate our Neutral rating with a TP of INR4,400 (based on 16x Mar'25E Consolidated EPS).**

#### Quarterly Performance

	(INR m)									
	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Volumes ('000 units)	1,006	1,144	1,181	977	934	1,151	983	860	4,308	3,928
Growth YoY (%)	127.0	8.6	-9.6	-16.5	-7.2	0.6	-16.8	-12.0	8.4	(8.8)
Realization (INR/unit)	73,419	75,328	76,367	81,655	85,739	88,642	94,736	1,03,553	76,601	92,742
Growth YoY (%)	5.6	10.9	12.0	11.1	16.8	17.7	24.1	26.8	9.7	21.1
<b>Net Sales</b>	<b>73,860</b>	<b>86,206</b>	<b>90,217</b>	<b>79,748</b>	<b>80,050</b>	<b>1,02,028</b>	<b>93,151</b>	<b>89,047</b>	<b>3,30,032</b>	<b>3,64,276</b>
Change (%)	139.9	20.5	1.3	-7.2	8.4	18.4	3.3	11.7	19.0	10.4
RM/Sales %	73.0	74.9	74.7	71.9	72.2	73.4	70.6	69.8	73.7	71.5
Staff cost/Sales %	4.9	4.1	3.8	3.8	4.7	3.5	3.8	4.1	4.1	4.0
Oth. Exp./Sales %	6.9	6.5	6.3	7.1	6.9	6.0	6.6	7.0	6.7	6.6
<b>EBITDA</b>	<b>11,198</b>	<b>12,596</b>	<b>13,721</b>	<b>13,656</b>	<b>12,970</b>	<b>17,587</b>	<b>17,768</b>	<b>17,166</b>	<b>51,171</b>	<b>65,491</b>
EBITDA Margins (%)	15.2	14.6	15.2	17.1	16.2	17.2	19.1	19.3	15.5	18.0
Other Income	3,293	3,183	2,728	2,889	3,193	3,332	2,691	2,598	12,092	11,814
Extraordinary Inc	0	1,416	0	3,153	0	0	0	0	4,568	0
Interest	23	17	18	29	43	109	85	157	87	395
Depreciation	641	656	698	697	673	670	740	742	2,692	2,824
<b>PBT after EO</b>	<b>13,827</b>	<b>16,521</b>	<b>15,733</b>	<b>18,972</b>	<b>15,447</b>	<b>20,140</b>	<b>19,635</b>	<b>18,865</b>	<b>65,054</b>	<b>74,086</b>
Effective Tax Rate (%)	23.3	22.9	22.8	22.6	24.0	24.0	24.0	24.0	22.8	24.0
<b>Adj. PAT</b>	<b>10,612</b>	<b>11,653</b>	<b>12,142</b>	<b>12,257</b>	<b>11,733</b>	<b>15,300</b>	<b>14,914</b>	<b>14,329</b>	<b>46,665</b>	<b>56,276</b>
Change (%)	101.0	2.4	(22.0)	(8.0)	10.6	31.3	22.8	16.9	2.5	20.6

#### Key Performance Indicators

	FY22				FY23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Volumes ('000 units)	1,006	1,144	1,181	977	934	1,151	983	860
Growth YoY (%)	127.0	8.6	-9.6	-16.5	-7.2	0.6	-16.8	-12.0
Dom. M/Cycle Mkt Sh (%)	19.7	18.7	19.3	15.5	13.1	20.7	18.0	18.1
Realization (INR/unit)	73,419	75,328	76,367	81,655	85,739	88,642	94,736	1,03,553
Growth YoY (%)	5.6	10.9	12.0	11.1	16.8	17.7	24.1	26.8
<b>Cost Break-up</b>								
RM Cost (% of sales)	73.0	74.9	74.7	71.9	72.2	73.4	70.6	69.8
Staff Cost (% of sales)	4.9	4.1	3.8	3.8	4.7	3.5	3.8	4.1
Other Cost (% of sales)	6.9	6.5	6.3	7.1	6.9	6.0	6.6	7.0
<b>Gross Margins (%)</b>	<b>27.0</b>	<b>25.1</b>	<b>25.3</b>	<b>28.1</b>	<b>27.8</b>	<b>26.6</b>	<b>29.4</b>	<b>30.2</b>
EBITDA Margins (%)	15.2	14.6	15.2	17.1	16.2	17.2	19.1	19.3
EBIT Margins (%)	14.3	13.9	14.4	16.3	15.4	16.6	18.3	18.4



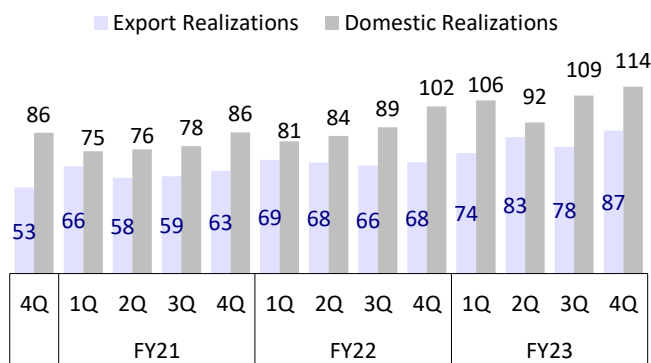
## Key takeaways from the earnings call

- **Exports – witnessed sequential growth in Mar’23 and Apr’23:** Business environment remains challenging across geographies; however, the company's market share remains intact. Election-related challenges and demonetization hit Nigeria resulting in almost zero sales in Feb’23. However, retails have bounced back post-election. All other regions demonstrated slightly better retails sequentially. Consumers have accepted higher prices. The company will focus on rebuilding the stock. Challenges related to the availability of the USD for trading continue. Management expects some improvement in the situation by 2QFY24.
- **Domestic MC – management guided industry growth of 6-8% YoY over the next few quarters driven by growth in 125CC+ segment.** Industry is showing some signs of growth. BJAUT has launched six new products in this category and it now has ~20 models (v/s ~15 for its nearest competitor). Market share is back to over 50% for 150-250CC category largely fueled by healthy responses to Pulsar N 160 and Pulsar NS series. About 60% of the sales is now contributed by this segment (v/s 50% earlier).
- **Domestic 3W –** BJAUT posted the highest ever market share of 78% in 4Q. The sales recovery is now at 109% v/s pre-Covid (as against only 45% for the industry).
- **Chetak – the company aims to sell ~10k units per month from Jun’23 onwards.** FY23 exit retails jumped to ~5.5k level (from ~3k earlier) and bookings have grown to 8k units. There had been a notable impact of revision in prices. Chetak’s network has now expanded to ~85 towns and by end of first half it will increase to 120 towns and 150 stores that will cover 80% of the high-speed market in India.
- **E-3W –** field testing has already been done and launch is expected by the end of this month. 3W has better operating cost advantage over diesel. The company will operate gradually in the first 3-4 months. It will initially target the markets where there is no permit requirement for ICE 3W.
- **Triumph – to be launched at London on 27<sup>th</sup> Jun’23:** It will be manufactured in the Chakan plant for the world wherein BJAUT will manage the sales in India and some international markets while other markets will be managed by Triumph. BJAUT will aim to expand Triumph network beyond 14 cities.
- **Commodity inflation – expect steel-led material prices to increase in 1QFY24:** EBITDA margin improvement of 20bp QoQ in 4QFY23 was led by better mix. The company took price hike of 1.5% to factor in material inflation and OBD-2 related cost increase. However, this has covered only two-thirds of the cost. Further price hike will depend on commodity inflation during the quarter.
- Management indicated that **TCO for EVs will be favorable as compared to ICE even if the FAME policy gets pulled out.** However, this will have an adverse impact on the sales initially due to higher upfront cost but it will stabilize gradually. Overall, this will benefit the large players.
- The company reported exports revenue of USD370m and spares revenue of INR11.5b for 4QFY23. USD-INR realization stood at 81.5 (v/s 81.7 in 3QFY23).

**Exhibit 1: Trend in product mix**

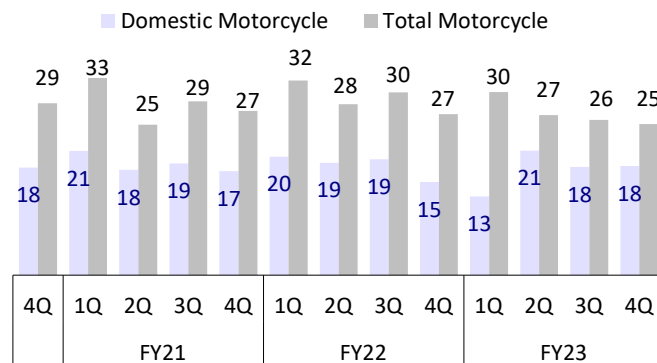
	4QFY23	4QFY22	YoY (%)	3QFY23	QoQ (%)
<b>Motorcycles</b>					
Domestic	4,15,185	3,39,100	22.4	4,55,146	-8.8
<i>% of total volumes</i>	48.3	34.7		46.3	
Exports	3,10,415	5,19,991	-40.3	3,95,901	-21.6
<i>% of total volumes</i>	36.1	53.2		40.3	
<b>Total Motorcycles</b>	<b>7,25,600</b>	<b>8,59,091</b>	<b>-15.5</b>	<b>8,51,047</b>	<b>-14.7</b>
<i>% of total volumes</i>	84.4	88.0		86.6	
<b>Three Wheelers</b>					
Domestic	1,00,033	50,055	99.8	89,042	12.3
<i>% of total volumes</i>	11.6	5.1		9.1	
Exports	34,290	67,505	-49.2	43,187	-20.6
<i>% of total volumes</i>	4.0	6.9		4.4	
<b>Total 3Ws</b>	<b>1,34,323</b>	<b>1,17,560</b>	<b>14.3</b>	<b>1,32,229</b>	<b>1.6</b>
<i>% of total volumes</i>	15.6	12.0		13.4	
<b>Total Volumes</b>	<b>8,59,923</b>	<b>9,76,651</b>	<b>-12.0</b>	<b>9,83,276</b>	<b>-12.5</b>

**Exhibit 2: Trends in domestic and export realizations**



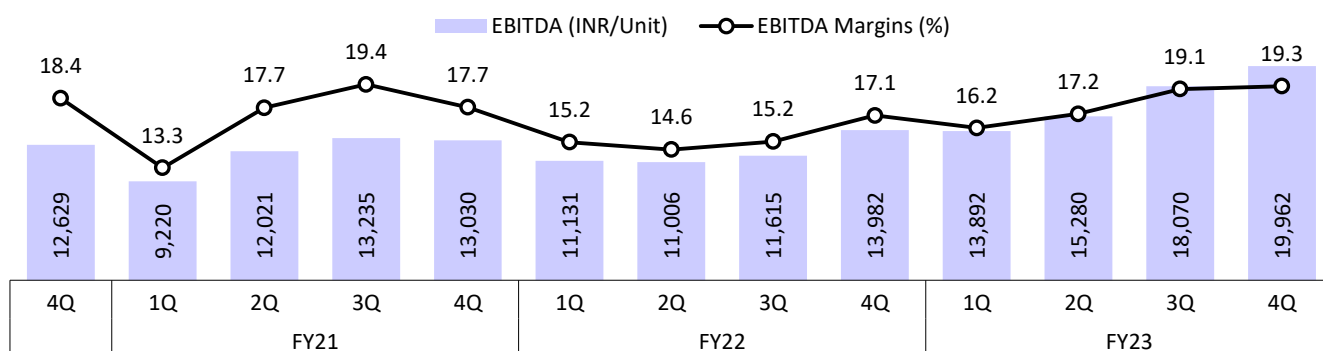
Sources: Company reports, MOFSL estimates

**Exhibit 3: Trends in domestic and total 2W market share**



Sources: Company reports, MOFSL estimates

**Exhibit 4: EBITDA and EBITDA margin trends**



Sources: Company reports, MOFSL estimates

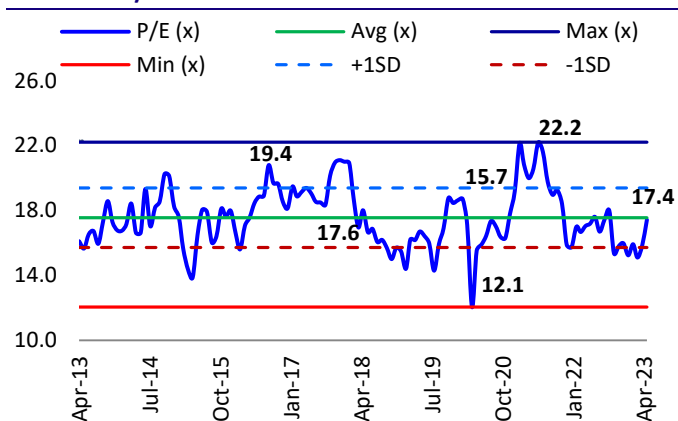
## Valuation and view

- Volumes hit by slowdown in 2W industry:** FY21-23 has been a challenging period for the domestic 2W industry due to the pandemic. BJAUT, however, sailed through on the back of a good recovery in the domestic market (led by the Pulsar 125cc). BJAUT is better positioned than its mainstream 2W peers, owing to its strong exports and the premium motorcycle segment. We estimate a 7.5% CAGR in volumes over FY23-25.
- Well placed to ride the premiumization trend:** By leveraging its strong alliance with KTM and its latest partnerships with Husqvarna and Triumph, BJAUT could offer the widest range of premium motorcycles. 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 large segment of mid-capacity Cruiser (~1m motorcycles annually) in Jun'23.
- Electrification – opportunity or threat?** BJAUT has re-entered the lucrative Scooter segment through its Chetak e-scooter. This would expand its addressable market, as the Scooter category makes up ~32% of the domestic 2W industry. The company plans to focus solely on e-scooters and it 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. However, a large part of its existing India profit pool (of premium motorcycle and 3Ws) is vulnerable to possible disruption from electrification.
- 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 can support its margins through: 1) a healthy mix (premium motorcycles, domestic 3Ws, and exports), 2) favorable Fx, and 3) keeping fixed costs lower v/s peers. We expect BJAUT to maintain an EBITDA margin of around 18-19% over the next two years.
- Reiterate Neutral with a TP of INR4,400:** We raise our FY24E/FY25E EPS by 7%/8% to factor in the sustained recovery in domestic 2W/3W volumes and better product mix. Both domestic and export volumes are expected to recover in FY24 from the low base, driving healthy earnings recovery. We expect BJAUT to benefit from market share gains over the long term, led by: 1) the premiumization trend, 2) the opportunity in exports, and 3) the potential sizeable position in the Scooter market via EVs. However, a large part of its India profit pool (of premium motorcycle and 3Ws) is vulnerable to possible disruption from electrification. At 17.7x/15.9x FY24E/FY25E consolidated EPS, the stock's valuation fairly reflects the expected recovery as well as the risk of EVs. BJAUT's dividend yield of 4.5-5.0% should support the stock. **We reiterate our Neutral rating with a TP of INR4,400 (based on 16x Mar'25E Consolidated EPS).**

### Exhibit 5: Our revised forecasts (INR m)

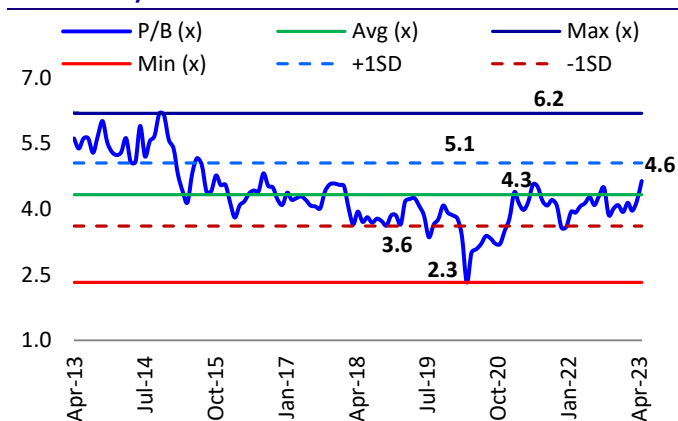
	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Vols ('000 units)	4,249	4,323	-1.7	4,709	4,698	0.2
Net Sales	4,02,845	3,98,985	1.0	4,47,065	4,35,223	2.7
EBITDA	76,518	73,895	3.5	85,585	80,363	6.5
EBITDA Margins (%)	19.0	18.5	50bp	19.1	18.5	70bp
Net Profit	69,268	64,924	6.7	77,287	71,752	7.7
EPS (INR)	<b>244.8</b>	<b>229.4</b>	<b>6.7</b>	<b>273.1</b>	<b>253.6</b>	<b>7.7</b>

Exhibit 6: P/E band



Source: MOFSL

Exhibit 7: P/BV band



Source: MOFSL

Exhibit 8: Key operating metrics

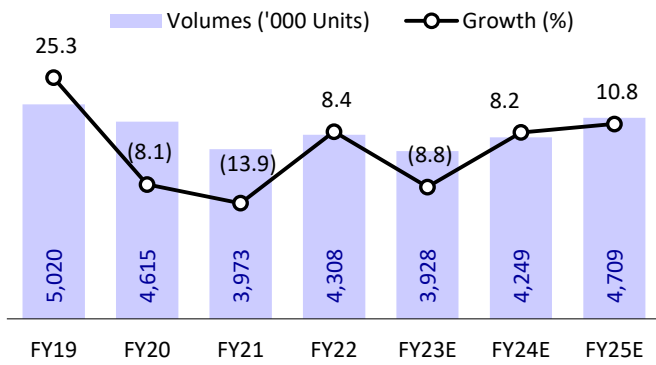
000 units	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Motorcycles (units)</b>							
Domestic	2,541	2,078	1,809	1,641	1,806	1,986	2,145
Growth (%)	28.7	-18.2	-12.9	-9.3	10.0	10.0	8.0
% of total volumes	50.6	45.0	45.5	38.1	46.0	46.7	45.6
Exports	1,696	1,869	1,797	2,196	1,637	1,637	1,833
Growth (%)	21.6	10.2	-3.9	22.2	-25.4	0.0	12.0
% of total volumes	33.8	40.5	45.2	51.0	41.7	38.5	38.9
<b>Total M/Cycles</b>	<b>4,237</b>	<b>3,948</b>	<b>3,606</b>	<b>3,837</b>	<b>3,443</b>	<b>3,623</b>	<b>3,979</b>
Growth (%)	25.7	-6.8	-8.7	6.4	-10.3	5.2	9.8
% of total volumes	84.4	85.5	90.8	89.1	87.7	85.3	84.5
<b>3Ws</b>							
Domestic	399	366	109	161	301	391	414
Growth (%)	8.1	-8.4	-70.1	47.1	87.1	30.0	6.0
% of total volumes	8.0	7.9	2.8	3.7	7.7	9.2	8.8
Exports	383	302	258	311	184	175	196
Growth (%)	43.1	-21.2	-14.6	20.6	-40.7	-5.0	12.0
% of total volumes	7.6	6.5	6.5	7.2	4.7	4.1	4.2
<b>3Ws</b>	<b>783</b>	<b>668</b>	<b>367</b>	<b>472</b>	<b>485</b>	<b>566</b>	<b>610</b>
Growth (%)	22.8	-14.7	-45.0	28.5	2.9	16.7	7.9
% of total volumes	15.6	14.5	9.2	10.9	12.3	13.3	13.0
<b>Total Volumes</b>	<b>5,020</b>	<b>4,615</b>	<b>3,973</b>	<b>4,308</b>	<b>3,928</b>	<b>4,249</b>	<b>4,709</b>
Growth (%)	25.3	-8.1	-13.9	8.4	-8.8	8.2	10.8
<b>Avg. Net Realn (INR/unit)</b>	<b>52,928</b>	<b>56,462</b>	<b>60,588</b>	<b>65,467</b>	<b>79,010</b>	<b>81,107</b>	<b>81,359</b>
Growth (%)	-5.1	6.7	7.3	8.1	20.7	2.7	0.3
<b>Net Revenues (INR B)</b>	<b>296</b>	<b>291</b>	<b>271</b>	<b>321</b>	<b>354</b>	<b>392</b>	<b>435</b>
Growth (%)	19.7	-1.5	-6.8	18.4	10.0	10.9	11.0
<b>EBITDA (INR B)</b>	<b>52</b>	<b>51</b>	<b>49</b>	<b>51</b>	<b>65</b>	<b>77</b>	<b>86</b>
EBITDA margins (%)	17.1	17.0	17.8	15.5	18.0	19.0	19.1
<b>EBITDA (INR/Unit)</b>	<b>10,345</b>	<b>11,042</b>	<b>12,405</b>	<b>11,877</b>	<b>16,674</b>	<b>18,007</b>	<b>18,174</b>
Growth (%)	7.3	-1.9	-3.3	3.8	28.0	16.8	11.8
<b>Consol. PAT (INR B)</b>	<b>47</b>	<b>52</b>	<b>49</b>	<b>53</b>	<b>61</b>	<b>69</b>	<b>77</b>
Consol. EPS	162	180	168	184	214	245	273

Source: Company, MOFSL



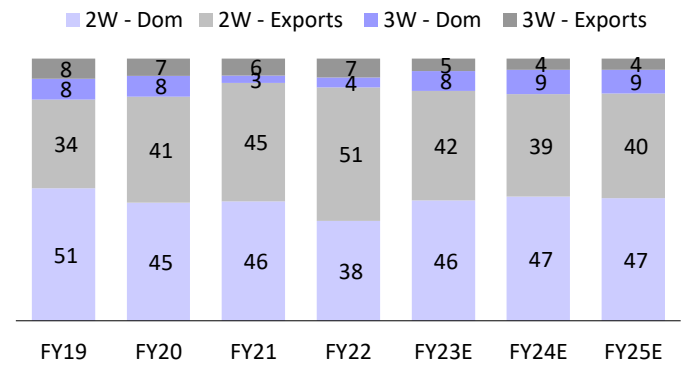
## Story in charts

**Exhibit 9: Trends in volume and volume growth**



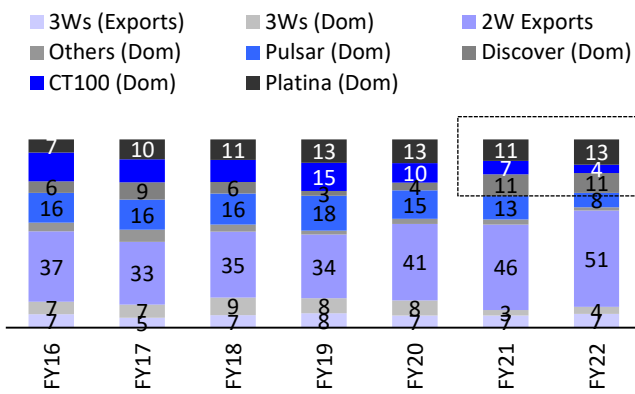
Sources: Company reports, MOFSL estimates

**Exhibit 10: Product mix trend**



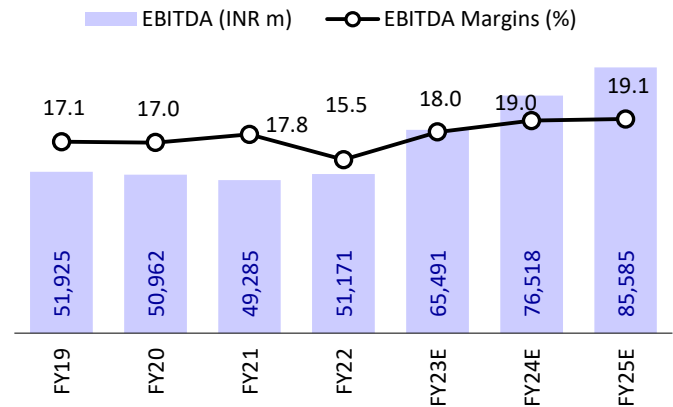
Sources: Company reports, MOFSL estimates

**Exhibit 11: Trend in volume mix**



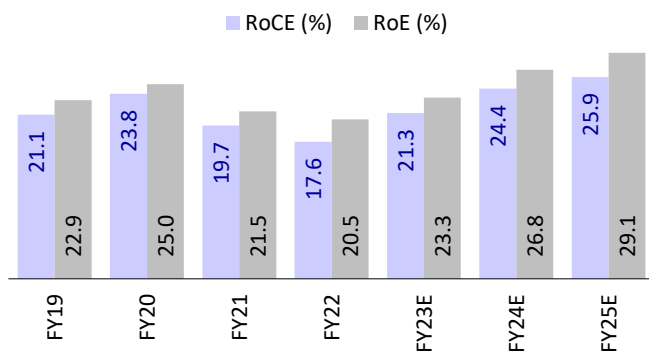
Sources: Company reports, MOFSL

**Exhibit 12: Trends in EBITDA and EBITDA margin**



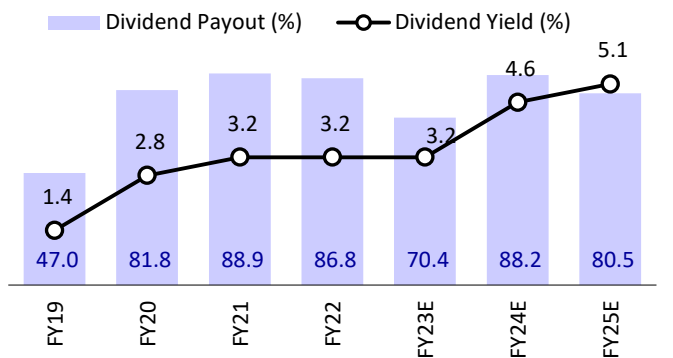
Sources: Company reports, MOFSL

**Exhibit 13: Trends in return ratios**



Sources: Company reports, MOFSL estimates

**Exhibit 14: Dividend payout to remain healthy**



Sources: Company reports, MOFSL estimates

## Financials and valuations

Income Statement							(INR m)	
Y/E March	2019	2020	2021	2022	2023	2024E	2025E	
<b>Volumes</b>	<b>50,19,503</b>	<b>46,15,212</b>	<b>39,72,914</b>	<b>43,08,433</b>	<b>39,27,857</b>	<b>42,49,451</b>	<b>47,09,269</b>	
Change (%)	25.3	-8.1	-13.9	8.4	-8.8	8.2	10.8	
<b>Net Sales</b>	<b>3,03,576</b>	<b>2,99,187</b>	<b>2,77,411</b>	<b>3,30,032</b>	<b>3,64,276</b>	<b>4,02,845</b>	<b>4,47,065</b>	
Change (%)	20.4	-1.4	-7.3	19.0	10.4	10.6	11.0	
<b>Total Expenditure</b>	<b>2,51,651</b>	<b>2,48,224</b>	<b>2,28,126</b>	<b>2,78,861</b>	<b>2,98,785</b>	<b>3,26,327</b>	<b>3,61,479</b>	
<b>EBITDA</b>	<b>51,925</b>	<b>50,962</b>	<b>49,285</b>	<b>51,171</b>	<b>65,491</b>	<b>76,518</b>	<b>85,585</b>	
Change (%)	7.3	-1.9	-3.3	3.8	28.0	16.8	11.8	
EBITDA Margins (%)	17.1	17.0	17.8	15.5	18.0	19.0	19.1	
Depreciation	2,657	2,464	2,593	2,692	2,824	3,469	3,806	
<b>EBIT</b>	<b>49,268</b>	<b>48,498</b>	<b>46,692</b>	<b>48,480</b>	<b>62,667</b>	<b>73,049</b>	<b>81,779</b>	
Int. & Fin. Charges	45	32	67	87	395	400	400	
Other Income	14,389	17,336	12,765	12,092	11,814	12,300	12,150	
Non-recurring Exp.	-3,420	0	0	-4,568	0	0	0	
<b>PBT</b>	<b>67,032</b>	<b>65,802</b>	<b>59,390</b>	<b>65,054</b>	<b>74,086</b>	<b>84,949</b>	<b>93,529</b>	
Tax	20,280	14,802	13,844	14,865	17,810	20,767	22,938	
Effective Rate (%)	30.3	22.5	23.3	22.8	24.0	24.4	24.5	
<b>PAT</b>	<b>46,752</b>	<b>51,000</b>	<b>45,546</b>	<b>50,189</b>	<b>56,276</b>	<b>64,181</b>	<b>70,592</b>	
Change (%)	14.9	9.1	-10.7	10.2	12.1	14.0	10.0	
Share in profit of ass. & others	2,524	1,119	3,024	11,469	4,326	5,087	6,696	
<b>Adj. Consol PAT</b>	<b>46,891</b>	<b>52,119</b>	<b>48,570</b>	<b>53,122</b>	<b>60,602</b>	<b>69,268</b>	<b>77,287</b>	
Change (%)	10.6	11.1	(6.8)	9.4	14.1	14.3	11.6	

Balance Sheet							(INR m)	
Y/E March	2019	2020	2021	2022	2023	2024E	2025E	
Share Capital	2,894	2,894	2,894	2,894	2,830	2,830	2,830	
<b>Net Worth</b>	<b>2,17,799</b>	<b>1,99,255</b>	<b>2,52,023</b>	<b>2,66,688</b>	<b>2,54,259</b>	<b>2,61,848</b>	<b>2,70,188</b>	
Deferred Tax	5,427	3,464	5,221	4,033	3,452	5,150	7,021	
Loans	1,685	1,669	1,601	1,588	1,576	1,576	1,576	
<b>Capital Employed</b>	<b>2,24,910</b>	<b>2,04,388</b>	<b>2,58,845</b>	<b>2,72,309</b>	<b>2,59,286</b>	<b>2,68,574</b>	<b>2,78,785</b>	
Gross Fixed Assets	42,956	41,573	43,443	46,312	57,956	63,776	69,776	
Less: Depreciation	25,317	24,583	26,794	27,972	30,796	34,266	38,072	
<b>Net Fixed Assets</b>	<b>17,639</b>	<b>16,990</b>	<b>16,649</b>	<b>18,340</b>	<b>27,160</b>	<b>29,510</b>	<b>31,704</b>	
Capital WIP	480	602	160	768	819	1,000	1,000	
Investments	1,91,594	1,81,960	2,26,310	2,38,188	2,29,233	2,29,233	2,29,233	
<b>Current Assets</b>	<b>64,091</b>	<b>48,181</b>	<b>72,183</b>	<b>61,923</b>	<b>54,064</b>	<b>69,296</b>	<b>83,950</b>	
Inventory	9,615	10,635	14,939	12,305	13,979	16,555	18,373	
Sundry Debtors	25,597	17,251	27,169	15,164	17,761	22,074	24,497	
Cash & Bank Balances	9,054	2,773	5,051	5,883	2,858	9,139	17,190	
Loans & Advances	380	386	372	87	59	65	72	
Others	19,445	17,136	24,653	28,484	19,408	21,463	23,818	
<b>Current Liab. &amp; Prov.</b>	<b>48,894</b>	<b>43,345</b>	<b>56,457</b>	<b>46,910</b>	<b>51,991</b>	<b>60,465</b>	<b>67,102</b>	
Sundry Creditors	37,867	31,997	45,738	36,332	40,739	44,348	49,215	
Other Liabilities	9,475	8,964	9,175	9,028	9,584	10,599	11,762	
Provisions	1,552	2,385	1,544	1,551	1,668	5,518	6,124	
<b>Net Current Assets</b>	<b>15,197</b>	<b>4,836</b>	<b>15,727</b>	<b>15,013</b>	<b>2,073</b>	<b>8,831</b>	<b>16,848</b>	
<b>Application of Funds</b>	<b>2,24,911</b>	<b>2,04,387</b>	<b>2,58,845</b>	<b>2,72,309</b>	<b>2,59,286</b>	<b>2,68,574</b>	<b>2,78,785</b>	



## Financials and valuations

### Ratios

Y/E March	2019	2020	2021	2022	2023	2024E	2025E
<b>Basic (INR)</b>							
<b>Consol EPS</b>	<b>162.0</b>	<b>180.1</b>	<b>167.8</b>	<b>183.6</b>	<b>214.2</b>	<b>244.8</b>	<b>273.1</b>
EPS growth (%)	10.6	11.1	-6.8	9.4	16.7	14.3	11.6
Consol Cash EPS	171.2	188.6	176.8	192.9	224.2	257.1	286.6
Book Value per Share	752.7	688.6	870.9	921.6	898.6	925.4	954.9
DPS	60.0	120.0	140.0	140.0	140.0	200.0	220.0
Payout (% of S/A PAT)	47.0	81.8	88.9	86.8	70.4	88.2	80.5
<b>Valuation (x)</b>							
P/E	26.8	24.1	25.9	23.7	20.3	17.7	15.9
Cash P/E	25.4	23.0	24.6	22.5	19.4	16.9	15.2
EV/EBITDA	20.4	21.1	20.8	19.8	15.2	13.0	11.5
EV/Sales	3.5	3.6	3.7	3.1	2.7	2.5	2.2
Price to Book Value	5.8	6.3	5.0	4.7	4.8	4.7	4.5
Dividend Yield (%)	1.4	2.8	3.2	3.2	3.2	4.6	5.1
<b>Profitability Ratios (%)</b>							
RoE	22.9	25.0	21.5	20.5	23.3	26.8	29.1
RoCE	21.1	23.8	19.7	17.6	21.3	24.4	25.9
RoIC	193	176	154	94	120	129	139
<b>Turnover Ratios</b>							
Debtors (Days)	31	21	36	17	18	20	20
Inventory (Days)	12	13	20	14	14	15	15
Creditors (Days)	46	39	60	40	41	40	40
Working Capital (Days)	-3	-5	-5	-10	-9	-5	-5
Asset Turnover (x)	1.3	1.5	1.1	1.2	1.4	1.5	1.6
Fixed Asset Turnover	6.8	7.1	6.5	7.4	7.0	6.6	6.7

### Cash Flow Statement

Y/E March	2019	2020	2021	2022	2023	2024E	2025E
<b>(INR m)</b>							
Profit before Tax	67,032	65,802	59,390	65,053	74,086	84,949	93,529
Depreciation & Amort.	2,657	2,464	2,593	2,692	2,824	3,469	3,806
Direct Taxes Paid	-19,643	-16,777	-13,397	-17,015	-19,184	-19,069	-21,067
(Inc)/Dec in Working Capital	-7,030	3,765	-5,105	6,006	7,230	-476	34
Other Items	-18061	-16635	-12339	-11480	-9,838	-11900	-11750
<b>CF from Oper. Activity</b>	<b>24,954</b>	<b>38,620</b>	<b>31,142</b>	<b>45,255</b>	<b>55,119</b>	<b>56,973</b>	<b>64,552</b>
Extra-ordinary Items	-58	-3	-4	-3,179	0	0	0
<b>CF after EO Items</b>	<b>24,895</b>	<b>38,618</b>	<b>31,139</b>	<b>42,076</b>	<b>55,119</b>	<b>56,973</b>	<b>64,552</b>
(Inc)/Dec in FA+CWIP	-1,082	-2,800	-2,509	-5,176	-8,064	-6,000	-6,000
<b>Free Cash Flow</b>	<b>23,814</b>	<b>35,818</b>	<b>28,630</b>	<b>36,900</b>	<b>47,055</b>	<b>50,973</b>	<b>58,552</b>
(Pur)/Sale of Invest.	-1,629	20,367	-26,157	4,252	21,288	12,300	12,150
<b>CF from Inv. Activity</b>	<b>-2,710</b>	<b>17,567</b>	<b>-28,665</b>	<b>-924</b>	<b>13,224</b>	<b>6,300</b>	<b>6,150</b>
Inc. / Dec.in Networkh	0	0	0	0	-30,939	0	0
Interest Paid	-35	-21	-108	-74	-380	-400	-400
Dividends Paid	-20,733	-62,444	-87	-40,490	-40,470	-56,592	-62,251
<b>CF from Fin. Activity</b>	<b>-20,741</b>	<b>-62,465</b>	<b>-195</b>	<b>-40,563</b>	<b>-71,789</b>	<b>-56,992</b>	<b>-62,651</b>
<b>Inc/(Dec) in Cash</b>	<b>1,444</b>	<b>-6,281</b>	<b>2,278</b>	<b>588</b>	<b>-3,446</b>	<b>6,281</b>	<b>8,051</b>
Add: Beginning Bal.	7,609	9,054	2,773	5,051	5,640	2,194	8,476
<b>Closing Balance</b>	<b>9,054</b>	<b>2,773</b>	<b>5,051</b>	<b>5,640</b>	<b>2,194</b>	<b>8,476</b>	<b>16,527</b>

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Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
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