

Strong performance; rich valuations limit upside

Auto & Auto Ancillaries ▶ Result Update ▶ April 19, 2024

TARGET PRICE (Rs): 7,900

BJAUT reported strong performance that was in-line, with margins sustaining QoQ at 20.1% (Emkay est.: 20.4%). Domestic 2W recovery continues apace, even as revival in exports is expected to be slightly gradual. BJAUT is improving its positioning in the growing 125cc category, while also ramping-up well in E-3Ws (already has 60% share in some markets). However, amid the sharp run-up in the stock price (valuations well above 1SD from LTA), we retain REDUCE, with revised TP of Rs7,900/share (23x core FY26E multiple + Rs800 cash/investment per share; upward revision on healthy positioning in E-3Ws, thereby restricting disruption threat to the high-margin 3W franchise. We build-in 12%/8% volume/EPS CAGR over FY24-26E. We still prefer TVSL in 2Ws (similar business model with bottom-up share gains, margin triggers).

Bajaj Auto: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	3,31,447	3,64,276	4,46,852	5,38,284	5,87,026
EBITDA	52,586	65,491	88,229	1,06,430	1,16,024
Adj. PAT	47,761	56,276	74,788	87,488	94,359
Adj. EPS (Rs)	165.1	198.9	271.8	317.9	342.9
EBITDA margin (%)	15.9	18.0	19.7	19.8	19.8
EBITDA growth (%)	6.7	24.5	34.7	20.6	9.0
Adj. EPS growth (%)	10.2	14.7	36.7	17.0	7.9
RoE (%)	18.4	21.6	29.7	35.0	37.6
RoIC (%)	145.8	182.6	341.7	458.5	371.1
P/E (x)	54.7	45.4	33.2	28.4	26.3
EV/EBITDA (x)	45.6	36.0	25.8	21.5	19.7
P/B (x)	9.8	10.0	10.0	9.9	9.9
FCFF yield (%)	1.0	1.5	2.3	0.7	3.1

Source: Company, Emkay Research

Strong performance; in-line results

Revenue rose 29% YoY to ~Rs114.8bn, amid 25% YoY higher volumes, with realization lower 6% QoQ. EBITDA margin was stable QoQ at 20.1%; lower RM sequentially was offset by higher other expenses on operating de-leverage. Consequently, adjusted PAT rose ~35% YoY to ~Rs19.3bn. BJAUT declared final dividend of Rs80/share for FY24.

Earnings call KTAs

1) Domestic 2W industry is expected to grow at 7-8% p.a. amid improving consumer sentiment; here, BJAUT aims to continue outperforming via new product introduction (e.g. upcoming big bike *Pulsar*; impending CNG motorcycle launch, which stretches the addressable market to mileage-conscious consumers; currently, the segment size is ~600K units/mth). 2) In export markets, macro challenges persist in most geographies, albeit at a lower level now; BJAUT remains cautious about prospects in certain markets like Nigeria and Bangladesh; other ASEAN and Latin American markets are recovering; BJAUT's overall expectations include exports growing YoY in FY25, with revenue clocking much better growth. 3) In domestic 3Ws, recovery from a low base is now complete, with growth seen moderating to a single-digit on organic basis; E-autos are seen driving growth in permit-restricted markets (45% of industry); BJAUT has 30% mkt share in addressed markets (60% in markets where it has had presence for 6 months). 4) Commencement of *Qute* sales to Egypt, to help partially mitigate the lower 3W sales. 5) *Triumph* footprint to expand to 150 stores in H1; portfolio to expand thereafter; Company has 20% mkt share in some southern markets. 6) Growth in E-2Ws is seen continuing, perhaps at a slower rate now; footprint to expand to 600 stores by H1 vs. 200 now; Company has planned 2 new products under the *Chetak* brand in coming months. 7) BJAUT has received PLI certificate for E-3Ws and *Chetak*; expects similar profitability in E-3Ws as that in ICE, after the PLI benefit, though E-2W profitability is some time away as cost actions are being outpaced by decline in price points. 8) Price of some metals like aluminium and copper have moved up; Company has taken a marginal price increase in Q1. 9) Financing share in 2Ws/3Ws is 75%/90%; 10) Spares revenue in Q4 is Rs13bn.

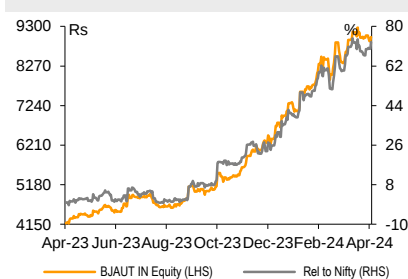
Target Price – 12M	Mar-25
Change in TP (%)	16.2
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(12.4)
CMP (18-Apr-24) (Rs)	9,021.3

Stock Data	Ticker
52-week High (Rs)	9,358
52-week Low (Rs)	4,175
Shares outstanding (mn)	279.2
Market-cap (Rs bn)	2,519
Market-cap (USD mn)	30,147
Net-debt, FY25E (Rs mn)	-1,97,271
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	4,484.9
ADTV-3M (USD mn)	53.7
Free float (%)	45.0
Nifty-50	21,996
INR/USD	83.5
Shareholding, Dec-23	
Promoters (%)	54.9
FPIs/MFs (%)	14.7/8.7

Price Performance

(%)	1M	3M	12M
Absolute	5.9	27.4	114.3
Rel. to Nifty	6.0	24.9	72.5

1-Year share price trend (Rs)



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Exhibit 1: Q4FY24 results snapshot – Revenues higher by 29% YoY, led by volume growth

(Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Revenue	80,050	1,02,028	93,151	89,047	1,03,098	1,07,773	1,21,135	1,14,847	29.0	(5.2)
Expenditure	67,080	84,440	75,383	71,882	83,558	86,444	96,836	91,784	27.7	(5.2)
as % of sales	83.8	82.8	80.9	80.7	81.0	80.2	79.9	79.9		
Consumption of RM	57,776	74,861	65,775	62,135	74,127	76,511	86,096	80,702	29.9	(6.3)
as % of sales	72.2	73.4	70.6	69.8	71.9	71.0	71.1	70.3		
Employee Cost	3,796	3,522	3,511	3,620	3,842	3,816	3,846	3,872	7.0	0.7
as % of sales	4.7	3.5	3.8	4.1	3.7	3.5	3.2	3.4		
Other expenditure	5,507	6,058	6,097	6,126	5,590	6,118	6,895	7,210	17.7	4.6
as % of sales	6.9	5.9	6.5	6.9	5.4	5.7	5.7	6.3		
EBITDA	12,970	17,587	17,768	17,166	19,539	21,329	24,299	23,063	34.4	(5.1)
EBITDA margin (%)	16.2	17.2	19.1	19.3	19.0	19.8	20.1	20.1		
Depreciation	673	670	740	742	835	876	881	906	22.1	2.8
EBIT	12,297	16,917	17,029	16,424	18,704	20,452	23,418	22,157	34.9	(5.4)
Other Income	3,193	3,332	2,691	2,598	3,463	3,614	3,461	3,487	34.2	0.7
Interest	43	109	85	157	121	65	121	228	44.7	88.3
PBT	15,447	20,140	19,635	18,865	22,046	24,000	26,758	25,416	34.7	(5.0)
Total Tax	3,714	4,840	4,721	4,536	5,399	5,639	6,339	6,056	33.5	(4.5)
Adjusted PAT	11,733	15,300	14,914	14,329	16,648	18,361	20,419	19,360	35.1	(5.2)
Extra ordinary items Loss/(Gain)	0	0	0	0	0	0	0	0		
Reported PAT	11,733	15,300	14,914	14,329	16,648	18,361	20,419	19,360	35.1	(5.2)
Adjusted EPS (Rs)	40.5	53.9	52.7	50.6	58.8	64.9	72.2	68.4	35.1	(5.2)
(%)									(bps)	(bps)
EBITDAM	16.2	17.2	19.1	19.3	19.0	19.8	20.1	20.1	80	2
EBITM	15.4	16.6	18.3	18.4	18.1	19.0	19.3	19.3	85	(4)
EBTM	19.3	19.7	21.1	21.2	21.4	22.3	22.1	22.1	94	4
PATM	14.7	15.0	16.0	16.1	16.1	17.0	16.9	16.9	77	0
Effective Tax rate	24.0	24.0	24.0	24.0	24.5	23.5	23.7	23.8	(22)	14

Source: Company, Emkay Research

Exhibit 2: Q4FY24 – Actual vs estimates

(Rs mn)	Actual	Emkay Est	% variance	Consensus	% variance
Net sales	1,14,847	1,11,284	3.2	1,11,143	3.3
EBITDA	23,063	22,713	1.5	21,870	5.5
EBITDA margin (%)	20.1	20.4	-33 bps	19.7	40 bps
Adj net income	19,360	18,358	5.5	18,442	5.0
FDEPS (Rs)	68.4	64.9	5.5	65.2	5.0

Source: Company, Emkay Research

Exhibit 3: Margin analysis – EBITDA margin was stable QoQ at 20.1%; the sequentially lower RM was offset by higher other expenses on operating leverage.

Year to March (%)	Q4FY24	Q4FY23	Change (bps)	Q3FY24	Change (bps)
Raw material	70.3	69.8	49	71.1	(81)
Staff costs	3.4	4.1	(69)	3.2	20
Other expenses (incl expenses capitalized)	6.3	6.9	(60)	5.7	59
EBITDA	20.1	19.3	80	20.1	2
Adjusted net profit	16.9	16.1	77	15.4	148
Tax rate	23.8	24.0	(22)	23.7	14

Source: Company, Emkay Research

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Exhibit 4: BJAUT mix – Entry-level share in domestic 2Ws sharply down; 3Ws/Exports share up by ~80/330bps QoQ, respectively

BJAUT mix (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Dom. Motorcycles	33.0	53.1	45.2	47.1	50.8	45.6	51.4	46.9
Upto 110cc	10.0	22.3	14.5	12.6	13.5	13.4	15.0	10.2
110-125cc	16.1	16.9	16.9	19.2	23.3	16.9	20.1	19.4
125-150cc	2.8	7.3	5.7	5.1	5.1	5.8	7.3	8.0
Over 150cc	4.1	6.6	8.2	10.2	8.9	9.6	9.0	9.3
Dom. Scooters	0.7	0.9	1.1	1.1	2.1	2.3	3.1	4.3
Dom. 2W	33.7	54.0	46.3	48.3	52.8	47.9	54.6	51.2
Export 2W	57.1	34.6	40.3	36.1	33.7	35.7	32.0	34.6
Total 2W	90.7	88.5	86.6	84.4	86.6	83.6	86.6	85.8
Dom. 3W	4.1	6.3	9.0	11.6	9.6	12.5	10.2	10.3
Export 3W	5.1	5.1	4.3	3.9	3.7	3.7	3.1	3.7
Total 3W	9.2	11.4	13.4	15.5	13.3	16.3	13.3	14.1
Total Quadricycles	0.1	0.0	0.1	0.2	0.1	0.1	0.1	0.1
Total domestic	37.8	60.3	55.4	59.9	62.4	60.5	64.8	61.5
Total exports	62.2	39.7	44.6	40.1	37.6	39.5	35.2	38.5
Grand total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: SIAM, Emkay Research

Exhibit 5: BJAUT market share – Decline across domestic and export 2Ws; 290bps gains QoQ in 3Ws, led by exports.

BJAUT market share (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Dom. Motorcycles	12.8	20.4	17.6	17.7	19.1	16.5	20.0	17.2
Upto 110cc	7.3	17.2	11.5	8.9	10.3	10.0	11.9	7.9
110-125cc	21.8	23.9	24.6	32.6	31.4	22.1	29.2	25.9
125-150cc	33.6	58.8	61.7	46.6	49.2	57.6	57.4	50.8
Over 150cc	10.6	13.9	15.3	18.7	17.4	17.1	18.3	17.4
Dom. Scooters	0.5	0.6	0.9	0.8	1.6	1.6	2.5	3.1
Dom. 2W	8.4	13.3	11.8	11.5	13.1	11.0	13.9	12.1
Export 2W	46.4	41.6	46.8	44.3	43.8	42.1	44.9	40.4
Total 2W	17.4	18.1	18.1	16.8	18.0	16.0	18.6	16.9
Dom. 3W	50.2	60.7	64.2	64.9	68.2	67.6	65.5	66.9
Export 3W	49.0	50.8	46.8	53.5	52.4	48.1	49.6	56.8
Total 3W	49.6	55.9	57.3	61.6	62.9	61.8	61.0	63.9

Source: SIAM, Emkay Research

Exhibit 6: Revenue model– We build-in 12% CAGR in total volumes and EPS over FY24E-26E

Revenue Model	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Domestic 2Ws (units)	2,541,320	2,078,348	1,809,375	1,641,084	1,803,748	2,250,585	2,554,147	2,781,170
Growth (%)	28.7	(18.2)	(12.9)	(9.3)	9.9	24.8	13.5	8.9
Domestic 3Ws (units)	398,826	364,817	109,304	160,599	300,009	464,138	487,345	501,965
Growth (%)	7.9	(8.5)	(70.0)	46.9	86.8	54.7	5.0	3.0
Domestic Total (units)	2,940,146	2,443,165	1,918,679	1,801,683	2,103,757	2,714,723	3,041,492	3,283,135
Growth (%)	25.4	(16.9)	(21.5)	(6.1)	16.8	29.0	12.0	7.9
Export 2Ws (units)	1,695,553	1,869,220	1,796,518	2,195,772	1,636,956	1,477,338	1,802,352	1,928,517
Growth (%)	21.6	10.2	(3.9)	22.2	(25.4)	(9.8)	22.0	7.0
Export 3Ws (units)	383,177	301,885	257,729	310,854	184,284	161,198	193,437	208,912
Growth (%)	43.1	(21.2)	(14.6)	20.6	(40.7)	(12.5)	20.0	8.0
Export Total (units)	2,078,730	2,171,105	2,054,247	2,506,626	1,821,240	1,638,536	1,995,789	2,137,429
Growth (%)	25.0	4.4	(5.4)	22.0	(27.3)	(10.0)	21.8	7.1
Total volumes (units)	5,018,876	4,614,270	3,972,926	4,308,309	3,924,997	4,353,259	5,037,282	5,420,564
Growth (%)	25.3	(8.1)	(13.9)	8.4	(8.9)	10.9	15.7	7.6
ASP (Rs/unit)	60,479	64,826	69,826	76,930	92,792	102,703	106,841	108,278
Growth (%)	(3.9)	7.2	7.7	10.2	20.6	10.7	4.0	1.3
Revenues (Rs mn)	303,576	299,187	277,411	331,447	364,276	446,852	538,284	587,026
Growth (%)	20.4	(1.4)	(7.3)	19.5	9.9	22.7	20.5	9.1
EBITDA (Rs mn)	51,925	50,962	49,285	52,586	65,491	88,229	106,430	116,024
EBITDA margin (%)	17.1	17.0	17.8	15.9	18.0	19.7	19.8	19.8
EBITDA growth (%)	7.3	(1.9)	(3.3)	6.7	24.5	34.7	20.6	9.0
EBIT (Rs mn)	63,656	65,834	59,457	61,987	74,481	98,755	115,709	124,810
EBIT margin (%)	21.0	22.0	21.4	18.7	20.4	22.1	21.5	21.3
EPS (Rs)	153	176	157	165	199	268	313	338

Source: Company, Emkay Research

Exhibit 7: Change in estimates

(Rs mn)	FY24				FY25E				FY26E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Domestic 2W	2,291,702	2,250,585	(1.8)	24.8	2,554,147	2,554,147	-	13.5	2,781,170	2,781,170	-	8.9
Domestic 3W	471,920	465,044	(1.5)	54.6	471,920	488,251	3.5	5.0	471,920	502,871	6.6	3.0
Total Domestic	2,763,622	2,715,629	(1.7)	29.0	3,026,068	3,042,398	0.5	12.0	3,253,090	3,284,041	1.0	7.9
Export 2W	1,522,369	1,477,338	(3.0)	(9.8)	2,024,751	1,802,352	(11.0)	22.0	2,146,236	1,928,517	(10.1)	7.0
Export 3W	157,029	161,198	2.7	(12.5)	214,734	193,437	(9.9)	20.0	227,618	208,912	(8.2)	8.0
Total Export	1,679,398	1,638,536	(2.4)	(10.0)	2,239,485	1,995,789	(10.9)	21.8	2,373,854	2,137,429	(10.0)	7.1
Volumes (Units)	4,443,021	4,350,933	(2.1)	10.8	5,265,553	5,038,188	(4.3)	15.8	5,626,945	5,421,470	(3.7)	7.6
Revenues	448,582	446,852	(0.4)	22.7	533,363	538,284	0.9	20.5	580,938	587,026	1.0	9.1
EBITDA	87,939	88,229	0.3	34.7	104,429	106,430	1.9	20.6	113,819	116,024	1.9	9.0
Margin (%)	19.6	19.7	14 bps	177 bps	19.6	19.8	19 bps	3 bps	19.6	19.8	17 bps	-1 bps
Net Profit	73,831	74,788	1.3	32.9	86,046	87,488	1.7	17.0	92,769	94,359	1.7	7.9
EPS (Rs)	264.7	267.9	1.2	34.7	308.5	313.4	1.6	17.0	332.6	338.0	1.6	7.9

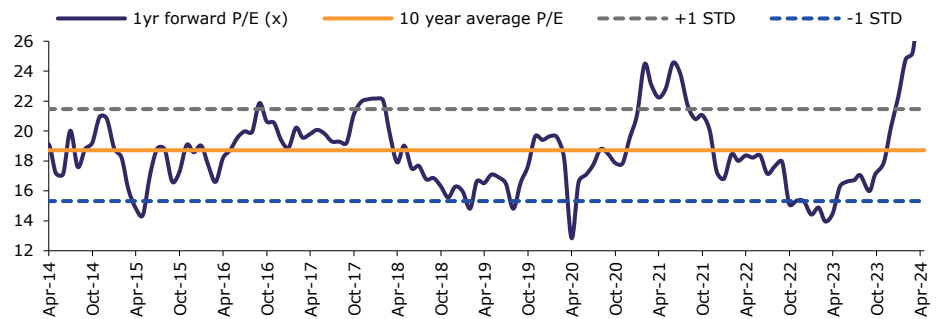
Source: Emkay Research

Exhibit 8: Emkay vs Consensus estimates

Bajaj Auto (Rs mn)	Emkay Estimates			Bloomberg estimates			Difference (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Net revenue	446,852	538,284	587,026	441,040	505,972	578,442	1.3%	6.4%	1.5%
EBITDA	88,229	106,430	116,024	87,174	100,061	115,105	1.2%	6.4%	0.8%
EBITDA margin (%)	19.7	19.8	19.8	19.8	19.8	19.9	-0.1%	0.0%	-0.7%
EPS (Rs)	268	313	338	261	300	343	2.5%	4.5%	-1.5%

Source: Bloomberg, Emkay Research

Exhibit 9: BJAUT trades well above 1SD from LTA, on PER basis



Source: Bloomberg, Emkay Research

Bajaj Auto: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	3,31,447	3,64,276	4,46,852	5,38,284	5,87,026
Revenue growth (%)	19.5	9.9	22.7	20.5	9.1
EBITDA	52,586	65,491	88,229	1,06,430	1,16,024
EBITDA growth (%)	6.7	24.5	34.7	20.6	9.0
Depreciation & Amortization	2,692	2,824	3,498	3,824	4,339
EBIT	49,895	62,667	84,731	1,02,606	1,11,685
EBIT growth (%)	6.9	25.6	35.2	21.1	8.8
Other operating income	0	0	0	0	0
Other income	12,092	11,814	14,025	13,104	13,124
Financial expense	87	395	535	594	653
PBT	61,901	74,086	98,220	1,15,115	1,24,156
Extraordinary items	0	0	0	0	0
Taxes	14,139	17,810	23,432	27,628	29,798
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	50,189	56,276	74,788	87,488	94,359
PAT growth (%)	10.2	12.1	32.9	17.0	7.9
Adjusted PAT	47,761	56,276	74,788	87,488	94,359
Diluted EPS (Rs)	165.1	198.9	271.8	317.9	342.9
Diluted EPS growth (%)	10.2	14.7	36.7	17.0	7.9
DPS (Rs)	140.0	140.0	140.0	310.0	340.0
Dividend payout (%)	80.7	70.4	51.5	97.5	99.2
EBITDA margin (%)	15.9	18.0	19.7	19.8	19.8
EBIT margin (%)	15.1	17.2	19.0	19.1	19.0
Effective tax rate (%)	22.8	24.0	23.9	24.0	24.0
NOPLAT (pre-IndAS)	38,498	47,602	64,517	77,980	84,881
Shares outstanding (mn)	289.4	283.0	275.2	275.2	275.2

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	61,901	74,086	98,220	1,15,115	1,24,156
Others (non-cash items)	0	0	0	0	0
Taxes paid	(17,015)	(19,184)	(23,826)	(27,743)	(29,922)
Change in NWC	6,009	7,234	10,171	2,063	3,505
Operating cash flow	29,983	43,305	60,758	33,969	81,352
Capital expenditure	(5,176)	(8,064)	(7,957)	(17,399)	(10,000)
Acquisition of business	(6,390)	(3,000)	0	0	0
Interest & dividend income	3,570	4,153	4,153	4,153	4,153
Investing cash flow	11,133	25,152	12,632	34,886	9,124
Equity raised/(repaid)	0	(30,939)	(39,307)	0	0
Debt raised/(repaid)	0	0	8,327	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(74)	(380)	(519)	(594)	(653)
Dividend paid (incl tax)	(40,490)	(40,470)	(39,614)	(38,525)	(85,306)
Others	57	306	231	0	0
Financing cash flow	(40,506)	(71,483)	(70,882)	(39,119)	(85,959)
Net chg in Cash	610	(3,026)	2,509	29,736	4,517
OCF	29,983	43,305	60,758	33,969	81,352
Adj. OCF (w/o NWC chg.)	23,974	36,071	50,587	31,906	77,847
FCFF	24,807	35,241	52,801	16,570	71,352
FCFE	28,290	38,999	56,419	20,130	74,852
OCF/EBITDA (%)	57.0	66.1	68.9	31.9	70.1
FCFE/PAT (%)	56.4	69.3	75.4	23.0	79.3
FCFF/NOPLAT (%)	64.4	74.0	81.8	21.2	84.1

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	2,894	2,830	2,792	2,792	2,792
Reserves & Surplus	2,63,794	2,51,429	2,45,813	2,47,995	2,48,793
Net worth	2,66,688	2,54,259	2,48,605	2,50,787	2,51,585
Minority interests	0	0	0	0	0
Deferred tax liability (net)	4,033	3,452	5,069	4,954	4,830
Total debt	1,228	1,242	9,599	9,599	9,599
Total liabilities & equity	2,71,949	2,58,952	2,63,273	2,65,340	2,66,014
Net tangible fixed assets	17,576	26,353	31,191	42,831	48,492
Net intangible assets	253	307	307	307	307
Net ROU assets	0	0	0	0	0
Capital WIP	768	819	275	2,209	2,209
Goodwill	0	0	0	0	0
Investments [JV/Associates]	31,465	34,465	34,465	34,465	34,465
Cash & equivalents	2,13,117	1,98,126	2,16,315	2,06,870	2,05,388
Current assets (ex-cash)	56,040	51,207	59,954	65,772	70,156
Current Liab. & Prov.	47,270	52,325	79,233	87,115	95,003
NWC (ex-cash)	8,770	(1,118)	(19,279)	(21,343)	(24,847)
Total assets	2,71,949	2,58,952	2,63,273	2,65,340	2,66,014
Net debt	(2,11,890)	(1,96,884)	(2,06,716)	(1,97,271)	(1,95,789)
Capital employed	2,71,949	2,58,952	2,63,273	2,65,340	2,66,014
Invested capital	26,599	25,542	12,218	21,796	23,952
BVPS (Rs)	921.6	898.6	903.4	911.4	914.3
Net Debt/Equity (x)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Net Debt/EBITDA (x)	(4.0)	(3.0)	(2.3)	(1.9)	(1.7)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	14.3	18.3	24.8	29.6	32.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
P/E (x)	54.7	45.4	33.2	28.4	26.3
P/CE(x)	51.7	43.2	31.7	27.2	25.2
P/B (x)	9.8	10.0	10.0	9.9	9.9
EV/Sales (x)	7.2	6.5	5.1	4.2	3.9
EV/EBITDA (x)	45.6	36.0	25.8	21.5	19.7
EV/EBIT(x)	48.1	37.6	26.9	22.3	20.5
EV/IC (x)	90.2	92.2	186.3	104.8	95.5
FCFF yield (%)	1.0	1.5	2.3	0.7	3.1
FCFE yield (%)	1.1	1.5	2.3	0.8	3.0
Dividend yield (%)	1.6	1.6	1.6	3.4	3.8
DuPont-RoE split					
Net profit margin (%)	14.4	15.4	16.7	16.3	16.1
Total asset turnover (x)	1.2	1.4	1.7	2.0	2.2
Assets/Equity (x)	1.0	1.0	1.0	1.1	1.1
RoE (%)	18.4	21.6	29.7	35.0	37.6
DuPont-RoIC					
NOPLAT margin (%)	11.6	13.1	14.4	14.5	14.5
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	145.8	182.6	341.7	458.5	371.1
Operating metrics					
Core NWC days	9.7	(1.1)	(15.7)	(14.5)	(15.4)
Total NWC days	9.7	(1.1)	(15.7)	(14.5)	(15.4)
Fixed asset turnover	7.5	7.3	7.6	7.6	7.1
Opex-to-revenue (%)	10.7	10.5	9.2	9.0	9.0

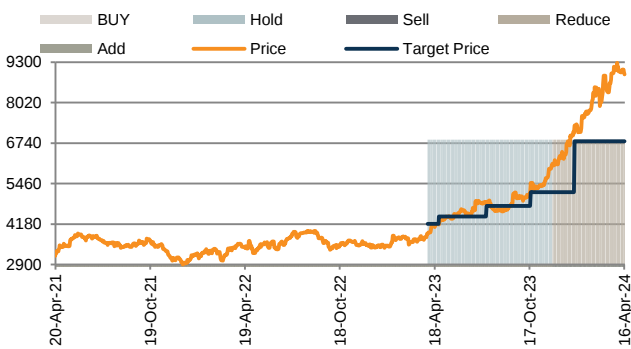
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
25-Jan-24	7,598	6,800	Reduce	Chirag Jain
11-Jan-24	7,299	6,800	Reduce	Chirag Jain
30-Nov-23	6,091	5,190	Reduce	Chirag Jain
19-Oct-23	5,483	5,190	Hold	Chirag Jain
26-Jul-23	4,870	4,760	Hold	Chirag Jain
26-Apr-23	4,171	4,420	Hold	Chirag Jain
04-Apr-23	3,875	4,190	Hold	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
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SELL	<15% downside

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